

AKFEN REAL ESTATE INVESTMENT TRUST INC.

CITY OF ESKIŞEHİR, DISTRICT OF TEPEBAŞI

BUILDING BLOCK NO. 442, PLOT NO. 37

IBIS ESKIŞEHİR HOTEL

REAL ESTATE APPRAISAL REPORT

Report No: 2015-020-GYO-008

Appraisal Date: 31.12.2015

Date of Report: 08.01.2016



REAL ESTATE CONSULTANCY AND APPRAISAL INC.

I. APPRAISAL REPORT SUMMARY

Person/Entity Requesting the Appraisal	:	Akfen Real Estate Investment Trust Inc.
Institution Preparing the Report	:	Epos Real Estate Consultancy and Appraisal Inc.
Date of Report	:	08.01.2016
Report No	:	2015-020-GYO-008
Appraisal Date	:	01.10.2015 - 31.12.2015
Information Concerning the Property Subject to the Appraisal	:	The real estate having the quality "Land and Office Lodging Building and Masonry Warehouse" with a surface area of 6.806,75 m ² , situated in the city of Eskişehir, district of Tepebaşı, Hoşnudiye Neighborhood, Block no. 442, Plot no. 37
Subject of Study	:	The appraisal report prepared for determining the current market value for the leasehold and annual current lease value of the said real estate.
Land Area of the Real Estate Subject to the Appraisal	:	6.806,75 m ²
Land Area of Closed Spaces of the Real Estate Subject to the Appraisal	:	Ibis Hotel: 5.478 m ² Fitness Center: 941 m ² Restaurant: 250 m ² Total: 6.669 m ² (based on the project and existing conditions)
Zoning Status of the Real Estate Subject to the Appraisal	:	Central Area for Logistics

As of 31.12.2015

	Market Value of the Remaining Leasehold of the Real Estate (EURO)	Market Value of the Remaining Leasehold of the Real Estate (TL)
VAT Excluded	4.410.000	13.626.000
VAT Included	5.204.000	16.079.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	429.000	1.326.000
VAT Included	506.000	1.565.000

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

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

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

Certified Appraiser	:	Serkan TANRIÖVER
Certified Appraiser	:	Önder ÖZCAN
Responsible Appraiser	:	Neşecan ÇEKİCİ

Declaration of Conformity

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

Assumptions

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



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

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1 REPORT INFORMATION

1.1 The Date, Number and Type of the Appraisal Report

Date of Report : 08.01.2016

Report Number : 2015-020-GYO-008

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

Report Issued By : Certified Appraiser Serkan TANRIÖVER

Report Controlled By : Certified Appraiser Önder ÖZCAN

Responsible Appraiser : Responsible Appraiser Neşecan ÇEKİCİ

Capital Market Board Coverage : Yes

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

1.2 Date of Appraisal

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

1.3 Reference Agreement

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

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

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



2 INTRODUCTORY INFORMATION CONCERNING THE COMPANY AND THE CLIENT

2.1 Introductory Information Concerning the Appraisal Company

Company Title : EPOS Real Estate Consultancy and Appraisal Inc.

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

2.2 Introductory Information Concerning the Client

Client Title : Akfen Real Estate Investment Trust Inc.

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

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

This study is the appraisal report, prepared in the scope of the Board arrangements, relative to the real estate having the quality "Land and Office Lodging Building and Masonry Warehouse" with a surface area of 6.806,75 m2, fully owned by "Eskişehir Metropolitan Municipality" and situated in the city of Eskişehir, district of Tepebaşı, Hoşnudiye Neighborhood, Block no. 442, Plot no. 37, for the purpose of determining its current net value in Turkish Lira by reducing as of 31.12.2015 the potential revenues to be arisen from operating and leasing of the real estate for the time remaining from 22 year agreement executed.

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



3 VALUE DEFINITIONS, DESCRIPTION OF APPRAISAL METHODS

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

3.1 Exemplary Comparison Approach (Market Value Approach)

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

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

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

The Market Value Approach depends on the following assumptions.

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

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

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

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

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

3.2 Cost Approach

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

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



functionality and economic status. In other words, this method concedes that the current value of a real estate can never be more than the cost of its reconstruction.

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

3.3 Revenue Discount Approach

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

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

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

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

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

4.1 General and Socio-Economic Data

According to the 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.

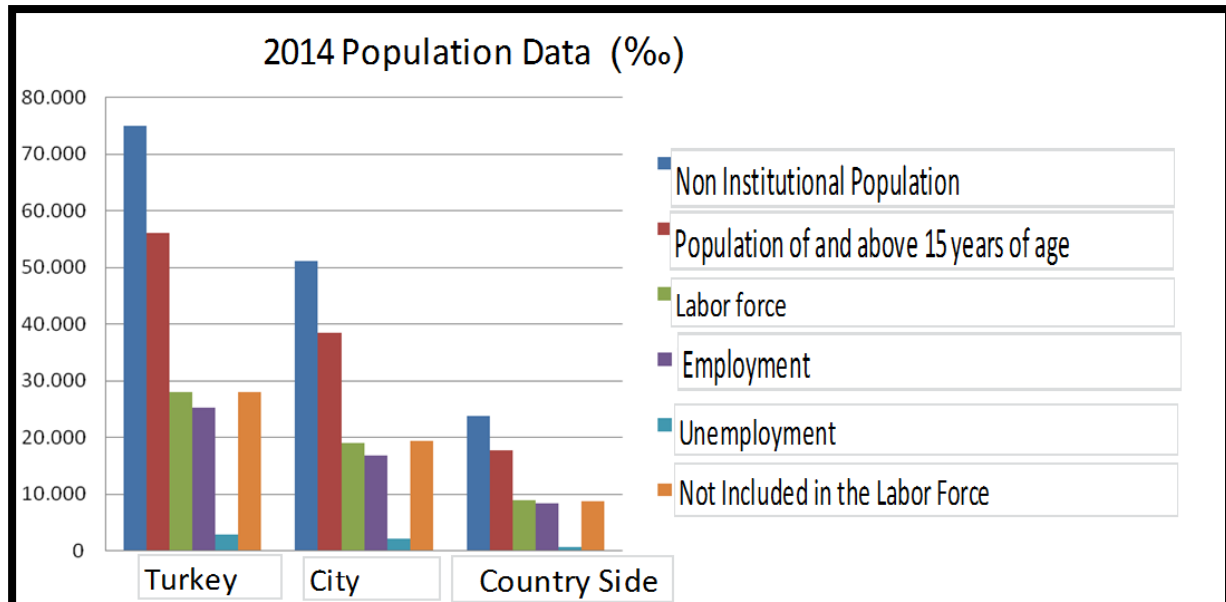
The analysis of the Turkish population information has been provided below in terms of Turkey in general, cities and country. The data with regard to the years 2013 and 2014 has been compared.

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

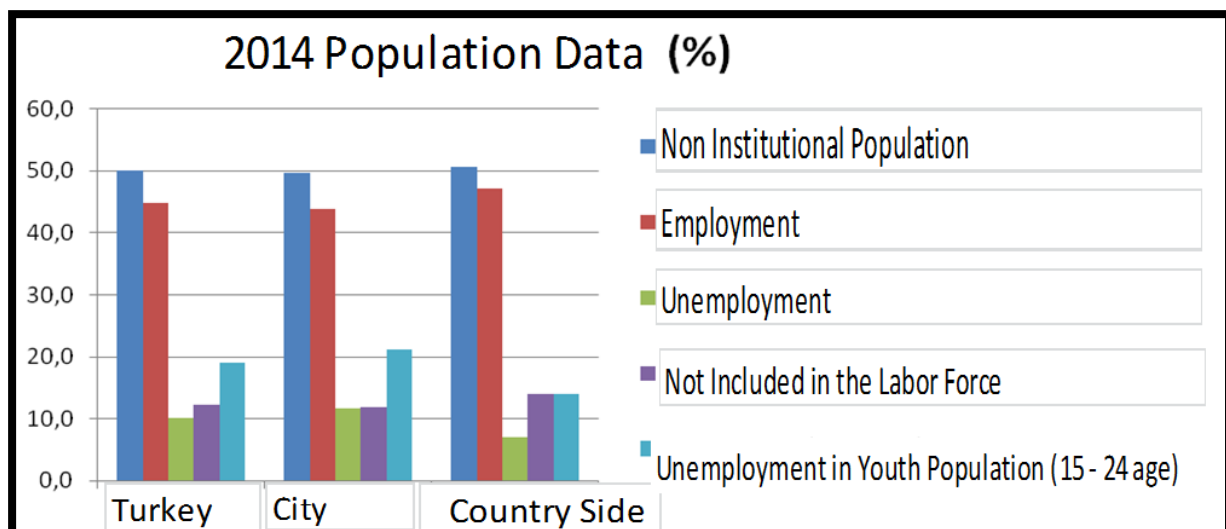
Population Data for the years of 2013 and 2014 (Source: Turkish Statistical Institute – TUIK)

When the data relative to the years of 2013 and 2014 is evaluated, it can be observed that the population, labor force and employment are on the rise for Turkey in general, as well as the cities

and the country. Nonetheless, unemployment has also increased. While those that are not included in the labor force are in decline in the cities, this number has been noted to rise in the country side. In addition, the increase in participation in the labor force and the employment rates in the city, with regard to the overall rates, has drawn attention. The unemployment rate has been verified to increase in all of the three groups. Meanwhile, the unemployment rate among the young population in Turkey in general, together with the cities, is another important topic to consider.



Furthermore, a second comparison is 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 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 economics and markets recession is foreseen again like previous 5 years. Some increasing market economies and growth of countries exported petrol represent weak hopes.
- Decreasing commodity price, reduced share capital increase negative risks of developing economies, pressure on market and financial market instability, and therefore Fed tightens financial conditions regarding developing countries considering expected increasing interest and worsening global economic outlook.
- Developed and developing countries have an important role as middle or long term alliances one of which has decrease in growth rate and one of which has modest recovering.
- Crisis leaved high rate of private and public deficit, financial sector weakness, low rate of investments for some developed countries having low growth rate. For developing countries, on the other hand, demographic transitions, investment explosions, revised growth in China, decrease in commodity price and reregulation of the market is required.
- Volatility was related with Greece 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.

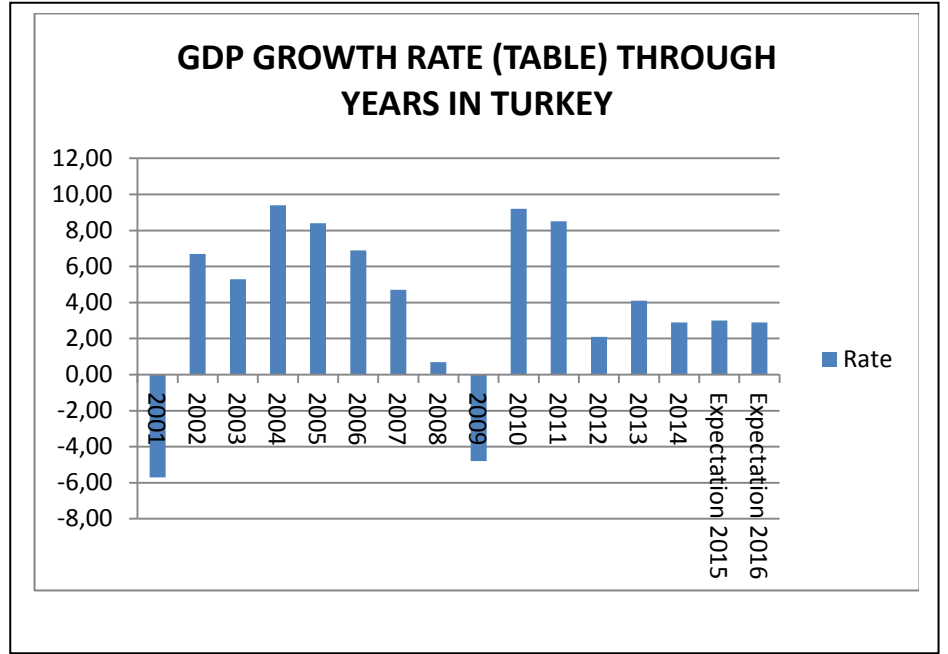
- This global factors and country specific developments indicate relatively weaker revival compare to predicted amounts for 2015 and 2016 modest increase in growth expected for developed economies increase chance of loss for the next year. Developments of this year reflect a modest recovering of euro 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 (3rd bosphorus bridge, all tunnel projects in bosphorus, 3rd airport, metro projects in metropolitans etc.)
- Increasing transportation opportunities, widening metropolitan borders and growing living spaces,
- Urban renewal and related regulations,
- Continuing rural to urban migration,
- Effect of natural demand as a result of having young population,
- Changing nuclear family concept,
- Precautions for housing purchase and saving incentives to keep sector alive,

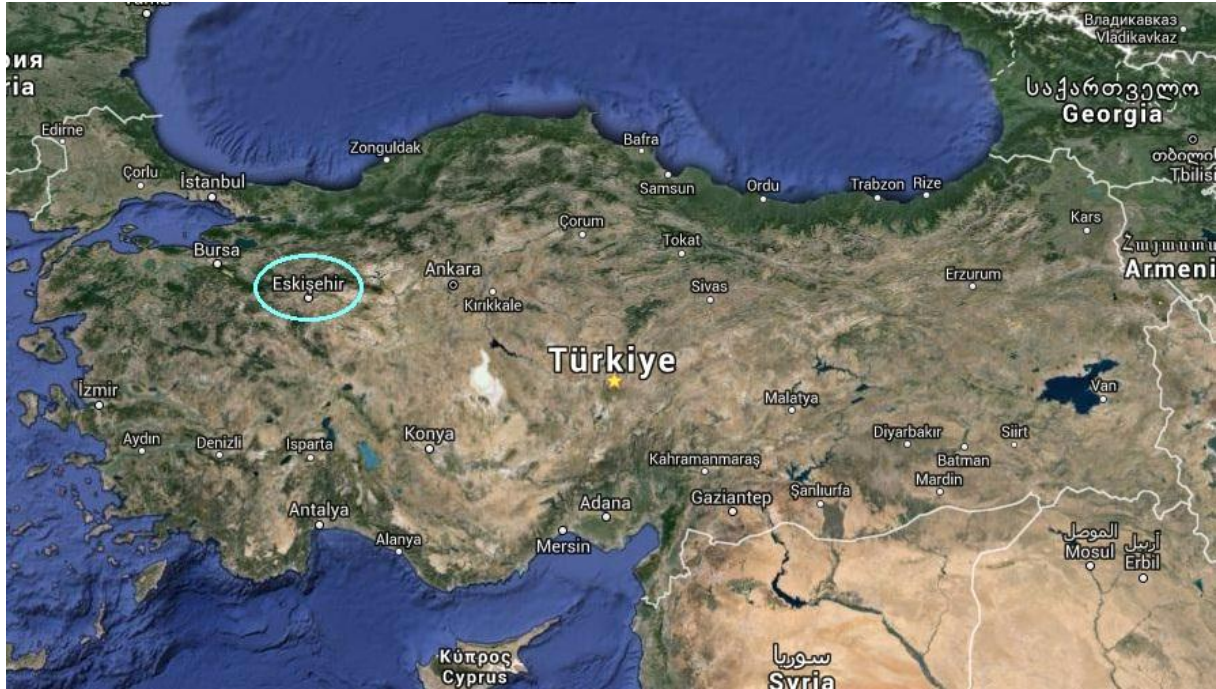
Tendency of procrastination of demand for housing and automotive, which is generally seen before elections, was not influenced this year, on the contrary, these two sectors was quite alive. This may be thought as a kind of protection method of customers related to expectation of increasing demand.

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

4.3 Analysis of the Region Where Real Estate Situated

4.3.1 The City of Eskişehir

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



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

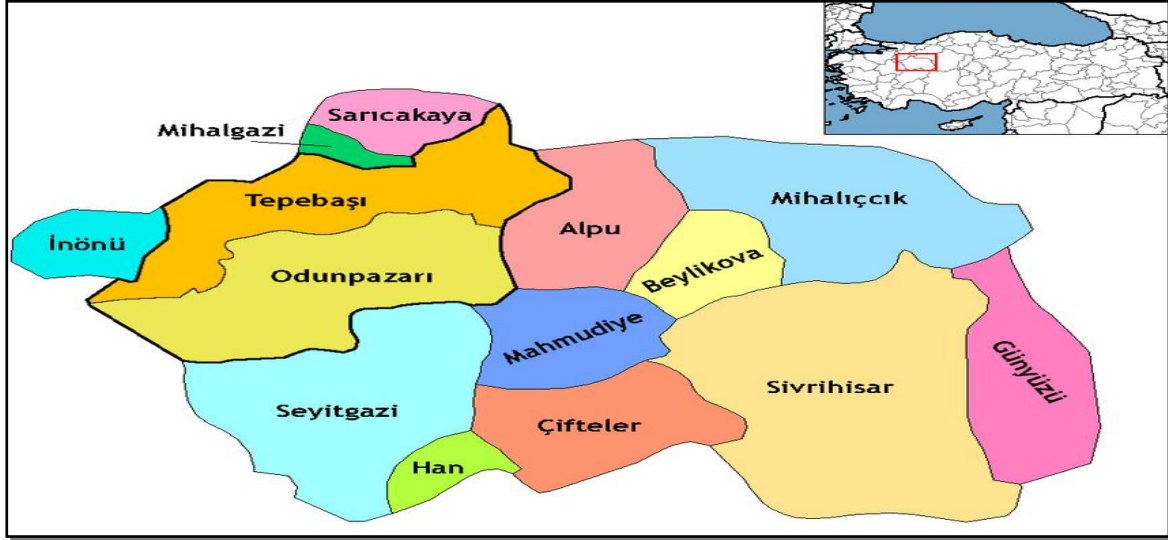
According to 2014 data obtained through address based population registration system (ADNKS), total population throughout the province is 812.320.

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

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

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

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



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

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

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

4.3.2 The District of Tepebaşı

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

Population of District of Tepebaşı		
Total	Total	Total
323.631	163.779	159.852

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

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

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

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

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

4.4 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 (TUROFED) 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 (TUROFED) 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.

4.4.1 Information Regarding the Tourism Industry in Eskişehir

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

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

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

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

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

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

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

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

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

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

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

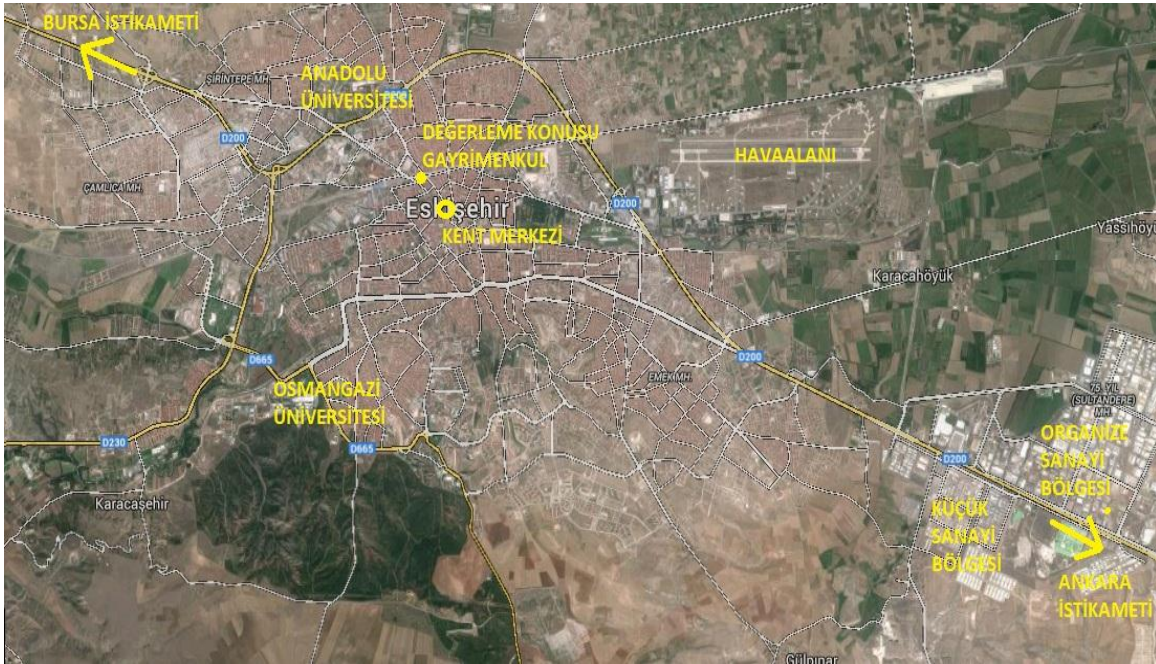
TESİS ADI	Türü*	Kültür ve Turizm Bakanlığı Belgeli	Sınıfı(*5)	Oda Sayısı Toplamı	Yatak Sayısı Toplamı	
ANEMON OTEL	OTEL	Turizm İşletme Belgeli	5*	174	348	Çamlıca Mah. Mustafa Paşa Sok. No:61
SAFFRON OTEL	OTEL	Turizm İşletme Belgeli	4*	79	123	Şeker Mah. Sivrihisar Cad. No:155
DEDEPARK OTEL	OTEL	Turizm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

Hotels with a Tourism Operation License Located in Eskişehir

5 INFORMATION REGARDING THE REAL ESTATE SUBJECT TO THE APPRAISAL

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

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



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



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

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

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

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

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

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

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

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

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

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

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

5.2.1 Investigation of the Land Registry of the Real Estate

According to the approved, and which is given in the attachment of this report, land registry record obtained from TAKBIS (Turkish Land Registry and Cadastre Information System) on 11.12.2015 at 15:15 a.m. in the Land Registry Directorate of the District of Tepebaşı, The following restrictions have been noted for the real estate subject to this appraisal.

Annotations Section

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

Statements Section

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

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

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

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

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

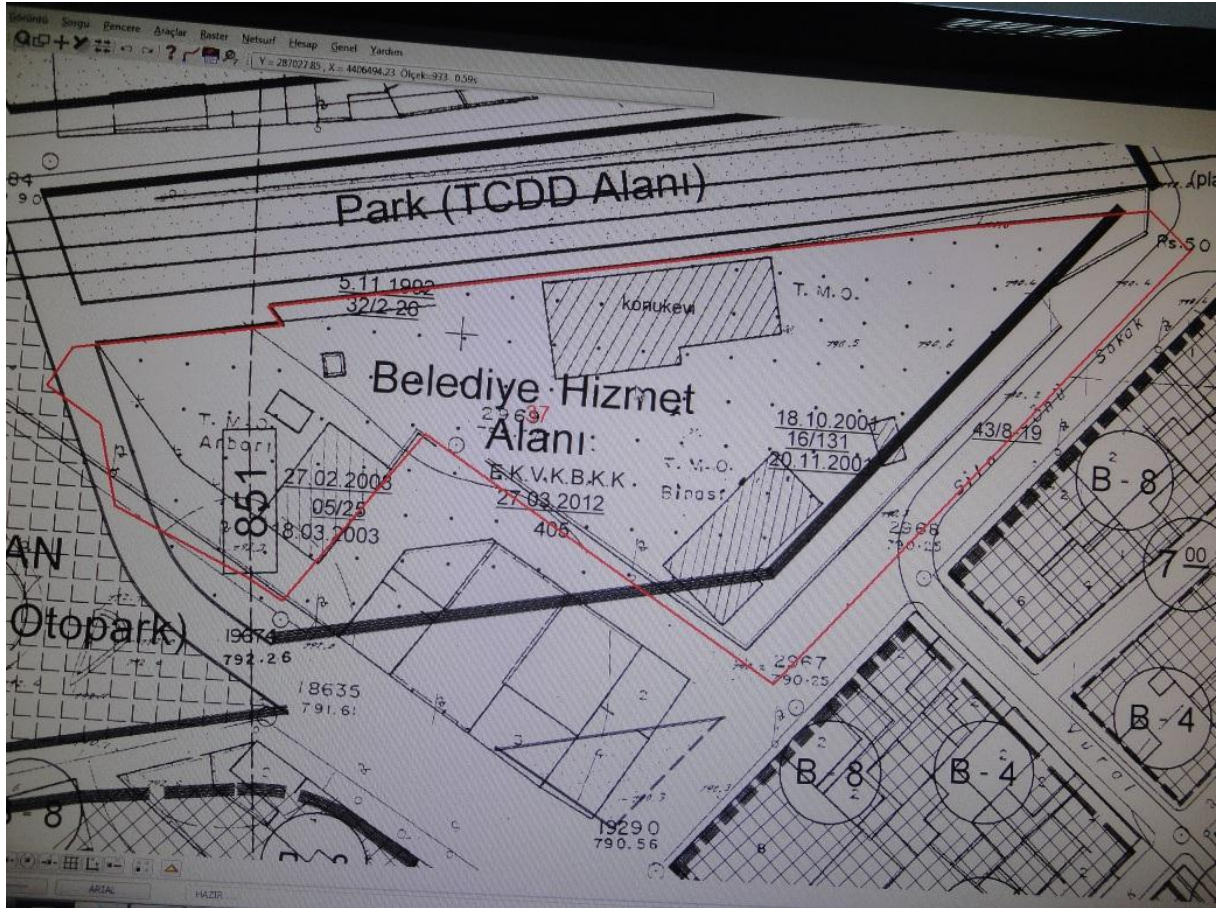
Pursuant to the subparagraph “a” of the Article number 22 of the communiqué, with regard to the real estate investment trusts principles of the Capital Market Board regulations, the Real Estate Investment Trusts “can purchase, sell, lease, lease out and pledge to purchase or sell all sorts of real estate,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

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

5.3 Inspection of the Zoning Information of the Real Estate

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

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



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

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



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

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

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

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

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

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



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

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

Construction and Occupancy Permits

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

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

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

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

5.3.2 Building Inspection Institution and Maintenance

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

5.4 Physical Characteristics of the Real Estate

5.4.1 Structural Construction Characteristics of the Real Estate

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

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

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



Satellite view, locations of the buildings

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

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

Ibis Eskişehir Hotel's Project and Actual Surface Areas

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

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

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



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

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

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

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

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



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

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

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

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

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

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

The structural properties of Ibis Hotel are given below:

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

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

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

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

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



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

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

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

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

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

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

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

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

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

5.4.2 Inspections Performed Within the Premises of the Real Estate

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

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

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

6 FACTORS AFFECTING AND DETERMINING THE VALUE OF THE REAL ESTATE

6.1 Factors that Limit or Negatively Affect the Appraisal Process

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

6.2 Swot Analysis

Strengths

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

Weaknesses

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

Opportunities

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

Threats

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

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

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

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

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

6.4.1 Exemplary Approach

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

6.4.1.1 Definitions and Sale Value of the Similar Sales Examples that Has Been Based Upon

During the Appraisal and the Reasons Why They Have Been Employed

LAND EXAMPLES

EXAMPLE	LOCATION	CHARACTERISTICS	AREA (M ²)	PRICE (TL)	UNIT PRICE PER M ² (TL)	SOURCE
Example 1 (Land)	Ayşen Street	185	3-Storey building zoned land over Ayşen Street was sold 1 year ago Block no. 7472 Plot no. 15	181.300 TL	980	Tepebaşı Municipality Directorate of Land Sale 0222 311 40 00
Example 2 (Land)	Şafak Street	160	3-Storey building zoned land over Şafak Street was sold 1 year ago Block no. 7452 Plot no. 4.	185.000 TL.	1.156	Umut Real Estate 0222 221 25 19
Example 3 (Land)	Gündeş Street	250	3-Storey building zoned land over Gündeş Street.	280.000 TL	1.120	Hikmet Dinçbaş Real Estate 0222 232 12 75
Example 4 (Land)	Ertuğrulgazi Quarter	230	3-Storey building zoned land by-street in the same region.	275.000 TL.	1.195	Umut Real Estate 0222 221 25 19
Example 5 (Land)	Ertuğrulgazi Quarter	200	3-Storey building zoned land by-street in the same region.	230.000 TL.	1.150	Turyap Central Office 0222 230 50 50

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

ARSA EMSAL DEĞERLENDİRME TABLOSU										
	Emsal 1		Emsal 2		Emsal 3		Emsal 4		Emsal 5	
Alan (m²)	185	m²	160	m²	250	m²	230	m²	200	m²
İstenen Değer (TL)	181.300		185.000		280.000		275.000		230.000	
Pazarlıklı Fiyat (TL)	172.235		175.750		266.000		261.250		218.500	
Konum Düzeltmesi (+-%)	-50%		-50%		-50%		-50%		-50%	
Yüzölçüm Düzeltmesi (+-%)	15%		15%		15%		15%		15%	
İmar Durumu Düzeltmesi (+-%)	25%		25%		25%		25%		25%	
Düzeltilmiş Birim Fiyat	1024	TL/m²	1208	TL/m²	1170	TL/m²	1249	TL/m²	1202	TL/m²
Emsal Ortalaması	1.163									TL/m²

- Considering investigations in the region and examples above, full property value of land value having parcel subjected to appraisal was estimated as 1.163 TL/m².

Professional opinion of Appraiser:

Taking into account the factors relative to the real estate subject to the appraisal, such as its location, the area of the plot, zoning status with tourism facility, formation of its vicinity, existence of two hotel buildings on the plot that are operational and bring in revenue, possessing all the required legal permits and classifications, legal status and the prices of the surrounding real estate examples, the land unit sale value has been estimated to be **1.163 TL/m²**.

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

Price per Unit Land Value of the Remaining Time for the Right of Construction *	463 TL
Size of the Land	6.806,8 m ²
Total Land Value (TL)	3.154.506 TL
Total Land Value (Euro)	1.020.942 €
Unit Land Value	1.163 TL
Right of Construction Value Rate	2/3
Remaining Time for Right of Construction (YEARS)	13,15
Unit Land Value	463 TL

*: When the remaining time value resulting from the right of construction of the land is calculated, for the right of construction value of the land, it has been employed as 2/3 at the first step. Afterwards, the remaining time from the right of construction for 22 years is calculated in order to determine the current unit value of the land for the right of construction.

Unit Land Value of the Remaining Time for the Right of Construction	=(Unit Land Value x The coefficient of the right of construction for 22 years x The remaining time from the right of construction)
Unit Land Value of the Remaining Time for the Right of Construction	=(1.163 TL x 2/3 x 13,15 /22)

6.4.2 Cost Approach

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

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

COST SHEET (LAND + BUILDING)

OTEL KAPALI ALANLAR		MALİYET		
KAT ALANLARI (m ²)	TOPLAM İNŞAAT ALANI (m ²)	OTEL BİRİM M2 MALİYET (€)	TOPLAM MALİYET (€)	AMORTİSMANLI TOPLAM MALİYET (€)
Bodrum Kat	604	280	169.120	155.590
Zemin Kat	763	750	572.250	526.470
1. Normal Kat	586	750	439.500	404.340
2. Normal Kat	586	750	439.500	404.340
3. Normal Kat	586	750	439.500	404.340
4. Normal Kat	586	750	439.500	404.340
5. Normal Kat	586	750	439.500	404.340
6. Normal Kat	586	750	439.500	404.340
1. Çatı Katı	397	475	188.575	173.489
2. Çatı Katı	198	475	94.050	86.526
OTEL TOPLAM İNŞ.MLY.	5.478		3.660.995	3.368.115
Restoran	250	750	187.500	172.500
Fitness	868	560	486.080	291.648
Harici Müteferrik İşler (***) (€)			250.000	250.000
TOPLAM YAPI DEĞERİ			4.584.575	4.082.263
ARSA DEĞERİ	6.807		1.020.942	1.020.942
TOPLAM DEĞERİ (€)			5.606.000	5.103.205
TOPLAM DEĞERİ (TL)			17.321.419	15.767.883

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

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

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

6.4.3 Cost Discount Approach/ Development Approach

Considering that the real estate subject to this appraisal study is a property that brings in revenue, the revenue approach method has not been employed.

IBIS HOTEL PROJECTION:

- The hotel subject to the appraisal has a capacity for 108 rooms and 216 beds.
- A lease agreement for 22 years has been signed by and between the Eskişehir metropolitan Municipality and the Akfen Real Estate Investment Trust Inc. to be commenced on 08.02.2007.
- It has been estimated that the occupancy rate of the hotel in the year of 2016 will be realized as 75% and that this rate will be increased 2% each year, and will be reached 81% in 2020 and it will be operated with an occupancy rate of 81% in the subsequent years.
- It has been assumed that the hotel will be operating 365 days a year.
- The hotel prices have been calculated based on the room-breakfast system. Taking into consideration the surveys performed in regard to the tourism industry and in the region, it has been estimated that the average price for a room will be 45 EUR, in the year of 2016. Moreover, it has been anticipated that this price will increase based on the inflation in the Euro Zone (2,5%) annually in the following years.
- Considering the performance of the facility, it has been assumed that the room revenues will constitute 87% of the total revenue, whereas the total department revenues will be around 13%.
- The gross operating profit has been calculated by subtracting the department and operating expenses from the total revenues. It has been determined that the Gross Operating Profit (GOP) in the hotel will be of 42% in the year of 2016, which will then stabilize in the following years.
- The ownership belongs to the Eskişehir Metropolitan Municipality and has a zoning of "Municipal service area", and it is exempted from real Real Estate Tax.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2015 will be of 10.563,37 Euro and it is estimated that it will remain so in the following years.
- Furniture Fixture Renovation Reserve has been determined based on the agreements made with the ACCOR. Accordingly, it is accepted as 3,5% of the annual gross revenue.

- According to agreement conditions, Akfen Real Estate Investment Trust Inc accepted to pay monthly rent of 9.209 Euro. If 5% of hotel endorsement is more than 110.508 Euro (yearly), this 5% is paid as construction right.
- The agreement with the restaurant was signed on 11.05.2007, and the agreement term has been determined as 10 years. Restaurant income has been determined as 5.170 TL for 2016. Lease value will be increased based on the average value of the annual wholesale price index (WPI – TEFE) and the consumer price index (CPI- TUFİ) at the beginning of each lease year. It has been acknowledged that the increase in the following years will happen on a rate of 2,5% based on the Euro currency.
- According to agreement on 01.07.2015, fitness center, whose monthly rent value is 15.000-TL, will be used as restaurant any more. Rent will be increased every year in proportion to inflation rate.
- It has been assumed that all payments are made in cash.
- Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate.
- In the appraisal study, the 10 year Eurobond interest rate of 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 law gained revenue than expected. There are two types of risks: systematic risk and unsystematic risk. Systematic risks are classified as interest rate, purchase power risk (inflation), market risk, political risk, exchange risk. Unsystematic risks are classified as business and sector risk, liquidity risk, management risk, risk of cannot fulfill responsibilities, taxation and revenue differences risk. Additional warrant to meet mentioned risk is risk prim. It can be calculated as difference in expected revenues of a risked property and less risked property. In 2006, rebound of economic growth is expected for rising markets and developing economies. Risks balance is still downwards.
- Invested money for immovable is founder element of capital rate. It is defined also as expected average revenue rate or interest rate. Average expected rate from immovable investments must not be less than revenue of safe lending. Accordingly, reduction ratio is determined as 9,5% for “operating model cash flow”.
- Her iki işletme modelinin indirgenmiş pazar değerlerinin ve maliyet yöntemi ile ulaılan değer toplamının aritmetik ortalamasından “Gayrimenkulün gelir yöntemine göre Pazar Değeri” tahmin ve takdir edilmiştir.



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



Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	08.02.2029
Revenue															
Room Revenue															
Annual Occupancy Rate (%)	75%	77%	78%	80%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%	81%
Average Room prices (EURO)	45	46	47	48	50	51	52	53	55	56	58	59	61	62	
Total Room Revenue	1.330.425	1.390.959	1.454.248	1.520.416	1.589.595	1.629.335	1.670.068	1.711.820	1.754.616	1.798.481	1.843.443	1.889.529	1.936.767	1.936.767	165.432
Department Revenue															
Total Department Revenue	207.639	217.086	226.964	237.290	248.087	254.289	260.647	267.163	273.842	280.688	287.705	294.898	302.270	302.270	25.819
Total Revenue	1.538.064	1.608.045	1.681.212	1.757.707	1.837.682	1.883.624	1.930.715	1.978.983	2.028.457	2.079.169	2.131.148	2.184.427	2.239.037	2.239.037	191.251
Costs															
Department Cost															
Total Department Cost	646.294	675.701	706.445	738.588	772.194	791.499	811.286	831.569	852.358	873.667	895.508	917.896	940.844	940.844	80.364
Net Department Cost	891.769	932.345	974.766	1.019.118	1.065.488	1.092.125	1.119.429	1.147.414	1.176.100	1.205.502	1.235.640	1.266.531	1.298.194	1.298.194	110.887
OPERATING COSTS															
TOTAL OPERATING COSTS	238.400	249.247	260.588	272.445	284.841	291.962	299.261	306.742	314.411	322.271	330.328	338.586	347.051	347.051	29.644
GROSS OPERATING PROFIT	653.369	683.098	714.179	746.674	780.647	800.164	820.168	840.672	861.689	883.231	905.312	927.945	951.143	951.143	81.243
SABİT GİDERLER															
Real Estate Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563
Furniture Fixture Renovation Reserve	53.832	56.282	58.842	61.520	64.319	65.927	67.575	69.264	70.996	72.771	74.590	76.455	78.366	78.366	6.694
To pay lease constantly to Eskişehir Mayor	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	9.209
To pay lease to Eskişehir Mayor from Hotel's endorsement (76.903	80.402	84.061	87.885	91.884	94.181	96.536	98.949	101.423	103.958	106.557	109.221	111.952	111.952	9.563
Total pay Lease to Eskişehir Mayor	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	9.563
Total Constant Cost	174.904	177.353	179.914	182.591	185.390	186.998	188.646	190.336	192.067	193.842	195.662	197.526	200.882	200.882	26.820
Total Costs	1.059.598	1.102.301	1.146.947	1.193.624	1.242.425	1.270.459	1.299.194	1.328.647	1.358.836	1.389.780	1.421.498	1.454.009	1.488.776	1.488.776	136.827
NET Operating Revenue	478.466	505.745	534.265	564.083	595.257	613.165	631.521	650.336	669.621	689.389	709.650	730.418	750.262	750.262	54.424
NET Cash Flow	478.466	505.745	534.265	564.083	595.257	613.165	631.521	650.336	669.621	689.389	709.650	730.418	750.262	750.262	54.424
CUMULATIVE CASH FLOW	478.466	984.211	1.518.475	2.082.558	2.677.815	3.290.981	3.922.502	4.572.838	5.242.460	5.931.848	6.641.498	7.371.917	8.122.178	8.122.178	8.176.602
RESTORANT Lease Revenue (Contract day on 11.07.2007 Tari															
Fitness Center 2 (01.07.2015 Tarihli Sözleşme)	20.077	20.579	21.093	21.621	22.161	22.715	23.283	23.865	24.462	25.073	25.700	26.343	27.001	27.001	2.306
Fitness Center 2 (01.07.2015 Tarihli Sözleşme)	59.713	61.205	62.736	64.304	65.912	67.559	69.248	70.980	72.754	74.573	76.437	78.348	80.307	80.307	6.860
Total NET Cash Flow	558.255	587.529	618.094	650.007	683.330	703.440	724.053	745.181	766.837	789.035	811.788	835.109	857.570	857.570	63.590

Risk Free Revenue Rate	4,80%	4,80%	4,80%
Risk Premium	4,20%	4,70%	5,20%
Discount Rate	9,00%	9,50%	10,00%
NET CURRENT VALUE (Euro)	4.694.330	4.571.107	4.452.916
NET APPROXIMATE CURRENT VALUE (Euro)	4.690.000	4.570.000	4.450.000
NET APPROXIMATE CURRENT VALUE (TL)	14.491.000	14.120.000	13.750.000

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

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

Investment Trust Inc.;

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

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

Renovation Reserve

- The “Construction Right” of the hotel subject to this appraisal study belongs to Akfen Real Estate Investment Trust Inc. and the hotel is being operated by the international hotel operating company Accor Group. It has been assumed that the hotel will be operated according to the current concept, throughout the duration of the “Construction Right.
- Euro has been the currency used in the study, with an exchange rate of 1 EURO = 3,0898 TL. Throughout the course of the studies, the Euro Zone inflation rate of 2,5% has been employed as the inflation rate. It has been assumed that the facility will be operating for 365 days a year. The renovation expenses, which will be met by the investor for the lease of the hotel, have been based on the ratio of 5% of the renovation expenses calculated in the lease alternative. It was assumed that renewal studies will be conducted by tenant.
- According to the information obtained from Akfen Real Estate Investment Trust Inc., it has been acknowledged that the insurance value for the year of 2016 will be of 12.864Euro and



that it will remain so, on account of the estimation made that there will not be any increases in the insurance premium by Akfen Real Estate Investment Trust Inc. in the following years.

- The lease revenue generated in relation to the hotel leased out to the Accor Group has been guaranteed with a lease agreement for the duration of 49 years. It has been assumed that the risk premiums in obtaining the lease revenue will be low for Akfen Real Estate Investment Trust Inc. and, therefore, it has been calculated accordingly. The discount rate has been estimated at 7,50% by adding a 2,70% “Risk Premium” to the 4,80% to the Risk Free Revenue.
- In net present value calculations, mid year factor (0,5) was considered to present more realist value.
- Within the scope of the International Valuation Standards (IVSC), taxes and VAT have not been included in the studies.



AKFEN Lease Revenue															
IBIS Lease Revenue	384.516	402.011	420.303	439.427	459.421	470.906	482.679	494.746	507.114	519.792	532.787	546.107	559.759	47.813	0
Operating Share	61.523	64.322	67.248	70.308	73.507	75.345	77.229	79.159	81.138	83.167	85.246	87.377	89.561	7.650	0
Furniture Fixture Renovation Reserve	61.523	64.322	67.248	70.308	73.507	75.345	77.229	79.159	81.138	83.167	85.246	87.377	89.561	7.650	0
NOVOTEL HOTEL AGOP	384.485	401.979	420.269	439.392	459.384	470.868	482.640	494.706	507.074	519.751	532.744	546.063	559.715	47.809	0
Used NOVOTEL Lease Revenue	384.516	402.011	420.303	439.427	459.421	470.906	482.679	494.746	507.114	519.792	532.787	546.107	559.759	47.813	0
Real Estate Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	10.563	0
Furniture Fixture Renovation Reserve %5	3.076	3.216	3.362	3.515	3.675	3.767	3.861	3.958	4.057	4.158	4.262	4.369	4.478	383	0
Lease to pay Eskişehir mayor	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	110.508	111.952	9.563	0
Lease Cash Flow	260.368	277.724	295.869	314.840	334.674	346.067	357.746	369.716	381.986	394.563	407.453	420.666	432.766	27.304	0
CUMULATIVE CASH FLOW															
	260.368	538.092	833.961	1.148.801	1.483.475	1.829.543	2.187.289	2.557.005	2.938.991	3.333.554	3.741.007	4.161.673	4.594.439	4.621.744	
RESTORAN Lease Revenue															
	20.077	20.579	21.093	21.621	22.161	22.715	23.283	23.865	24.462	25.073	25.700	26.343	27.001	2.306	0
FİTNESS CENTER Lease Revenue	59.713	61.205	62.736	64.304	65.912	67.559	69.248	70.980	72.754	74.573	76.437	78.348	80.307	6.860	0
Total NET Cash Flow															
	340.158	359.508	379.698	400.765	422.747	436.342	450.277	464.561	479.202	494.209	509.591	525.357	540.074	36.470	0

Lease Model Cash Flow and Net Current Value

Risk Free Revenue Rate	4,80%	4,80%	4,80%
Risk Premium	2,20%	2,70%	3,20%
Discount Rate	7,00%	7,50%	8,00%
NET CURRENT VALUE (Euro)	2.951.870	2.868.755	2.789.177
NET APPROXIMATE CURRENT VALUE (Euro)	2.950.000	2.870.000	2.790.000
NET APPROXIMATE CURRENT VALUE (TL)	9.115.000	8.868.000	8.621.000

Fitness Center Lease Model Cash Flow and Net Current Value

Risk Free Revenue Rate	4,80%	4,80%	4,80%
Risk Premium	4,20%	4,70%	5,20%
Discount Rate	9,00%	9,50%	10,00%
NET CURRENT VALUE (Euro)	529.995	516.469	503.491
NET APPROXIMATE CURRENT VALUE (Euro)	530.000	520.000	500.000
NET APPROXIMATE CURRENT VALUE (TL)	1.638.000	1.607.000	1.545.000

Restaurant Lease Model Cash Flow and Net Current Value

Risk Free Revenue Rate	4,80%	4,80%	4,80%
Risk Premium	4,20%	4,70%	5,20%
Discount Rate	9,00%	9,50%	10,00%
NET CURRENT VALUE (Euro)	178.199	173.651	169.287
NET APPROXIMATE CURRENT VALUE (Euro)	180.000	170.000	170.000
NET APPROXIMATE CURRENT VALUE (TL)	556.000	525.000	525.000

6.4.5 Lease Value Analysis and Taxes Employed

The lease value of the construction right subject to the appraisal has been calculated taking into consideration the revenue discount method and the average cash flow value. The annual lease value of the real estate has been calculated by reducing the 1st year cash flow average to the appraisal day. According to this calculation, the annual lease value of the hotel is **429.000.- EURO (1.326.000-TL)**. The discount rate has been determined to be of 9,50%.

Date	31.12.2015	31.12.2016
Annual Lease Revenue	0	449.207
Net Current Value of the Annual Lease Value (EURO)	429.000	
Date	1.326.000	



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

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

6.4.7 Most Effective and Most Productive Use Analysis

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

6.4.8 Appraisal Analysis of Common or Divided Parts

There are no common spaces on the plot.

7 APPRAISAL OF ANALYSIS RESULTS

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

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

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

The total value in the cost method, including the land, has been calculated as **5.103.205 EURO (15.768.000 TL)**

As a result of the discount of the potential revenue of the structure on the plot that will be generated during the remainder of the 22 years lease agreement, in accordance with the revenue discount approach, the net current value of the HOTEL has been calculated to be **4.570.000.- EURO (14.120.000.- 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 **2.870.000.- EURO (8.680.000.- TL)**.

The lease revenues from the restaurant and the fitness center which are additional premises of the hotel have been calculated separately. Accordingly, net current lease revenue obtained from the restaurant section has been calculated as **170.000.- EURO (525.000.- TL)**, while net current lease value obtained from the Fitness Center has been calculated as **520.000.- EURO (1.607.000.- TL)**.

The final value of the hotel has been calculated to be **4.410.000.-EURO (13.626.000.- TL)**, by adding leases revenues obtained from the restaurant and the fitness center to the approximate arithmetic average of the value calculated by both of two methods.

The lease value of the real estate, since the date of 31.12.2015, has been calculated by taking into consideration the average cash flow of the first year and sum of lease revenues obtained from the restaurant and the fitness center, in accordance with the revenue discount approach and the lease revenue. The annual lease value of the real estate has been calculated by reducing the annual average net cash flow to the day when the appraisal study is performed. Pursuant to this calculation, the annual lease value has been determined to be **429.000.- EURO (1.326.000.- TL)**.

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

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

In the discount model pursuant to the lease revenue, the lease revenues have been evaluated and the calculations have been made in accordance with the value obtained. Different discount rates have been employed in both models. Since there is a guaranteed lease revenue in the lease revenue analysis, the risk premium is lower.

While the value of the real estate according to the revenue discount approach was being determined, in the 1st model the revenue obtained by operating the real estate without a brand name has been calculated and in the 2nd model the revenue obtained by operating by leasing it out to a brand (Accor) has been calculated. Both models are methods that are exercised in the market and, thus, the final appraisal has been determined by calculating the average of their outcome. The insurance policy belonging to the real estate subject to the appraisal study has been supplied by Akfen Real Estate Investment Trust Inc. and has been enclosed herewith. Accordingly, it has been noted that the insurance value of the real estate is 5.466.297 Euro.

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

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

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

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

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

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

OUTCOME

7.5 The Concluding Sentence of the Appraiser

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

7.6 Final Appraisal

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

As of the date of 31.12.2015

	Market Value of the Remaining Lease Right for the Real Estate (Euro)	Market Value of the Remaining Lease Right for the Real Estate (TL)
VAT Excluded	4.410.000	13.626.000
VAT Included	5.204.000	16.079.000

	Annual Lease Value of the Real Estate (EURO)	Annual Lease Value of the Real Estate (TL)
VAT Excluded	429.000	1.326.000
VAT Included	506.000	1.565.000

- 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





8 APPENDIX

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