

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.



## PROJECT APPRAISAL REPORT

Report Date: 08.02.2013  
Appraisal Date: 31.12.2012

Report No: 2012REV915



ISO9001:2008  
FS 509685

AKFEN  
GAYRİMENKUL  
YATIRIM ORTAKLIĞI  
A.Ş.

KARAKÖY NOVOTEL

BEYOĞLU/İSTANBUL

# **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

We hereby state the following matters regarding the appraisal report prepared by **TSKB Gayrimenkul Değerleme A.Ş.** for **Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.**, on the date of **08.02.2013** with the report number **2012REV915**;

- The findings presented in the report are correct to the best of the knowledge of the appraiser
  - The analyses and the results are only limited to the specified assumptions and conditions;
  - The appraiser has no interest whatsoever related to the property which is subject to the valuation;
  - The appraiser's remuneration does not depend on any section of the report;
  - The appraisal was realized in accordance with the ethic rules and the performance standards;
  - The appraiser possesses the professional education requirements;
  - The appraiser has previous experience in the subject of the location and type of the property which is being valued;
  - The Appraiser has personally inspected the property; with the exclusion of the persons mentioned in the report no other person has contributed professionally to the preparation of this report.
  - This appraisal report has been prepared further to the related provisions of the Capital Markets Regulation.
-

## EXECUTIVE SUMMARY

### OPEN ADDRESS OF PROPERTY

Kemankeş Quarter, Kemankeş Street, section 77, parcel no 64, Beyoğlu / İSTANBUL

### USE OF PROPERTY

The lot with surface area of 3.074,58 sqm, with hotel construction.

### TITLE DEED INFORMATION

The immovable property in the province of Istanbul, the administrative district of Beyoğlu, Kemankeş district, Galata Mumhanesi locality, plot 121, section 77, parcel 64, with surface area of 3.074,58 sqm, zoned as "The Stone Kozluca Han Building with Two Stores, Warehouse and Garage, Two Warehouses and Garage".

### ZONING STATUS

The parcel subject to appraisal, within the scope of the 1/1000 scale "Beyoğlu Implementation Zoning Plan Aimed to Protect Urban Protection Areas" approved on 21.12.2010, remain partially in the "Tourism + Services + Commercial Area"

Settlement conditions for the "Tourism + Services + Commercial Area" are;

- Has a gradual elevation of 18.50 m. and 12.50 m.

THE VALUE OF THE ENTIRE PROJECT AS OF 31.12.2012 (VAT Excluded)	
92.120.000.-TRY (Ninetytwomilliononehundredtwentythousand.- TurkishLiras)	38.990.000.-EURO (Thirtyeightmillionninehundredninetythousand.- EURO)
THE VALUE OF THE ENTIRE PROJECT AS OF 31.12.2012 (VAT Included)	
108.701.600.-TRY (Onehundredeightmillionsevenhundredonethousandsexhundred.- TurkishLiras)	46.008.200.-EURO (Fourtysixmillioneightthousandtwohundred.- EURO)
THE EXISTING CONDITIONS VALUE OF THE SHARE OF AKFEN GYO REIT ON THE IMMOVABLE PROPERTY AS OF 31.12.2012 (VAT Excluded)	
32.230.000.-TRY (Thirtytwomilliontwohundredthirtythousand.- TurkishLiras)	13.640.000.-EURO (Thirteenmillionsixhundredfortythousand.-EURO)
THE EXISTING CONDITIONS VALUE OF THE SHARE OF AKFEN GYO REIT ON THE IMMOVABLE PROPERTY AS OF 31.12.2012 (VAT Included)	
38.031.400.-TRY (Thirtyeightmillionthirtyonethousandfourhundred.- TurkishLiras)	16.095.200.-EURO (Sixteenmillionninetyninehundredtwohundred.- EURO)

1- These identified values are the fair market values respectively for cash sales payments.

2- VAT rate was considered as 18%.

3- Exchange rate has been taken as EURO 1 = TL 2,3630, USD 1= TL 1,7912. The value in EURO and USD are given only for information.

4- This report has been prepared further to the related provisions of the Capital Markets Regulation

5- This page is an inseparable part of the appraisal report, it is complete with the detailed information in the report and it can not be used separately.

Özge AKLAR  
Appraiser (401775)

Hüsniye BOZTUNÇ  
Appraiser in Charge (400811)

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

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***SECTION 1***

***REPORT,  
COMPANY AND CUSTOMER INFORMATION***

# **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

## **SECTION 1**

### **REPORT, COMPANY AND CUSTOMER INFORMATION**

#### **1.1 Report Date and Number**

This report was issued by our company on 08.02.2013 and number 2012REV915 with reference to the request dated on 31.10.2012 and made by the firm, titled as Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

#### **1.2 Report Type**

This is the appraisal report prepared for the appraisal of the Turkish Lira market value of the share of Akfen REIT dated 31.12.2012 as a result of the rights arising from the transfer on 22.06.2011 of the rental contract and from the same rental contract dated 01.09.2009 of the immovable property zoned as the immovable property in the province of Istanbul, the administrative district of Beyoğlu, Kemankeş district, Galata Mumhanesi locality, plot 121, section 77, parcel 64, with surface area of 3.074,58 sqm, zoned as "The Stone Kozluca Han Building with Two Stores, Warehouse and Garage, Two Warehouses and Garage", categorized as a registered foundation in accordance with the article 6 of the Foundations Law no 5737, the rights of management and representation of which is on the General Directorate of Foundations.

#### **1.3 People Issuing the Report**

This appraisal report has been prepared at the end of necessary examinations carried out at the location of the real property and upon the information procured from the relevant individuals – institutions – establishments Özge AKLAR, real estate appraiser, and Hüsniye BOZTUNÇ, appraiser in charge of our Company, issued this report.

#### **1.4 Appraisal Date**

This appraisal report is prepared with reference to the studies started on 20.12.2012 and finished on 08.02.2013. Not only examinations conducted at real estate location, municipality and land registry but also office work is done during appraisal study.

#### **1.5 Base Contract**

This appraisal report was issued in accordance with the provisions of the base contract that was executed by and between Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. and our Company on 02.11.2012 and has determined the rights and obligations of the contractual parties.

#### **1.6 Factors Affecting the Appraisal Process Negatively**

There are not any negative factors that affect or limit the appraisal process in general aspect.

#### **1.7 The Scope of the Client Demands and Delimitation**

This report was prepared in line with the request of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. dated 31.10.2012, for the Novotel project, 69.99% shares of which is owned by Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. according to the rental agreement on the subject immovable property and according to the partnership agreement dated 18.05.2011 and the master agreement attached and which was transferred to Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. with the leasing agreement dated 22.06.2011. During the appraisal study, no restrictions were brought by the customer.

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## 1.8 The Information on the Last Three Appraisal Studies Performed by Our Company on the Subject Property of the Study on Previous Dates

	Report-1
Report Date	06.06.2011
Report No	2011A222
People Issuing the Report	Fatih Tosun- Selen Boztürk
Total Fair Market Value Of The Project (TL)	47.703.000 TL

\* The report mentioned above is the report indicating the lot value.

## 1.9 Company's Information

Our Company was established with a capital amount of NTRL 300.000 in order to engage in providing works and services described as Expertise and Appraisal according to the Articles of Association of the Company published in the Trade Registration Journal dated September 13, 2002 and issue no. 5676.

Our Company is taken on the lists of companies, which will offer appraisal services, within the framework of the Capital Market Board (SPK) legislation by the letter of SPK dated February 03, 2003 and no. KYD-66/001347, of Capital Market Board of the Prime Ministry.

## 1.10 Client Information

This appraisal report has been prepared for Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., located at the address of Büyükdere Avenue, No: 201, Block C, Floor: 8, Levent / İSTANBUL.



***SECTION 2***

***DEFINITION AND SCOPE OF THE APPRAISAL***

## SECTION 2

### DEFINITION AND SCOPE OF THE APPRAISAL

#### 2.1 The Methods Used in the Appraisal

There are four different valuation methods, which can be utilized in our country. There are respectively, "Sales Comparison Approach", "Income Capitalization Approach", "Cost Approach" and the "Development Approach" methods.

##### 2.1.1 Sales Comparison Approach

This sales comparison approach takes into account the sales of similar or substitute properties and the related market datas and realizes the appraisal based on a comparative transaction. In general the property, which is being evaluated, is compared with the sales of similar properties in the open market.

##### 2.1.2 Income Capitalization Approach

This comparative approach takes into account the income and expense datas related to the property being evaluated and makes the appraisal with the reduction method. The reduction is related to the income converting the income amount to value appraisal and to the type of value. This transaction, takes into account product or discount rates or both. In general the principle of substitution with the income flow providing the highest investment income with a defined risk level is proportionate with the most probable value figure.

##### 2.1.3 Cost Analysis Approach

In this method, the reconstruction cost of an existing building in the framework of the current economic conditions is considered as basis for a property valuation. In this respect, the main principle of the cost approach can be explained with the use value. The use value is described as 'Even if no one wants it and no one knows its price an asset has a real value'.

In this method, it is accepted that the real property has an important remaining economical life expectancy. For this reason, it is assumed that the property's value will decrease in time due to physical wear, as it becomes outmoded economically and functionally. In other words, it is accepted that the value of the building of an existing property will never be more than its reconstruction cost.

The building cost values of the property have been appraised by taking into account the Ministry of Public Works Construction unit costs, the technical specifications of the buildings, the materials used in the buildings, the construction costs of the buildings with same specifications constructed in the market, interviews with the contracting companies and costs calculated by us based on previous experiences.

The rate of depreciation in the buildings has been calculated by taking into account the table published in the Official Gazette indicating the depreciation in the buildings according to years and the visible state of the building.

It is accepted that the value of the property is consisting of two separate physical facts being the land and the buildings.

##### 2.1.4 Development Approach Method

The purpose of an investment is to produce goods or services, to put them into the market and make profit consequently. The commercial profitability of the investment depends on sufficient demand for the goods or services to be produced and their sales with the prices that would

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provide possibility to obtain the expected profitability. The examination of the project for the entrepreneur covers the examination and evaluation of the industry where the subject product of the project is positioned and the anticipations regarding the future. The evaluation of the market where the subject goods or services of the project are positioned can be examined as the current situation and the expectations for the future.

The expenses to be made in the case the project is constructed have been estimated, and another estimations has been held considering the marketing policies of the company and the generally feasibility principles. The income estimation of the project in the case of its development has been made, and assumptions have been held during this estimation. In these assumptions, the condition of the industry and the statistical figures of the similar projects near to the location of the project have been benefited from.

Later, the performance estimation of the project was made and its net value under today's conditions in the case it was constructed have been calculated from this performance estimation. The assumptions made in the study were partially explained while the details were kept reserved by the expert.

## 2.2 Definitions and Model of the Calculation Methodology

### 2.2.1 Definitions and Model of the Calculation Methodology

#### Risk Free Rate

The foreign exchange bonds secured by the state treasury and sold on offshore markets, also covering the risk of country are named as "Eurobond". They are issued with various maturities, while they can be purchased or sold on a daily basis on the market. These bonds are used as an indicator of the risk free rate, which is used as the basis for financial calculations in Turkey. The most liquid Eurobond on the markets is the Eurobond with maturity in 2030, and it has the attributes required to be an indicator bond.

#### Variant on the risk-free rate<sup>1</sup>

There have been 3 different approaches for calculating risk-free rate.

**Variant 1:** A short term government security rate is used as the risk free rate, and the historical premium earned by a broad equity market index over and above this security rate is used to estimate the expected return on the market. The cost of equity, thus obtained, is then used as the discount rate for each year's cash flows.

**Variant 2:** The current short term government security rate and the market's historical premium are used to calculate the cost of the equity for the first period (year). The forward rates built in to future time periods, which are used to calculate the cost of equity for future years.

**Variant 3 :** The current long term government-bond rate (with the duration of the bond matched up to the duration of the asset) is used as the risk-free rate, and the historical premium earned by a broad market index above this long term government security rate is used to estimate the expected return on the market. The cost of equity, calculated using these inputs, is used as the discount rates each year's cash flows.

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<sup>1</sup> Damodaran on Valuation ,Security Analysis for Investment and Corporate Finance, Section 3 : Estimation of Discount Rates  
p.25

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Eurobond does not include the market risk for the performed work, although it includes the country and political risk.

Variant 3 has been selected as the method in the assumptions our company has made by using all these data. However, especially when assessing the value of the real estates with long-term commercial lifetime, an asset appropriate for the commercial lifetime of the real estate does not exist. For that reason, our company suggests appropriate bonds for each projects regarding their duration as a risk free return rate. The chosen bonds vary according to the duration of projects and to the rate of exchange. This rate also covers the country risk. In addition to hat, the rates suggested by Damodaran for use in accordance with its Financial Market Characteristics are as follows:

Financial Market Characteristics <sup>2</sup>	Premium Cover Govt.Bond Rate
Emerging markets with political risk (South America, Eastern Europe)	8.5 % over govt. bond Rate
Developed Markets with limited listings (Western Europe, minus Germany and Switzerland)	4.5 - 5.5% over govt. bond rate
Developed Markets with limited listings and stable economies (Germany and Switzerland)	3.5 - 4% over govt. bond rate

## Market Risk Premium- Market Index

The market index shall be constituted from data and risks such as the conditions of the market and competition in which the real estate, the place, commercial status of the real estate, and its comparison with similar other ones in the industry. Consequently, the market risk of a real estate with a lower performance will be higher.

The figures used in our studies consist of the data, which has been obtained as a result of criticizing our experiences arising from the shopping centre appraisal studies we have performed so far in various cities of Turkey.

## Discount Rate (Risk Free Rate+ Market Risk Premium = Discount Rate)

A rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it should reflect the opportunity cost of capital, i.e., the rate of return the capital can earn if put to other uses having similar risk. Also called yield value.

Discount rates contain all risk premiums. (Country risk, market risk...)

Discount rate is the sum of risk free rate and the market risk premium.

IAS 36 para. 48, states that “ the discount rate (or rates) should be a pre-tax rate (or rates) that reflect (s) current market assessments of the time value of money and the risks specific to the asset. The discount rate (s) should not reflect risks for which future cash flow estimates have been adjusted.” It is also true that other measures of income or cash flow may be used so long as the discount rate(s) are appropriately matched with the income flow(s).

<sup>2</sup> Damodaran on Valuation ,Security Analysis for Investment and Corporate Finance, Section 3 : Estimation of Discount Rates p.23

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Income rate for a total real property interest that reflects the relationship between single year's net operating income and the total property price or value; used to convert net operating income into an indication of overall property value.

## **Other point of view: The Capital Asset Pricing Model (CAPM)**

CAPM model measures risk in terms of on diversifiable variance and relates expected returns to this risk measure. It is based upon several assumptions, that investors have homogeneous expectations about asset returns and variances, that they can borrow and lend at a risk-free rate, that all assets are marketable and perfectly divisible, that there are no transactions costs, and there are no restrictions on short sales. With these assumptions the non-diversifiable risk for any asset can be measured by the covariance of its returns with returns on a market index, which is defined to be asset's beta. If the beta for the equity in the company can be estimated, the cost of the equity will be the required return,

$$\text{Cost of equity} = R_f + \text{Equity beta} (E(R_m) - R_f)$$

Where  $R_f$  = Risk Free rate

$E(R_m)$  Expected Return on the market index

## **Analysis Of The Methods Used In The Appraisal**

CAPM Model has not been used within the scope of the appraisal study.

Discount rate: Calculated according to the total of Risk-Free Rate of Return and Risk Premium. The descriptions of the rates used in this total are as follows.

Risk-free rate of return has been identified according to the variable model 3 of the above article 2.2.1, and it has been identified with the average of last 6 months (the average is used for minimizing short-term market fluctuations) of the Eurobond with the longest maturity currently in effect. This rate includes the country risk.

Risk premium has been estimated according to the professional opinion of the appraiser in parallel to his/her experiences by taking into account the risks associated with the specifications of the project such as the region, sector, project, zoning, etc. as explained in article 2.2.1.

### **2.2.2 Project Development Approach**

Project development approach is similar to income capitalization method; however, it is different in certain essential aspects. Income capitalization method appraises an existing project with available architectural design and license. Development method capitalizes revenues that maybe obtained from the most convenient project which may be developed according to the existing zoning status on a land without any actually available designs or licenses. In the development approach, which is used as the 2nd method in land appraisal, the land value is identified by calculating the revenues in the landlord's share from the project to be developed on the land.

When appraising an empty land with a definite project or with a project being constructed, the cash flow statement is created with income capitalization method according to the details of the already approved architectural design and building license. When appraising the empty lands, the appraiser determines the marketability/leasability of the land according to his own predictions in parallel to the valid zoning plan conditions, and creates the cash flow statement accordingly.

## **2.3 The Value Definitions**

### **2.3.1 Fair Market Value (Market Value)**

In the case of an real property changing hands between the buyer and the seller, at a specific date; it is the most plausible, cash exchange value of the property on the condition that the market conditions required for the sale are provided , the parties being willing and both parties are knowledgeable about the conditions related to the property. In this valuation study the validity of the following points are assumed:

- The buyer and seller are acting in a reasonable and sensible manner.
- The parties are knowledgeable concerning every matter related to the real estate and are acting in a manner to obtain the utmost benefit for themselves.
- A reasonable timeframe has been allowed for the sale of the real estate.
- The payment is being effected in cash or by similar instruments.
- The financing which may be required for the purchasing transaction of the real estate is being realized with the prevailing interest rates in the market.

### **2.3.2 Forced Sales Value**

It is the value used in the cases when the seller is under pressure about selling his/her property and consequently, when there is no appropriate marketing period. The price accepted in compulsory sale is one that reflects the special conditions of the seller, contrary to the reasonable and fair conditions of the market value.

***SECTION 3***

***GENERAL AND SPECIAL DATA***

## SECTION 3

### GENERAL AND SPECIAL DATA

Data investigation starts with study of the prevailing trends in the international, national, regional or neighbourhood at the market level concerning the asset, which is subject to the evaluation. This research assists the appraiser to perceive the principles, powers and factors influencing the real estate values in that specific market environment. The research, at the same time provides the information related to the figures, the market trends and the clues. Whereas the general datas are datas related to the characteristics of the property to be evaluated and to the equivalent properties.

#### 3.1 General Data- Social and Economic Data

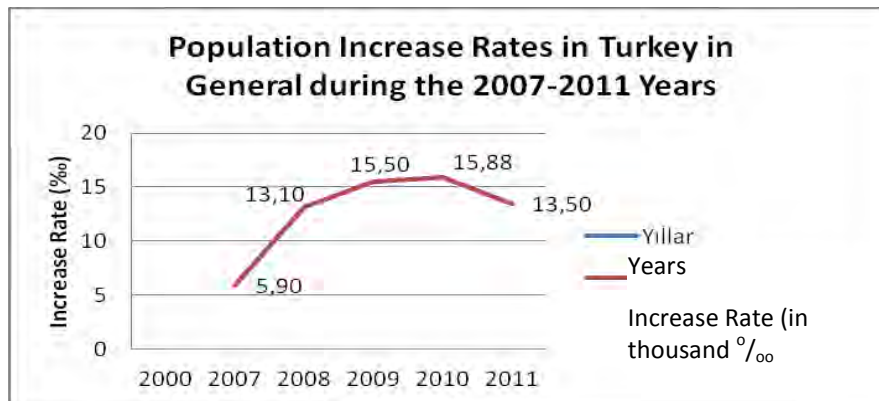
##### 3.1.1 Demographic Data

According to the Address Based Population Registration System data, the population of Turkey as of December 31, 2011 is 74,724,269 persons. In 2011, the annual population in Turkey has materialized as 13.5 in thousand. In 2011, the population residing in Turkey has increased by 1,001,281 persons. From this population, 50.2% (37,532,954 persons) are males, and 49.8% (37,191,315 persons) are females.

Representation of the General Population Increase in Turkey over the Years			
Total			
	Total	Male	Female
2008	71,517,100	35,901,154	35,615,946
2009	72,561,312	36,462,470	36,098,842
2010	73,722,988	37,043,182	36,679,806
2011	74,724,269	37,532,954	37,191,315

While the population of Turkey was 71,517,000 according to the 2008 Population Count results, Turkey's population has increased to 72,561,312 persons as of December 31, 2009. While the annual population increase during the 2000-2007 period has materialized as 5.9 in thousand on the average, the population increase rate in Turkey in 2008 has been 13.1 in thousand and the country's population has reached 71,517,100.

The population of Turkey has increased by 14.5 in thousand as of the end of 2009, as compared to 2008, and as of the end on 2010 this figure, by an increase of 1,161,676 persons (15.88 in thousand), has reached 73,722,988 persons. In the following graph, it is possible to observe the population increase rates in Turkey in general during the 2007-2011 years.





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In 2011, while the populations of 56 provinces, from the total 81 provinces, have increased as compared to the previous year, the populations of 25 provinces have decreased. The first three provinces with the lowest population increase rates are; Bilecik (-100.41 in thousand), Isparta (-86.27 in thousand) and Kütahya (-45.44 in thousand). In the meantime, the first three provinces with the highest population increase rates are; Tunceli (103.49 in thousand), Hakkari (79.75 in thousand) and Şırnak (62.82 in thousand).

In Turkey, the population in the cities increases at a much higher rate than the population in the villages. The urban population in the country has demonstrated a significant increase over the past 17 years, and while this was 59 percent in 1990, it has reached 64.9 percent in 2000, and 75.5 percent in 2009. In 2010, this ratio has been measured as 76.3%. The urban population (population residing at provincial and district centers) is 56,222,356, while the rural population (population residing on townships and villages) is 17,500,632 persons. As of 2011, while 76.8% (57,385,706 persons) of the total population is residing at provincial and district centers, 23.2% (17,338,563 persons) are residing at townships and villages. The province with the highest population ratio residing in provincial and district centers has been İstanbul by 99 percent, while the lowest has been Ardahan with 35 percent.

From our country's total population, 18.2% (13,624,240 persons) are residing in İstanbul. This is respectively followed by; Ankara with 6.6% (4,890,893 persons), İzmir with 5.3% (3,965,232 persons), Bursa with 3.6% (2,652,126 persons), and Adana with 2.8% (2,108,805 persons). In the Bayburt province, which has the lowest population in our country, the number of residents is 76,724.

The average age in our country is 29.7. While the median age in males is 29.1, it is 30.3 in females. The median age of those residing in provincial and district centers is 29.5; and the median age of those residing in townships and villages is 30.5. Half of the population is younger than the age of 29.7.

The population in working age in the 15-64 group (50,346,979 person), constitutes 67.4% of the total population. 25.3% of our country population (18,886,575 persons) is in the 0-14 age group, while 7.3% (5,490,715 persons) are in the 65 and above age group.

The population density expressed as "number of persons per square kilometer" is 97 persons in Turkey, in general. This figure ranges from 11 to 2,622 persons in the provinces. In the İstanbul province, there are 2,622 persons per square kilometer. This is followed respectively by; Kocaeli with 443 persons, İzmir with 330 persons, Gaziantep with 257 persons and Bursa with 254 persons.

In the meantime, the province where the population density is lowest is Tunceli with 11 persons. In Konya, which ranks first based on surface area size, the population density is 52, and in Yalova, which has the smallest surface area, the population density is 244.

Province	Population	Population (City Center)
İstanbul	13,624,240	13,483,052
Ankara	4,890,893	4,762,116
İzmir	3,965,232	3,623,540
Bursa	2,652,126	2,359,804
Adana	2,108,805	1,864,591

## 3.1.2 Economic Data

External economic developments have been more predominant than internal politics at the beginning of 2008, the developments have influenced the economy directly and a regression has been observed in the investments as of the beginning of April, 2008 and the levels of foreign investments of the previous years have begun to drop. Viewing the investments in 2008, it has been observed that while saturation level has been reached in certain areas in the housing and SHC sectors, investments have continued in the office and logistics sectors.

The economic crisis in the world, which was the most significant event in 2008, initially emerging as a subprime mortgage crisis in the US, and thought to be arising from a liquidity problem, but in time understood to be mainly a lack of confidence, has emerged by bankruptcy of major US investments banks and insurance companies in March and has spread to Europe in a very short time. Despite countries' declaring crisis prevention packages one after another, the developments could not be prevented and the world growth figures have displayed negative values.

As of the end of 2008 and the beginning of 2009, the economic crisis has begun to be felt by the real sector also in Turkey. With the economic shrinkage in 2009, drops have been observed in industrial production and employment. It is known that the real estate sector has continued to shrink in 2009, the decreasing trend in the prices has continued and the demand has been low.

However, with the positive outlook experienced in the country's economy and the foreign markets as of the beginning of 2010, it is observed that a sustainable development has started again and the influences of the crisis have been somewhat decreased by the positive atmosphere. By the currency rates' remaining within a certain band within 2010 in general, the continued increasing trend of the Istanbul Stock Market, and the perception of the September 2010 referendum as political stability, the positive atmosphere in the markets has continued.

Within 2011, when economic data has begun to be positive, the interest of foreign investments in Turkey has continued. However, the fact that major investment decisions may not be made as comfortably and easily as in the previous years, has prolonged the investment processes. With the price consistency and the increase in economic growth, 2011 has been the stage for Turkey's progress and increased power in foreign politics.

Although it is observed that economic stability has continued in 2012, it has also been observed that sales difficulties have been experienced for certain real property types and projects. In addition, 2012 has been a year when 3 significant laws have been brought to the sector. With the reciprocity law, the road for foreign investors wanting to invest in Turkey has been cleared, and this law is expected to provide a serious acceleration in the real property market in the coming period. Although it is aimed to attract foreign capital and close the current deficit with the reciprocity law, it is believed that Urban Transformation and the sales of 2B lands actually will be the factors attracting attention both locally and internationally and allowing the increase of resources. By these laws, new real property development areas have been created, and it is believed that its impact will be felt more clearly in 2013.

During the last quarter of 2012, the Fitch Rating Organization has raised Turkey's foreign currency credit rating from BB to BBB-. With this positive development, it is expected that foreign investors will turn their eyes to Turkey. With this favorable economic development and the 3 important laws passed in 2012, it is foreseen that 2013 will be a better year as compared to 2012 from the real property sector perspective.

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## 3.2 Analysis of the Area Where the Property is Located

### 3.2.1 İstanbul Province



Istanbul is located on the 280 01' and 290 55' eastern longitudes, and 410 33' and 400 28' northern latitudes. Istanbul Strait merges the Black Sea with the Marmara Sea; while it also separates Asia from Europe and divides Istanbul into two.

Istanbul acts as a bridge between the continents of Europe and Asia, and it is built on the two tips that the continents most approach each other, on 5.512 square kilometre area. These tips are surrounded by Catalca on the European side, Kocaeli on the Anatolian side; Marmara and Bursa on the south, Tekirdağ on the southwest and Kırklareli on the northwest. The Princes' Islands in the Marmara Sea are also included in Istanbul province.

The districts of İstanbul province are; Adalar, Arnavutköy, Ataşehir, Avcılar, Bağcılar, Silivri, Bakırköy, Başakşehir, Bayrampaşa, Beşiktaş, Beykoz, Beylikdüzü, Beyoğlu, Büyükçekmece, Çatalca, Çekmeköy, Esenler, Esenyurt, Eminönü, Eyüp, Fatih, Gaziosmanpaşa, Güngören, Kadıköy, Kağıthane, Kartal, Kocasinan, Küçükçekmece, Maltepe, Pendik, Sancaktepe, Sarıyer, Silivri, Sultangazi, Sultanbeyli, Şile, Silivri, Tuzla, Ümraniye, Üsküdar and Zeytinburnu. İstanbul International Ataturk Airport is 20 km away from the city centre. Besides, it is also possible to rent an airplane or helicopter in İstanbul.

Istanbul accounts for 9.7% of the total area of Turkey, and it is the most important province of the country in terms of its population. According to Year 2011 General Census, total population of İstanbul is 13.483.052.

Istanbul is located on Kocaeli and Çatalca Peninsulas. Both of these peninsulas are two worn tablelands. The landscape of İstanbul resembles to the landscape under the Mediterranean climate. Lemur is the most observed plant type in the region. These plants acclimatized to a long and dry summer season. However, due to the characteristics of the climate, the hills are not bare. The most important one of the forest areas in patches is the Belgrade Forest 20 km on the north of the city centre.

The biggest stream in İstanbul is Riva Stream, which is also the biggest stream of Kocaeli Peninsula. The most important streams that flow into İstanbul Strait are Küçüksu and Göksu streams. Apart from them, there are also Kağıthane and Alibey Streams flowing into the Golden Gate, Sazlıdere flowing into Küçükçekmece Lake, Karasu Stream flowing into Büyükçekmece Lake, Traňa Stream flowing into Terkos Lake as the major streams of İstanbul province. In the province, there are three small but important lakes. All three of them are on the European side. The water of Terkos Lake, which is away from the sea, is fresh. The city water is provided from

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

that lake. The water of Küçükçekmece (11 ksqm) and Büyükçekmece (16 ksqm) lakes are salty because they contact with the sea.

Summer months are generally hot and the winters are not very cold in Istanbul due the weather systems influential in the province. Although Istanbul seems like showing the properties of the Mediterranean climate, it has a different climate due to the effect of the Marmara Sea and the Istanbul Strait. In winter months, it is under the influence of the cold-dry air mass from the Black Sea and the cold and rainy air mass from the Balkans, and especially the warm and rainy air mass from the Mediterranean. In the entire province, the cold and rainy (with northeast wind) weather of the Black Sea and the warm (with southwest wind) Mediterranean weather follow each other. In the province, major heat differences are not observed between summer and winter or day and night.

From the economic terms, Istanbul is one of the most developed cities in Turkey. It is one of the most important sources of tourism, industry and commerce economy. Although most of the industrial organizations have been moved outside of the province, the province still maintains its importance in terms of the manufacturing industry. The actual development with regard to the manufacturing industry of Istanbul began after the foundation of the Republic in 1923. The accelerating capital accumulation and the support provided to the private industry after 1950s enabled Istanbul to become a leading city in terms of industry and commerce.

Istanbul has become one of the most appealing tourism centres of Turkey with its natural beauty, rich cultural assets, and its developments with regard to transportation and accommodation. Most of the foreign tourists first land in Istanbul for their visits to Turkey.

## 3.2.2 Beyoğlu District



Beyoğlu District is located on the European side of Istanbul Province, between the southern section of Istanbul Strait and Haliç (the Golden Horn). It is surrounded by Beşiktaş and Istanbul Strait on the east, Haliç on the west, Şişli on the north, Kağıthane on the northwest, and Istanbul Port, which is an indent of the Marmara Sea on the south. The surface area of the district is 8.76 sqm.

Access to Beyoğlu is very easy, as it is the Central district. It has direct access to the airport. A tram way was constructed in 1991 between Taksim and Tünel, which was later extended to Galata Bridge and Eminönü, Atatürk Bridge and Fatih District. There is a subway connection from Taksim to Şişli, Mecidiyeköy and 4. Levent. Ferries run in the Golden Horn (Haliç). All roads in the district are asphalted. In the marine transportation of the district, boats to Kasımpaşa, Hasköy, Sötlüce, Kadıköy, Kartal, Bostancı, Princess Islands, Marmara, Black Sea, Aegean and Mediterranean coasts, and abroad, set sail from the Karaköy Dock.

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According to the results of Year 2011 Census, the total population of the district is 248.206.

Although the Beyoğlu district is a culture, art, entertainment and business center, it also is a district of dense population. İstiklal Street, Taksim, Galata, Cihangir and Gümüşsuyu are the center of culture, art and entertainment life, where economic and commercial activity is liveliest. Cihangir and Gümüşsuyu neighborhoods are neighborhoods emerging with their intellectual identity, and preferred by authors, artists, journalists and literary artists.

Meanwhile, the Kasımpaşa, Hasköy, Kulaksız and Sötlüce neighborhoods display a socio-economic structure much different from the two areas above. A majority of the public are citizens who have migrated from the various regions and provinces of Anatolia. The highest immigration to these areas has been from the Black Sea (Trabzon, Rize, Giresun), Kastamonu and Sivas.

The general headquarters or many companies and holdings are also located in Beyoğlu. Banks are located in Galata, while there are company headquarters in Karaköy, manufacturing plants in Hasköy and Sötlüce, and dockyards on the Golden Horn coast

***SECTION 4***

***TITLE DEED AND ZONING INFORMATION  
OF THE REAL ESTATE***

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## SECTION 4

### TITLE DEED AND ZONING INFORMATION OF THE REAL ESTATE

#### 4.1 Title Deed Information of the Real Estate

Province	İstanbul
District	Beyoğlu
Subdistrict	-
Village	-
Quarter	Kemankeş
Locality	Galata Mumhanesi
Plot No	121
Section No	77
Parcel No	64
Quality	The Stone Kozluca Han Building with Two Stores, Warehouse and Garage, Two Warehouses and Garage
Area	3.074,58 sqm
Owner - Share*	-

\* The detailed proprietor list and shares are provided in detail on the attached encumbrance list, approved on 13.09.2011.

\*\* Since the aforementioned immovable properties bear the feature of a registered foundation, management and representation rights are owned by the General Directorate of Foundations, as per article 6 of the Law of Foundations, numbered 5737.

\*\*\*In article 3 of the Law of Foundations, numbered 5737, the definition “Registered foundation: means the foundations that are to be managed and represented by the General Directorate pursuant to this law and the foundations established prior to the effective date of the obsolete Turkish Civil Code numbered 743 and managed by the General Directorate of Foundations pursuant to Law of Foundations numbered 2762.” is provided.

\*\*\*\*Pursuant to article 77 of the Law of Foundations numbered 5737, the following exemptions and exceptions are applied in relation to registered foundations.

- *The immovable properties belonging to the General Directorate and registered foundations benefit from the State property privilege, they may not be sequestered, pledged. All business and transactions are exempt of any taxes, duties, fees and shares.*
- *Assurances are not sought in cases filed by the General Directorate.*
- *The uncollectable revenues of the General Directorate and the registered foundations are collected by the General Directorate according to the provisions of the Law on Collection Procedure of Assets dated 21/7/1953 and numbered 6183.*
- *The procedures for repairs and restorations of foundation cultural assets and environmental planning and expropriation, are not subject to the provisions of the Statutory Decree on the Organization and Duties of the Ministry of Public Works and Settlement numbered 180.*
- *The rental procedures of foundation cultural assets, in return for restoration or repair, are not subject to the provisions of the State Tender Law numbered 2886.*
- *The methods and principles related to these spending and rentals are organized by regulations.*

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- *Real and legal entities aiming to research, improve and support the foundation culture , either domestically or abroad, may act as sponsors in all scientific organizations, strategic researches, conferences, symposiums and similar cultural activities included in the activity of investment programs of the General Directorate related to its assigned position. The sponsor individuals or companies involved with these activities may take advertisements within the framework of the principles defined by the General Directorate. All expenses, donations and aids to be made personally by the real or legal entities, under the control of the General Directorate, including the maintenance, repair and restoration, conservation, environmental planning and expropriation of movable and immovable foundation cultural assets on behalf of foundations, and all sponsorship expenses are deducted from the Income and Corporate Tax assessments.*
- *All movable and immovable properties donated to the foundation at the time of or following its establishment are exempt from Inheritance and Transfer Tax.*

## **4.2 Title Deed Examination of the Real Estate**

The investigation of the appraisal commission on the title deed records of the property under appraisal, is conducted for purposes of the determination of the rights that constitute the ownership of the property under appraisal, and the limitations imposed on such rights.

During the examination at Beyoğlu Administrative District Title Deed Registration Directorate, on 20.12.2012, at 14:00, it was detected that according to the approved encumbrance document dated 11.10.2012, provided by the customer and attached; the following encumbrances are available on the subject immovable property.

### **In the Annotations Section;**

- Rental Annotation: According to the rental agreement certified by the 34<sup>th</sup> Notary of Beyoğlu, dated 01.09.2009, numbered 29387 and the transfer agreement certified by the 34<sup>th</sup> Notary of Beyoğlu, dated 22.06.2011, numbered 14477, there is a rental annotation in favor of Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. with term of 49 years. (04.10.2012 date, 8861 no)
- From 3.427,50 sqm, the section of 352,92 sqm was allocated for the road. (04.11.2011 date, 10094 no)

### **4.2.1 The Buying and Selling Transactions for the Property in the Last Three-Year Period, If Any**

- The General Directorate of Foundations transferred its rights related to Hakan Madencilik ve Elektrik Üretim San. Tic. A.Ş. arising from the agreement dated 22.05.2009 and with tender approval no 2342, on the date of 01.09.2009, on the condition that the articles of the “Conditional Rental Agreement for Construction” registered by the 34<sup>th</sup> Notary of Beyoğlu, with the number 29387 shall remain fully valid.

## **4.3 Zoning Information of the Real Estate**

The zoning regulations regulate the utilization of the land and the density of its development. The appraisal expert should also consider all possible changes expected in the up-to-date regulation and specifications during his inspection on the zoning and construction regulations. Zoning plans define the general purposes of use such as housing, commerce and industry, and identify the density of construction that is to be performed further to the relevant purposes of use.

At the Beyoğlu municipality in the light of the examinations on 21.12.2012 and the zoning status information dated 08.02.2013, the existing zoning conditions of the parcel have been given as below:



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## ✓ Zoning Status:

The parcel subject to appraisal, within the scope of the 1/1000 scale "Beyoğlu Implementation Zoning Plan Aimed to Protect Urban Protection Areas" approved on 21.12.2010, remain partially in the "Tourism + Services + Commercial Area"

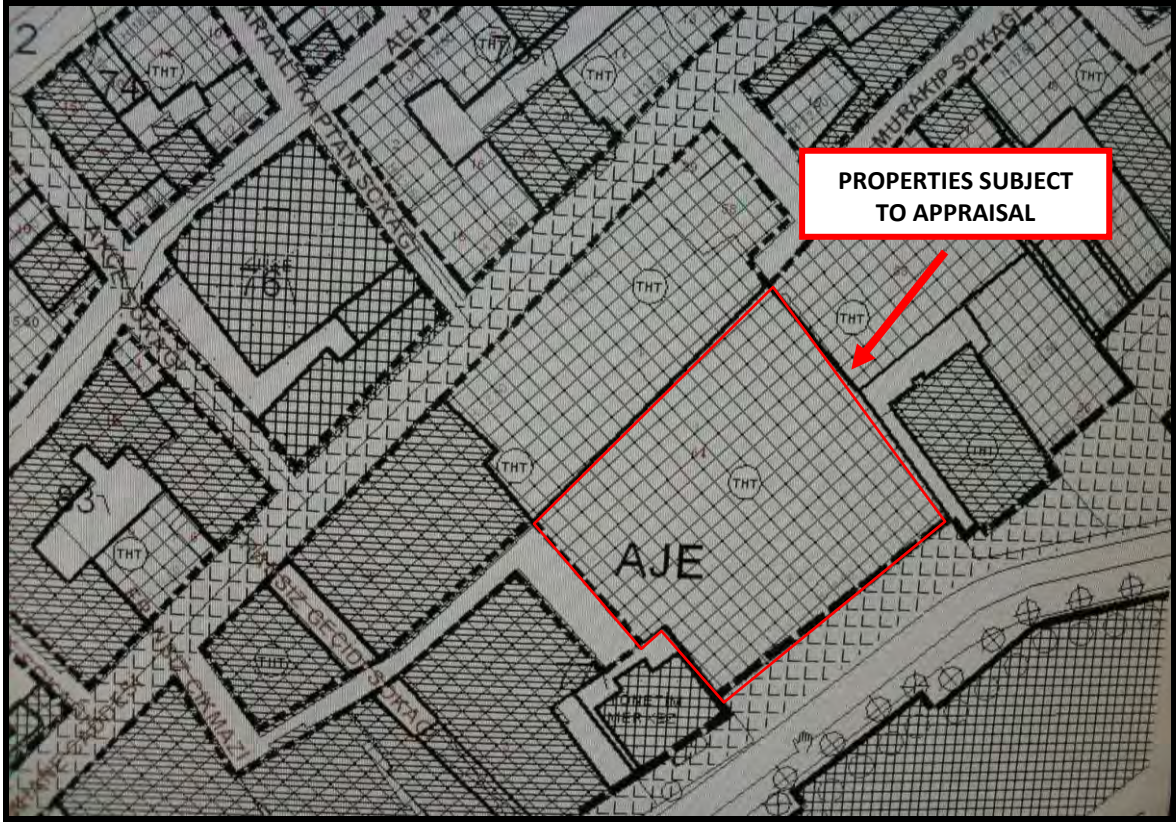
Settlement conditions for the "Tourism + Services + Commercial Area" are;

- Has a gradual elevation of 18.50 m. and 12.50 m.

## According to the Related Plan Notes:

- Tourism-Service-Commercial Areas; are tourism-trade-marketing, service areas at connected to the historical and cultural texture in local, metropolitan, national and international scales.
- In these areas, retail trade units, fabrics-textiles and ready wear products-ready wear sales units, multi-storey stores, lodging facilities, retail trade units aimed for tourism and lodging facilities serving these units, motels, boutique hotels, hotels, congress centers, theaters, cinemas, office buildings, cafes aimed for food and beverages, restaurants reflecting the traditional and regional cuisine culture, cafeterias, official institutions, banks and finance institutions, cultural units providing trainings-hearings on music types, societies, foundations and non-governmental organizations involved in the protection, conservation, training and research on the cultural elements characteristic to the region, private teaching institutions, courses, production and retail marketing-repair-display and training units on non-polluting, traditional handcrafts such as, glass painting, porcelain and ceramic arts, hand-crafted toys, embroidery, fabric dyeing, mother-of-pearl inlaying, traditional musical instruments, gold and silver jewelry-filigree and household goods, cold copper handcrafts, all natural stone works such as jet-meerschaum, etc., calligraphy, marbling, illumination, miniatures, book binding and repair, frames, paintings, sculpture, wood hand-crafts, souvenirs, rugs, carpets, hand-weavings, wicker baskets and boxes, coppersmithery, small scale printing works, narghile-pipe, etc. production; antique dealers and auction halls and qualified residences may be located. In streets and areas displaying local characteristics, the District Municipality is authorized to limit the above mentioned functions based on the Inventory and Lost Artifacts Inventory and unique functions. In the parcels facing the Fish Market (Sahne Street-Dudu Odaları Street), which conserves its historical function, the function of historical trade and marketing functions, not including public relaxation, recreation areas, cafe, cafeteria, restaurant, tea-house, shall be preserved.
- The areas that remain within the tourism-service-trade areas defined in the plans, with the condition of receiving a decision from the related Conservation Board and without changing the settlement conditions, and receiving the opinions and recommendations of the related Transportation Planning Directorate, may be made specially equipped areas (education-healthcare-culture-elevator parking lot, etc.).

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## ▪ Licences and Permits

- There is a “Building License” issued for “Hotel with or without a Restaurant” dated 17.08.2012 and numbered 03-45, issued for 20.926,10 sqm area.
- There is an “Approved Architectural Project” dated 10.08.2012, issued for 20.926,10 sqm hotel.

## Building License and Permits Summary Table

License – Occupancy Permit Date/No	Reason of Issue	Area (sqm)	Explanation
17.08.2012 (Building License)	Hotel with or without a Restaurant	20.926,10	New Building.
10.08.2012 (Architectural Project)	Hotel	20.926,10	Project.

## ✓ Building Supervision:

The subject immovable property is subject to the Building Inspection Law dated 29.06.2001 and numbered 4708 and for building inspection during construction, Tek Yapı Denetim limited Şirketi at the address of Alemdağ Caddesi, Masaldan İş Merkezi, A Blok, No:46, D:3, Kısım 1, Üsküdar / İstanbul has been assigned.

## ✓ Contracts Related to the Immovable Properties

- Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. and Tamaris Turizm A.Ş. entered into the “Operation Agreement” dated 19.12.2012.
- In relation to the immovable properties subject to appraisal, there is a “Rental Contract with Construction Condition” dated 01.09.2009, signed between General Directorate of Foundations and Hakan Madencilik ve Elektrik Üretim Sanayi ve Ticaret A.Ş. for a period of 49 years, to end

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on 01.09.2058. The above mentioned contract has been assigned to Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. on 22.06.2011. the contracts are submitted as annexes to the report.

- As per articles 2 and 6 of the above mentioned contract, the application projects have to be completed, approved by the related Institutions and Organizations, construction license has to be obtained and the construction has to be completed and the building has to be opened to service within the first 5 years following the date of the contract.
- As per article 6 of the above mentioned contract, the 5 years total of the monthly rent value 115,000 TL, i.e. 6,900,000 TL has been deposited in advance and in cash, and starting with the 6<sup>th</sup> year, the monthly rental value shall be calculated by increasing by annual Producer Price Index starting from the 1<sup>st</sup> year, to the end of the 5<sup>th</sup> year, and the calculated amount shall be increased annually by the annual Producer Price Index starting with the 6<sup>th</sup> year up to the end of the 49<sup>th</sup> year.
- As per article 6 of the above-mentioned contract, any increases in capacity, based on the zoning status to be obtained, over the minimum 4 stars, 200 bed capacity hotel construction, the monthly rental value shall be increased based on 200 beds.
- As per article 22 of the above mentioned contract, the contractor may not assign these construction works to any 3<sup>rd</sup> parties. The contractor, with the condition of remaining within the legal liabilities, may either undertake the operation of the building himself or, with the condition of obtaining the permit of the Administration, may assign, lease, or become business and profit partners with several national or international operation companies.

#### **4.3.1 Information Regarding the Changes in the Legal Status of the Property in the Last Three Years (Changes in the Zoning Plan, Expropriation Procedures, etc.)**

The subject immovable property was within the scope of “2<sup>nd</sup> Phase Beyoğlu (Karaköy) Implementation Zoning Plan” with the approval date of 20.04.1973 and had the construction conditions of block order, leveled height of 18,50 meters and 6,50 meters, and within “Beyoğlu Urban Protection Area Preservation Zoning Plan” with the approval date of 21.12.2010, scale of 1/1000,, it is within the legend of “Tourism + Service + Commercial Area”. It has leveled height of 18,50 meters and 12,50 meters. The approved zoning status document on the immovable property dated 08.02.2013 has been attached.

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T.C. BEYOĞLU BELEDİYE BAŞKANLIĞI İmar ve Şehircilik Müdürlüğü Sayı: 13304 Tarih: 25.11.2011		Adı: AKFEN KARANÖY GAYRİMENKUL YATIRIM A.Ş. İNŞAAT A.Ş. Adres: BUYUKKARACI CAD. NO:201.C BLOK KAT:5 DİSİ LEVENT İSTANBUL		Tarih: 06.11.2011 Tarih ve: 13304 Sayılı Yürürlükte Karşılığı	
İmar Durumu ve İmar Planı (Mer'î İmar Planı) mevzuatına uygun olarak boş alan için yapılaşma gösterebilir. Bu imar durumuna ile ilgili projeye ilişkin değişiklikler, inşaat yapılmadan önce inşaat ve mevzuatla bir değişiklik olması için bir kez daha edilebilir.					
Proje ile ilişkili esenlerde Plan İşleri Müdürlüğü'ne inşaat işlemleri veya kanal projesi, topografik çizim ve rapor izleni, Harita Müdürlüğü'nden alınacak İmar İstikamet Planı, blok etabları, ön arka ve yan bahçe masafeleri, tütün zemin ve yol kotları ile ilişkili yerlerden mülkiyet en-boy kısıtları alınacaktır.					
			<p>*İstanbul Otopark Yönetmeliğine tabidir.          *İstikamet önünde kalan kısmın yola terk yapılmıştır.          *Jeolojik ve yerleşime uygunluk haritalarında AJE alanında kalmaktadır.          *28 ve 60 parseller tevhih edilerek 64 parsel numarası almıştır.          *Söz konusu parselin komşuları 28 ve 57 parseller üzerindeki yapılar tescilli yapı eser olduğundan Koruma Bölge Kuruluna karar alınacaktır.</p>		
Mer'î İmar Planı		Bina Yüksekliği: 12,50 - 18,50 m	İmarat Nizamı: İHTİSAR		
Adı - Planın: KEMANKEŞ MAHALLESİ ANAÇLI UYUŞULAMA İMAR PLANI		Bina Döşeniği: KROKİ	Bina İstikamet Etilerli Şe		
Tasvir Tarihi: 21.12.2010		Ön Bahçe Masafesi: KROKİ	İmarat Sahası Etilerli		
Çizim No: 1/1000		Yan Bahçe Masafesi: KROKİ	İmarat Sahası Etilerli		
Gözetim/İstikamet No:		Arka Bahçe Masafesi: KROKİ	İmarat Sahası Etilerli		
Belediye Bld. Ş.İ. BEYOĞLU		Kol Alınacak Bölge: YÖNT.	Çevre Kısıtlamaları: Hayır		
Mahalle Adı: KEMANKEŞ MAHALLESİ		Kırsal Sınırlarda 5-Ticari ve Konut 6-Ticari			
Cadde/Sokak Adı: KEMANKEŞ CADDESİ MUMİNE CADDESİ		İmar planında tahsis edilmiş alan: TUBİZM+İZMET+TİCARET (TİT)			
Kısıtlama		İmar planında tahsis edilmiş alan: TUBİZM+İZMET+TİCARET (TİT)			
İmar Durumu (Mer'î İmar Planı) ve İmar Mevzuatına Uygun Olarak İnceleme ve İmar Edilmiştir					
İmar Durumu: Adı: H. EBRU Soyadı: GURSEL		İmar Durumu: Adı: ÖZDEN Soyadı: YUMURTACI		20.11.2011 İmza	
İmar ve Şehircilik Müdürü: Adı: LEVENT Soyadı: ÇETİN		İmar ve Şehircilik Müdürü: Adı: MEHMET ALİ Soyadı: KIPSOZ		20.11.2011 İmza	

The subject immovable property with section no 77, parcel 64 was formed with the unification of the immovable property in Istanbul province, Beyoğlu administrative district, plot 121, section 77, parcel 28, with 1.720 sqm surface area zoned as "Stone Building Kozluca Han with Two Stores, Warehouse and Garage" and the immovable property in the province of Istanbul, Beyoğlu administrative district, plot 121, section 77, parcel no 60, with 1.707,50 sqm of surface area, zoned as "Two Warehouses and Garage". From the subject parcel no 64, the area of 352.92 sqm was allocated to the road on 04.11.2011 and the net surface area of the parcel no 64 is 3.074,58 sqm.

## 4.4 Opinions About the Property, the Property Project or the Rights and Benefits Associated with the Property in line with the Capital Market Regulations

According to the paragraph "J" of the article 25 of the communiqué on the real estate investment trusts issued by the Capital Market Board (Article 25/J: On the condition that the special agreement provisions are suitable, they can lease real estate from third persons and let the same properties out by

# **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

themselves) we are in the opinion that the subject immovable properties can be within the activity area of a Real Estate Investment Trusts.

## **4.5 Legal Liability**

The appraisal was made on the assumption that there weren't any encumbrances and/or legal problems about the real estates subject to appraisal; and these problems would be solved in case there were problems. Therefore, valuation of the real estate was done by neglecting such kind of problems at the stage of appraisal account analysis.

## **4.6 Environmental and Ground Contamination**

Ground research and ground contamination work at the real estate are in the professional limits of the field of "Environmental Geophysics".

A detailed research in this field was not done as our company does not have expertise in this field. However, the real estate was observed to have no negative impacts on the environment during the on-site observations. Thus, the appraisal was done assuming that there was no negative impact on the environment.

***SECTION 5***

***PHYSICAL INFORMATION OF THE REAL  
ESTATE***

## SECTION 5

### PHYSICAL INFORMATION OF THE REAL ESTATE

#### 5.1 Situation, Position and Environmental Features of the Real Estate

**The open address of the immovable properties:** Kemankeş Quarter, Kemankeş Street, section 77, parcel no 64, Beyoğlu / İSTANBUL

The immovable property in the province of Istanbul, the administrative district of Beyoğlu, Kemankeş district, Galata Mumhanesi locality, plot 121, section 77, parcel 64, with surface area of 3.074,58 sqm, zoned as “The Stone Kozluca Han Building with Two Stores, Warehouse and Garage, Two Warehouses and Garage”.

In order to access the immovable properties subject to appraisal, in the İstanbul Province, Beyoğlu District, when proceeding in the Kemankeş Quarter, on the Kemeraltı Street between Karaköy – Beşiktaş, towards Beşiktaş, one has to turn to Kılıç Ali Paşa Street on the right. The immovable properties subject to appraisal are located on the right side at 150 m. ahead on Kemankeş Street located at the end of Kılıç Ali Paşa Street.

The geometrical shape of the immovable properties subject to appraisal is quite squared and the topographical structure is near to level. The surrounding area of the subject immovable property is surrounded by aluminum trapezoid sheet iron and has specified borders.

Access to the aforementioned immovable properties is by public or private transport vehicles, it has high accessibility due to its location.

The Karaköy region where the aforementioned immovable properties are located is one of the oldest commercial regions of İstanbul. In the region, which still maintains this quality today, while there are more qualified office buildings and commercial buildings on Kemeraltı street located close to the immovable properties, older commercial buildings are available in general on Necatibey street. Moreover, the Salı Pazarı Cruiser Port located in Karaköy provides a significant contribution to the commercial potential of the region. Many historical buildings are also located in this area. All these elements increase the attraction power of Karaköy, where the aforementioned immovable properties are located and the demand for the area.

The fact that the plot stock in Karaköy and the vicinity is nearly none increases the demand for the few plots with regards to new projects. In addition to a number of structures such as offices and shops, considering the touristic potential of the region, it is believed that the hotel supply in the region – from the viewpoint of commercial immovable properties in the region – is low, and that a hotel project in international standards, with standard service quality and operated by a highly-recognized brand, with the influence of the Salı Pazarı Cruiser Port, could meet the potential. Besides, the close location of the region where the aforementioned immovable properties are located, to Kabataş, which is one of the most significant transfer centers of İstanbul due to the variety of transportation facilities, has been foreseen to be a significant feature for tourists and hotel users coming to the city center for business purposes.

In the surrounding area, there are old, worn-out and idle buildings. The immovable properties are located in an area where the headquarters of companies operating in service industry, banks and financial institutions, stores for sea and fishing products and office materials are located and also in the surrounding area, there are such buildings as İstanbul Modern, Kılıç Ali Paşa Mosque, Aya Nikola Church, Tophane Nusretiye Mosque, İstanbul Altın Borsası, Mimar Sinan Faculty’s Culture and Art Center,



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Karaköy Police Station, Karaköy Port, Salı Pazarı Cruiser Port, Denizcilik İşletmeleri, Getronagan Armenian High School and Church, Istanbul Modern Museum and St. Benoit French High School.

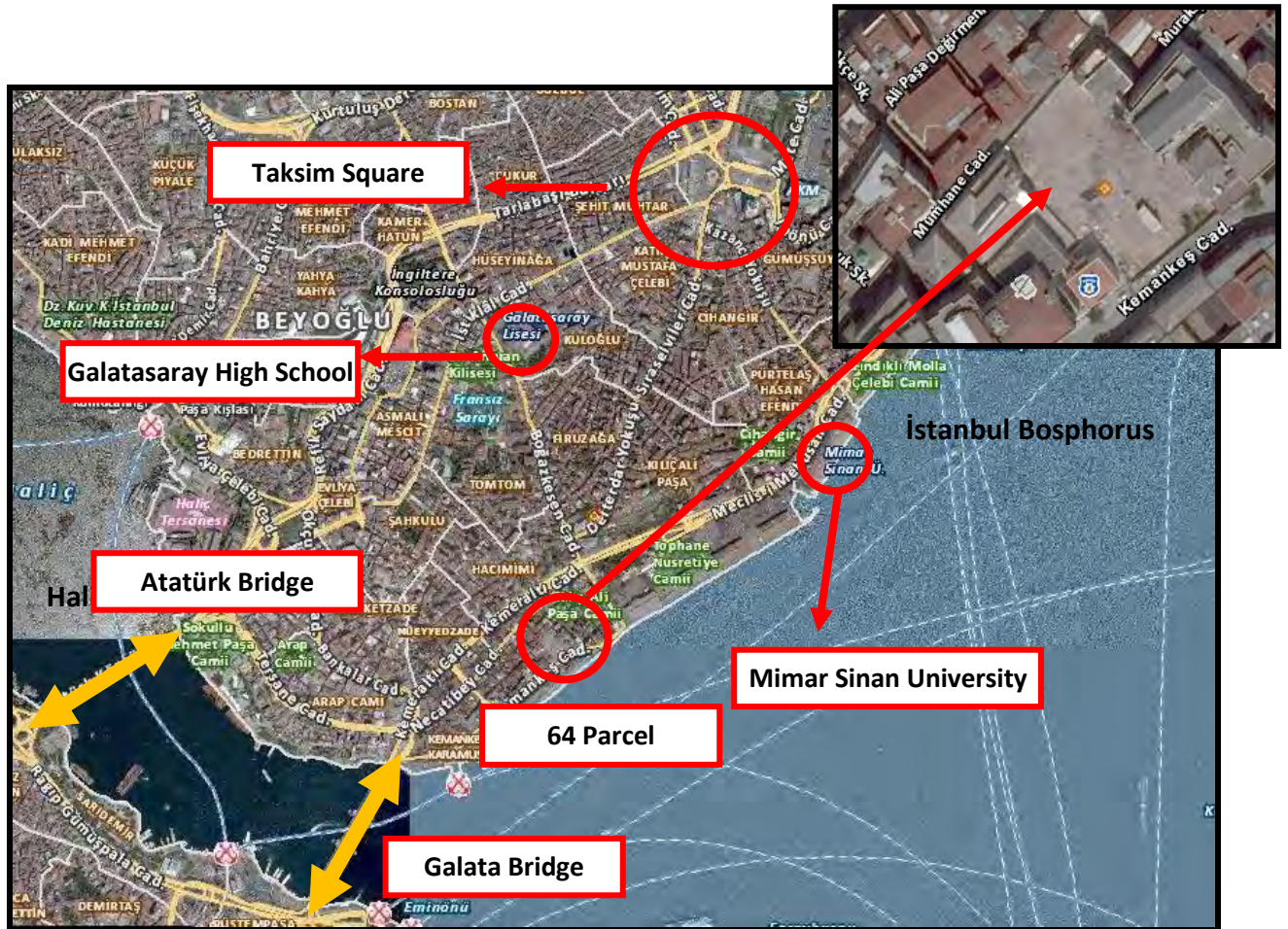
## Distances of the Subject Real Estate to Identified Important Points;

Location	Distance (km)
Tophane Street Railway Stop	0,2 km.
Karaköy Boat Landing	0,45 km.
Taksim Square	1,4 km.
Boğaziçi Bridge	5 km.





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A significant project for Karaköy, Galataport has been designed as a wide-scale ports facility inclusive of a cruiser port, hotels, shopping areas and parking lots. Upon the aforementioned project's gaining currency, the region has become active and demanded by many investors. Although the developments have been somewhat slackened following the cancellation of the tender in 2006 of the Galataport project, the commercial potential expected by the actualization of the project is allowing Karaköy to maintain its appeal. It is planned to repeat and finalize the Galataport tender in 2011 and to actualize this investment within the shortest possible time.

With the implementation of Galataport project, it is anticipated that the area will make great profit with the new commercial functions focused on tourism. Therefore, there are many enterprises in the area. With the mentioning of Galataport project, the buildings in the surrounding area of the project, especially in Karaköy are being sold one after the other. The buildings that are acquired are most generally projected as hotels.

After the implementation of Galataport project, it is anticipated that the area will gain vivacity in terms of tourism and will be in high demand. The hotel investments that are made in the area by great companies and businesspeople are in the affirmative. Galataport project will also have a cruiser port function and will make much more profit than its current conditions and the tourists that come will prefer Karaköy-Tophane area for accommodation, because it is in the middle of Beşiktaş-Eminönü-Taksim triangle. Thus, there will be need for more of hotel investments in the area. The move in Karaköy

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area for transformation of buildings into boutique hotels is a signal that the visage of the area is changing.

## 5.2 Definition of the Subject Property of Appraisal

The immovable property in the province of Istanbul, the administrative district of Beyoğlu, Kemankeş district, Galata Mumhanesi locality, plot 121, section 77, parcel 64, with surface area of 3.074,58 sqm, zoned as “The Stone Kozluca Han Building with Two Stores, Warehouse and Garage, Two Warehouses and Garage”.

The geometrical shape of the immovable properties subject to appraisal is quite squared and the topographical structure is near to level. On the parcel, as of the date of the appraisal, the subject Novotel’s construction is continuing.

As of the date of the appraisal, soil improvement and infrastructure work is continuing.

Access to the aforementioned immovable properties is by public or private transport vehicles, it has high accessibility due to its location.

According to the architectural project of Novotel, which is currently being constructed on the subject parcel, the hotel’s floor areas and functions are as specified below.

Akfen REIT Karaköy Nov Otel Architectural project Floor Areas and Functions			
Hotel Block – According to the Architectural Project			
3 <sup>rd</sup> Basement Floor	2.793,30	sqm	Shelter (to be used as a parking area in regular times), warehouse, mechanical and technical room, wc.
2 <sup>nd</sup> Basement Floor	2.760,90	sqm	Parking area, personnel dining hall, technical area, laundry room.
1 <sup>th</sup> Basement Floor	2.760,90	sqm	Parking area, offices, kitchen warehouse, fitness, swimming pool, dressing rooms, sauna.
Ground Floor	3.015,90	sqm	Meeting halls, lounge, WCs, lobby, reception, restaurant, kitchen, bar, commercial area (22sqm), kitchen warehouse.
1 <sup>th</sup> Floor	2.036,60	sqm	51 rooms, laundry room, electricity room.
2 <sup>nd</sup> Floor	2.036,60	sqm	51 rooms, laundry room, electricity room.
3 <sup>rd</sup> Floor	2.036,60	sqm	44 rooms, laundry room, electricity room, vip hall, reseption.
4 <sup>th</sup> Floor	1.890,10	sqm	25 rooms, laundry room, air conditioner switchboard room, boiler room, warehouses, electricity room.
5 <sup>th</sup> Floor	1.185,10	sqm	25 rooms, generator area, chiller alanı, laundry room.
Terrace Floor	410,10	sqm	Terrace.
<b>Total Area of the Hotel Block</b>	<b>20.926,10</b>	<b>sqm</b>	

## 5.3 Determinations Made in The Real Estate Location

- ✓ As of the date of the appraisal, soil improvement and infrastructure work is continuing.
- ✓ The subject immovable property has around 40 meters of façade to Kemankeş Avenue.
- ✓ The geometrical shape of the immovable properties subject to appraisal is quite squared and the topographical structure is near to level. Taşınmazın çevresi alüminyum trapez sac ile çevrili olup, sınırları belirlidir.
- ✓ Access to the aforementioned immovable properties is by public or private transport vehicles, it has high accessibility due to its location.

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- ✓ Karaköy area, where the subject immovable property is located, is one of the oldest commercial centers of Istanbul.
- ✓ The subject parcel has total area of 3.074,58 sqm and it is within tourism, commercial and service area.
- ✓ According to its approved architectural project, the subject immovable property consists of 9 floors including 3 basement + ground + 5 normal floors + terrace floor and has total covered area of 20.926,10 sqm.

***SECTION 6***

***THE HIGHEST AND THE BEST USE ANALYSIS***

## SECTION 6

### THE HIGHEST AND THE BEST USE ANALYSIS

It is the use, which is physically the most appropriate to the building, permitted by the laws, financially executable and providing the highest revenue is the most efficient use. The factors defining the highest and best use contain the answer to the following questions.

- Is the use reasonable and probable?
- Is the use legal and is there a possibility to obtain a legal right for the use?
- Is the property physically fit for use or can it be made fit?
- Is the proposed use financially executable?
- The efficient, highest and best use chosen from the use forms passing the initial four questions is indeed the most productive use of the land.

The zoning plans, which are the most defining factors of the real estate sector legally and technically have not, in our country, shown a development parallel to the economic development and due to this lack of revision have a static appearance. As a natural result of the negative structure unwanted cases such as failure to bring into execution phase the optimum alternative which could provide financially and technically the highest efficiency and in addition to that which had obtained financing can occur quite often in our sector. In other words, in the conditions prevailing in our country the best project is not only the option providing the highest return and the most perfect technical results, but also the project which can meet the requirements of the laws and regulations.

The zoning plans in our country cannot keep up with the speed of urbanization and remain somewhat static. This situation is causing the legal prohibition of the use of a property in the best possible implementable levels and generation of the highest proceeds by an immovable property that has been appraised. As a consequence, any use that is not allowed by the laws and not possible physically may not be accepted as the optimal use.

The property location, the development plan for the development of the issues and the environment are examined, and in accordance with the current zoning status of the highest and best use of the property is **"Tourism"**.

***SECTION 7  
FACTORS THAT AFFECT THE VALUE  
OF THE REAL PROPERTY***

## SECTION 7

### FACTORS THAT AFFECT THE VALUE OF THE REAL PROPERTY

#### 7.1 Factors That Affect The Value Of The Real Property

STRENGTH	WEAKNESS
<ul style="list-style-type: none"><li>✓ The visibility and advertisement capability of the immovable property is high.</li><li>✓ The immovable properties have high accessibility.</li><li>✓ The immovable properties are located to historical and touristic sites of İstanbul.</li><li>✓ The immovable properties are located close to Kabataş, which is a significant transfer center of İstanbul.</li></ul>	<ul style="list-style-type: none"><li>✗ The fact that the immovable property is located near the sea resulted in high construction costs.</li></ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"><li>✓ The Karaköy region, where the aforementioned immovable properties are located, is one of the oldest commercial centers of İstanbul and has a high commercial potential.</li><li>✓ The immovable properties are located within the tourism, trade and services area.</li><li>✓ In case the Galataport project is actualized, it is believed that it will have a favorable influence on the prices of immovable properties in the region.</li></ul>	<ul style="list-style-type: none"><li>✗ The economic developments in the world and in our country are influencing the real estate sector adversely, as is also the case in the other sectors.</li></ul>

#### 7.2. The Analysis of methods Used in the Appraisal

In this section of the study, development approach and sales comparison method are used for the value of the real estate.

##### 7.2.1. Equivalent Comparison Approach Analysis

Upon the investigations made in the close vicinity of the immovable property, the following equivalent information that may present equivalence to the aforementioned immovable property has been received.

##### Comperables for Sale;

- Liman Han, which is in Karaköy area, with 270 sqm ground area; with total 1.250 sqm covered are was sold in 2012 for 5.500.000 EURO. (11.815 TL/sqm, 4.400 EURO/sqm)
- It was learned that the historical Sümerbank building, which is on Bankalar Avenue, consisting of 3 basement + ground + 4 normal floors and 3.200 sqm of covered area, with view of the sea, was sold in 2010 for 9.500.000 USD to Yılmaz Ulusoy. (5.318 TL/sqm, 2.250 EURO/sqm)
- It was learned that the historical Generali Sigorta building on Bankalar Avenue, with ground area of 450 sqm, with total covered area of 5.770 sqm and consisting of 1 basement + ground + mezzanine + 4 normal floors, with view of the sea was sold in 2011 for 30.000.000 TL to Koçak Gold. (5.200 TL/sqm, 2.201 EURO/sqm)

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- It was learned that Tütün Han in Karaköy, located on Bankalar Avenue, consisting of 3 basement + ground +5 normal floors with 3.757 sqm covered area was sold for 17.000.000 USD. (8.105 TL/sqm, 3.430 EURO/sqm)
- It was learned that Bereket Han building in Karaköy, on Bankalar Avenue with covered area of 1.100 sqm, without the view of the sea is on sale for 1.500.000 USD. (2.443 TL/sqm, 1.034 EURO/sqm)
- It was learned that the historical Veli Alemdar Han building in Karaköy, Rihtım Avenue with covered area of 13.900 sqm, with view of the sea was sold for 27.500.000 USD. (3.544 TL/sqm, 1.500 EURO/sqm)
- It was learned that Çullas Han, which is located on Necatibey Avenue, constructed as 2 buildings, with boiler room on the basement, consisting of 11 floors and 4.500 sqm covered area and with view of the sea on the upper floors was sold 6 months ago for 12.500.000 USD. (4.976 TL/sqm, 2.106 EURO/sqm)
- As a result of the investigations, it has been determined that the plot stocks in the Karaköy region are quite limited, and that there are no equivalent plots of similar features with the aforementioned parcels, and upon the discussions it has been determined that the unit sales price of the aforementioned parcels could be in the range of 15,000 – 20,000 TL/sqm.
- It was learned that the market value of the lots on Rihtım Avenue in 2012 is 15.738,15 TL/m<sup>2</sup>, and the market value of the lots on Mumhane Avenue is 12.950,52 TL/sqm. (6.660 EURO/sqm, 5.328 EURO/sqm)

No	Area (sqm)	Quality	Unit Price (EURO/sqm)	Explanation
1	1.250	Building	4.400	Located on Kemankeş Avenue, Liman Han was sold in 2012.
2	3.200	Building	2.250	Located on Bankalar Avenue, Sümerbank was sold.
3	5.770	Building	2.201	Located on Bankalar Avenue, Generali Sigorta was sold.
4	3.757	Building	3.430	Located on Bankalar Avenue, Tütün Han was sold.
5	1.100	Building	1.034	Located on Bankalar Avenue, Bereket Han was sold.
6	13.900	Building	1.500	Located on Rihtım Avenue, Veli Alemdar Han was sold.
7	4.500	Building	2.106	Located on Necatibey Avenue, Çullas Han was sold.
8	-	Land	6.348 – 8.464	Investigations.

## ✓ Professional Opinion of the Appraisal Expert:

Taking into consideration the locality of the immovable properties subject to appraisal, the parcel area, the fact that they are Tourism – Services – Trade zoned, the disposition of their surroundings, availability for construction on the parcels, current and legal status and the surrounding area and the building coefficients sold in the area, the lot unit sale value was appraised as below. The net area unit value for the subject parcel was appraised as **8.750 EURO/sqm**.

PLOT VALUE (PARCEL 64)				
1 sqm Plot Value (*) 45,67/49 years(**)	5.700	.-EURO/sqm		
Plot Size	3.074,58	sqm		
Total Plot Value	17.525.106	.-EURO	<b>17.525.106</b>	<b>EURO</b>
(*) As the plot unit value, based on the tourism + trade + services zoned plot value of <b>8.750 EURO</b> 70% has been taken as 49 years rental value.				
Plot Value Calculation Detail = (zoned plot value x 49 years rental coefficient x time period rate)				
= 8.750 (EURO/sqm) x 0.70 x 45,67/49				



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= 5.700 (EURO/sqm)			
TOTAL VALUE	17.525.106	EURO	
TOTAL VALUE	41.411.825	TL	
TOTAL APPROXIMATE	41.410.000	TL	

## 7.2.2 Development Approach

In this analysis, the building cost values of the immovable property was appraised with the cost approach; the technical characteristics of the buildings, the materials used in the buildings were considered on the basis of the construction costs of the buildings constructed with the same quality in the market and the costs depending on our past experiences.

**The construction cost used for calculating the existing conditions of the immovable property is the construction cost of the project completed as of the date of appraisal. The total construction cost value was calculated according to the information provided from Akfen GYO A.Ş. and our market researches.**

**According to the information obtained from Akfen GYO A.Ş., the total construction cost of the hotel project is 28.000.000 EURO including VAT whereas the amount of cost as of the date of appraisal is around 2.000.000 EURO.**

Akfen REIT Karaköy Novotel Architectural Project Floor Areas	
Hotel Block – Over the Approved Architectural Project	
3 <sup>rd</sup> Basement Floor	2.793,30
2 <sup>nd</sup> Basement Floor	2.760,90
1 <sup>th</sup> Basement Floor	2.760,90
Ground Floor	3.015,90
1 <sup>th</sup> Floor	2.036,60
2 <sup>nd</sup> Floor	2.036,60
3 <sup>rd</sup> Floor	2.036,60
4 <sup>th</sup> Floor	1.890,10
5 <sup>th</sup> Floor	1.185,10
Terrace Floor	410,10
<b>Total Area</b>	<b>20.926,10</b>

Spatial Distribution	Gross Area (sqm)	Cost-2012 (EURO/sqm)	Cost (€)
Parking, Shelter, Terrace Floor	8.725,20	360	3.141.072
Ground Floor Area	3.015,90	1.200	3.619.080
Floor Area	9.185,00	1.400	12.859.000
<b>Total</b>	<b>20.926,10</b>		<b>19.619.152</b>

Infrastructure Cost		
Closed Area Total Construction Cost (EURO)	Rate	Cost (€)
19.619.152	25%	<b>4.904.788</b>

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Environmental Design And Landscape Costs		
Closed Area Total Construction Cost (EURO)	Rate	Cost (€)
19.619.152	5%	980.958

TOTAL COST (€)	
Construction Cost (€)	19.619.152
Infrastructure Cost (€)	4.904.788
Environmental Design and Landscape Cost (€)	980.958
<b>TOTAL (€)</b>	<b>25.504.898</b>

Project General Expenses		
Total Cost (€)	Rate	Cost (€)
25.504.898	10%	2.550.490

TOTAL COST (€)	
Construction Cost (€)	19.619.152
Infrastructure Cost (€)	4.904.788
Environmental Design and Landscape Cost (€)	980.958
Project General Cost (€)	2.550.490
<b>TOTAL (€)</b>	<b>28.055.387</b>
<b>VESTED UNIT COST (€)</b>	<b>1.341</b>

SPENT COSTS RATE (€)	7%
SPENT COSTS (€)	1.963.877
REMAINING COST (€)	26.091.510

TOTAL LOT VALUE (€)	17.525.106
EXISTING CONSTRUCTION COST (€)	1.963.877
TOTAL VALUE (€)	19.488.983
TOTAL VALUE (TL)	46.052.467
TOTAL APPROXIMATE VALUE (TL)	46.050.000
AKFEN REIT TOTAL VALUE (EURO)	13.640.339
AKFEN REIT'S TOTAL APPROXIMATE VALUE (EURO)	13.640.000
AKFEN REIT TOTAL VALUE (TL)	32.232.122
AKFEN REIT'S TOTAL APPROXIMATE VALUE (TL)	32.230.000

## 7.2.3 Project Appraisal Approach

Project appraisal method was used for the value appraisal of the project, the construction of which is continuing on the parcel.

### ✓ Hotel Project Assumptions;

- The area information on the architectural project was used during the appraisal.
- It was assumed in the project development approach that on the subject parcel, Novotel will be constructed and operated.
- It has been assumed that the hotel will be 200-rooms.
- It was assumed that the construction of the hotel will be completed at the end of 2014.
- It was assumed that the hotel will be opened early in January, 2015.
- It is assumed that the facility will be open 365 days a year.
- The hotel prices have been foreseen as bed+breakfast system. Taking the investigations in the tourism sector and in the region into consideration, prices per person has been assumed to be 120 EURO for year 2012. The room prices is increased by 4% annually for the initial 10 years. By the increasing advertisement capability, familiarity and premium of the hotel during the initial 10 years, it has been assumed that the room prices will reach saturation by increasing at the rate of 4%, and in the following years, these will increase at the rate of inflation, which is 2.5%, annually.
- It has been assumed that the occupancy rates in 2015, will increase, starting off with 60%, based on the number of rooms sold, and shall reach a stable level around 84% starting with year 2019.
- It has been assumed that there will be a renovation cost at 1.5% of the construction cost, and will be reserved by increasing at the rate of inflation for the following years.
- In the recommended project, the extra food-beverage revenues have been evaluated separately from the sold rooms, and included in the total revenues of the hotel under the heading of other revenues, the rate of the other revenues has been assumed as 50%.
- It has been assumed that the profit margin of the recommended hotel project will be 40% in year 2015 and will increase to 50% in the following years and remain stable at that rate.
- In compliance with the rental and operation contract entered into between T.R. Prime Ministry General Directorate of Foundations and Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş., as per article 6 of the contract, 6,900,000 TL which is the 5-years total on the monthly rental value of 115,000 TL has been paid in advance and in cash, starting with the 6<sup>th</sup> year, the value shall be calculated by increasing the monthly contract value of 115,000 TL in the contract by the annual Producer Price Index, starting from the 1<sup>st</sup> year to the end of the 5<sup>th</sup> year, and that this value shall continue to be increased at the rate of the Producer Price Index starting from the 6<sup>th</sup> year until the end of the contract.
- The Producer Price Index in the rental and operation contract has been accepted as 2.5%, and it has been assumed that this rate will remain stable in the following years.
- It has been assumed that all payments have been made in advance.

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- It has been assumed that all judicial and legal procedures related to the immovable property have been completed; all required permits have been obtained.
- Euro has been used in the studies. 1 Euro: 2,3630 TL was accepted.
- In the scope of IVSC (International Valuation Standards Council) tax was not included in the studies.
- In the appraisal study, 3,60% which is the year 2020 last 6 months Euro based Eurobond rate has been accepted as the “Risk-free Proceeds Rate”. (In this appraisal study, the longest-term year 2020 Euro based Eurobond rate, has been chosen as the risk-free proceeds rate.)
- Discount rate has been foreseen as 9.25%.
- In the studies, the Euro-zone inflation rate of 2.5% has been used as the inflation rate.
- In the total cost calculations; it has been assumed that costs including common areas decoration and trim works costs, floor improvement, electrical and mechanical, and automation costs will substantiate.
- In the infrastructure cost calculations; the excavation of the land, electrical infrastructure, waste-potable water infrastructure, telecommunications infrastructure, etc. are included.
- In the environment layout and landscaping costs; the environment layout costs, landscaping costs, open area illumination costs, drainage costs, etc. are included.
- In the project general expense costs; design and drawing of all projects and details such as electricity, sanitary system, statics, the building inspection company costs, project management company costs, etc. are included.
- The costs in the project represent turnkey costs.
- The Building insurance has been added to the calculations and has been assumed to increase at the 2.5% inflation rate each year.

NOVOTEL	
NUMBER OF ROOMS	200
NUMBER OF BEDS	400
OPERATION DAYS	365
ANNUAL ROOM CAPACITY	73.000
ROOM RATE (EURO) (2012)	120,00
ROOM RATE INCREASE IN THE FIRST 10 YEARS (%)	4,0%
ROOM RATE INCREASE FOR THE REMAINING YEARS (%) EURO ZONE INFLATION RATE	2,5%
OCCUPANCY RATE	60%
OTHER REVENUE RATE (%)	50%
RENEWAL COST RATE (2015)	1,5%
RATE OF INCREASE IN BUILDING INSURANCE	2,5%

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NOVOTEL CASH FLOW														
YEARS	31.12.2012	31.12.2013	31.12.2014	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
OCCUPANCY (%)	0%	0%	0%	60%	65%	75%	80%	84%	84%	84%	84%	84%	84%	84%
ROOMS SOLD	0	0	0	43.800	47.450	54.750	58.400	61.320	61.320	61.320	61.320	61.320	61.320	61.320
ROOM RATE (EURO)	120	124,80	129,79	134,98	140,38	146,00	151,84	157,91	164,23	170,80	177,63	184,73	192,12	196,93
ROOM REVENUE (EURO)	0	0	0	5.912.285	6.661.175	7.993.410	8.867.356	9.683.152	10.070.479	10.473.298	10.892.230	11.327.919	11.781.035	12.075.561
OTHER REVENUE (EURO) (%50)	0	0	0	2.956.143	3.330.587	3.996.705	4.433.678	4.841.576	5.035.239	5.236.649	5.446.115	5.663.959	5.890.518	6.037.781
<b>TOTAL REVENUE (EURO)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8.868.428</b>	<b>9.991.762</b>	<b>11.990.114</b>	<b>13.301.034</b>	<b>14.524.729</b>	<b>15.105.718</b>	<b>15.709.946</b>	<b>16.338.344</b>	<b>16.991.878</b>	<b>17.671.553</b>	<b>18.113.342</b>
GOP (%)	0%	0%	0%	40%	45%	48%	50%	50%	50%	50%	50%	50%	50%	50%
GOP (EURO)	0	0	0	3.547.371	4.496.293	5.755.255	6.650.517	7.262.364	7.552.859	7.854.973	8.169.172	8.495.939	8.835.777	9.056.671
RENEWAL COST (EURO) (%1,5)	0	0	0	294.287	301.644	309.186	316.915	324.838	332.959	341.283	349.815	358.560	367.524	376.713
PROPERTY TAX	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INSURANCE	0	0	0	72.957	74.781	76.651	78.567	80.531	82.545	84.608	86.723	88.891	91.114	93.392
ANNUAL LAND RENT	0	0	0	628.908	644.630	660.746	677.265	694.197	711.551	729.340	747.574	766.263	785.420	805.055
CONSTRUCTION COST	0	13.186.032	12.905.478											
<b>EXPENCES (EURO)</b>	<b>0</b>	<b>13.186.032</b>	<b>12.905.478</b>	<b>6.317.209</b>	<b>6.516.525</b>	<b>7.281.442</b>	<b>7.723.264</b>	<b>8.361.930</b>	<b>8.679.914</b>	<b>9.010.205</b>	<b>9.353.284</b>	<b>9.709.654</b>	<b>10.079.835</b>	<b>10.331.830</b>
<b>NET CASH FLOWS</b>	<b>0</b>	<b>-13.186.032</b>	<b>-12.905.478</b>	<b>2.551.219</b>	<b>3.475.237</b>	<b>4.708.672</b>	<b>5.577.770</b>	<b>6.162.798</b>	<b>6.425.804</b>	<b>6.699.742</b>	<b>6.985.060</b>	<b>7.282.224</b>	<b>7.591.719</b>	<b>7.781.512</b>
<b>NET CASH FLOW OF AKFEN REIT'S SHARE (%69,99)</b>	<b>0</b>	<b>-9.228.904</b>	<b>-9.032.544</b>	<b>1.785.598</b>	<b>2.432.318</b>	<b>3.295.600</b>	<b>3.903.881</b>	<b>4.313.343</b>	<b>4.497.420</b>	<b>4.689.149</b>	<b>4.888.843</b>	<b>5.096.829</b>	<b>5.313.444</b>	<b>5.446.280</b>

31.12.2026	31.12.2027	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043
84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320
201,85	206,90	212,07	217,37	222,80	228,37	234,08	239,94	245,93	252,08	258,39	264,84	271,47	278,25	285,21	292,34	299,65	307,14
12.377.450	12.686.887	13.004.059	13.329.160	13.662.389	14.003.949	14.354.048	14.712.899	15.080.721	15.457.739	15.844.183	16.240.288	16.646.295	17.062.452	17.489.013	17.926.239	18.374.395	18.833.755
6.188.725	6.343.443	6.502.029	6.664.580	6.831.195	7.001.975	7.177.024	7.356.449	7.540.361	7.728.870	7.922.091	8.120.144	8.323.147	8.531.226	8.744.507	8.963.119	9.187.197	9.416.877
<b>18.566.176</b>	<b>19.030.330</b>	<b>19.506.088</b>	<b>19.993.740</b>	<b>20.493.584</b>	<b>21.005.924</b>	<b>21.531.072</b>	<b>22.069.348</b>	<b>22.621.082</b>	<b>23.186.609</b>	<b>23.766.274</b>	<b>24.360.431</b>	<b>24.969.442</b>	<b>25.593.678</b>	<b>26.233.520</b>	<b>26.889.358</b>	<b>27.561.592</b>	<b>28.250.632</b>
50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
9.283.088	9.515.165	9.753.044	9.996.870	10.246.792	10.502.962	10.765.536	11.034.674	11.310.541	11.593.305	11.883.137	12.180.216	12.484.721	12.796.839	13.116.760	13.444.679	13.780.796	14.125.316
386.130	395.784	405.678	415.820	426.216	436.871	447.793	458.988	470.462	482.224	494.280	506.637	519.302	532.285	545.592	559.232	573.213	587.543
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
95.726	98.120	100.573	103.087	105.664	108.306	111.013	113.789	116.633	119.549	122.538	125.601	128.741	131.960	135.259	138.640	142.106	145.659
825.181	845.811	866.956	888.630	910.846	933.617	956.958	980.881	1.005.404	1.030.539	1.056.302	1.082.710	1.109.777	1.137.522	1.165.960	1.195.109	1.224.987	1.255.611
<b>10.590.126</b>	<b>10.854.879</b>	<b>11.126.251</b>	<b>11.404.408</b>	<b>11.689.518</b>	<b>11.981.756</b>	<b>12.281.300</b>	<b>12.588.332</b>	<b>12.903.040</b>	<b>13.225.616</b>	<b>13.556.257</b>	<b>13.895.163</b>	<b>14.242.542</b>	<b>14.598.606</b>	<b>14.963.571</b>	<b>15.337.660</b>	<b>15.721.102</b>	<b>16.114.129</b>
<b>7.976.049</b>	<b>8.175.451</b>	<b>8.379.837</b>	<b>8.589.333</b>	<b>8.804.066</b>	<b>9.024.168</b>	<b>9.249.772</b>	<b>9.481.016</b>	<b>9.718.042</b>	<b>9.960.993</b>	<b>10.210.018</b>	<b>10.465.268</b>	<b>10.726.900</b>	<b>10.995.072</b>	<b>11.269.949</b>	<b>11.551.698</b>	<b>11.840.490</b>	<b>12.136.503</b>
<b>5.582.437</b>	<b>5.721.998</b>	<b>5.865.048</b>	<b>6.011.674</b>	<b>6.161.966</b>	<b>6.316.015</b>	<b>6.473.915</b>	<b>6.635.763</b>	<b>6.801.657</b>	<b>6.971.699</b>	<b>7.145.991</b>	<b>7.324.641</b>	<b>7.507.757</b>	<b>7.695.451</b>	<b>7.887.837</b>	<b>8.085.033</b>	<b>8.287.159</b>	<b>8.494.338</b>

31.12.2044	31.12.2045	31.12.2046	31.12.2047	31.12.2048	31.12.2049	31.12.2050	31.12.2051	31.12.2052	31.12.2053	31.12.2054	31.12.2055	31.12.2056	31.12.2057	01.09.2058
84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	61.320	40.992
314,82	322,69	330,75	339,02	347,50	356,19	365,09	374,22	383,57	393,16	402,99	413,07	423,39	433,98	444,83
19.304.598	19.787.213	20.281.894	20.788.941	21.308.665	21.841.381	22.387.416	22.947.101	23.520.779	24.108.798	24.711.518	25.329.306	25.962.539	26.611.602	18.234.416
9.652.299	9.893.607	10.140.947	10.394.471	10.654.332	10.920.691	11.193.708	11.473.551	11.760.389	12.054.399	12.355.759	12.664.653	12.981.269	13.305.801	9.117.208
<b>28.956.898</b>	<b>29.680.820</b>	<b>30.422.841</b>	<b>31.183.412</b>	<b>31.962.997</b>	<b>32.762.072</b>	<b>33.581.124</b>	<b>34.420.652</b>	<b>35.281.168</b>	<b>36.163.197</b>	<b>37.067.277</b>	<b>37.993.959</b>	<b>38.943.808</b>	<b>39.917.403</b>	<b>27.351.623</b>
50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
14.478.449	14.840.410	15.211.420	15.591.706	15.981.498	16.381.036	16.790.562	17.210.326	17.640.584	18.081.599	18.533.639	18.996.980	19.471.904	19.958.702	13.675.812
602.232	617.287	632.720	648.538	664.751	681.370	698.404	715.864	733.761	752.105	770.907	790.180	809.935	830.183	568.846
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
149.301	153.033	156.859	160.780	164.800	168.920	173.143	177.471	181.908	186.456	191.117	195.895	200.793	205.812	141.024
1.287.002	1.319.177	1.352.156	1.385.960	1.420.609	1.456.124	1.492.527	1.529.840	1.568.086	1.607.289	1.647.471	1.688.658	1.730.874	1.774.146	1.215.654
<b>16.516.983</b>	<b>16.929.907</b>	<b>17.353.155</b>	<b>17.786.984</b>	<b>18.231.658</b>	<b>18.687.450</b>	<b>19.154.636</b>	<b>19.633.502</b>	<b>20.124.339</b>	<b>20.627.448</b>	<b>21.143.134</b>	<b>21.671.712</b>	<b>22.213.505</b>	<b>22.768.843</b>	<b>15.601.336</b>
<b>12.439.915</b>	<b>12.750.913</b>	<b>13.069.686</b>	<b>13.396.428</b>	<b>13.731.339</b>	<b>14.074.622</b>	<b>14.426.488</b>	<b>14.787.150</b>	<b>15.156.829</b>	<b>15.535.749</b>	<b>15.924.143</b>	<b>16.322.247</b>	<b>16.730.303</b>	<b>17.148.560</b>	<b>11.750.288</b>
<b>8.706.697</b>	<b>8.924.364</b>	<b>9.147.473</b>	<b>9.376.160</b>	<b>9.610.564</b>	<b>9.850.828</b>	<b>10.097.099</b>	<b>10.349.526</b>	<b>10.608.264</b>	<b>10.873.471</b>	<b>11.145.308</b>	<b>11.423.940</b>	<b>11.709.539</b>	<b>12.002.277</b>	<b>8.224.026</b>

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Appraisal Table			
Risk Free Rate	3,60%	3,60%	3,60%
Risk Premium	5,40%	5,65%	6,40%
Discount Rate	9,00%	9,25%	10,00%
NET PRESENT VALUE (EURO)	43.148.576	40.750.418	34.317.363
NET CURRENT VALUE OF AKFEN REIT'S SHARE (EURO)	30.199.688	28.521.218	24.018.722

## 7.2.4. The Value of the Property According to the Rental Income

According to the information obtained from the client during the appraisal study, it is assumed that the appraised hotel will be rented by Accor group in accordance with the following conditions;

- **For the appraised hotel that was transferred to Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. with the leasing agreement dated 22.06.2011, the assumption is that the annual rental value to be paid by Accor Group, an international hotel chain, will be the 22% of the gross revenue (exclusive of VAT) or will be the amount higher than 85% of the gross operation revenue corrected by deduction of 8% from the gross revenue.**
- The area information on the architectural project was used during the appraisal
- It was assumed in the project development approach that on the subject parcel, Novotel will be constructed and operated.
- It has been assumed that the hotel will be 200-rooms.
- It was assumed that the construction of the hotel will be completed at the end of 2014.
- It was assumed that the hotel will be opened early in January, 2015.
- Is assumed that the facility will be open 365 days a year.
- The hotel prices have been foreseen as bed+breakfast system. Taking the investigations in the tourism sector and in the region into consideration, prices per person has been assumed to be 120 EURO for year 2012. The room prices is increased by 4% annually for the initial 10 years. By the increasing advertisement capability, familiarity and premium of the hotel during the initial 10 years, it has been assumed that the room prices will reach saturation by increasing at the rate of 4%, and in the following years, these will increase at the rate of inflation, which is 2.5%, annually.
- It has been assumed that the occupancy rates in 2015, will increase, starting off with 60%, based on the number of rooms sold, and shall reach a stable level around 84% starting with year 2019.
- Euro has been used in the studies. 1 Euro: 2,3630 TL was accepted.
- In the scope of IVSC (International Valuation Standards Council) tax was not included in the studies.
- It has been assumed that the profit margin of the recommended hotel project will be 40% in year 2015 and will increase to 50% in the following years and remain stable at that rate.
- In the recommended project, the extra food-beverage revenues have been evaluated separately from the sold rooms, and included in the total revenues of the hotel under the heading of other revenues, the rate of the other revenues has been assumed as 50%.
- Low discount rate and risk premium have been considered with the guaranteed rent income due to Accord's international recognition and brand strength.

# **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

- In this study, it has been assumed that the rent income from the hotel let to Accor group has been guaranteed with the 49 years lease contract. The calculation has been made with the assumption that the risk Premium of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. in obtaining the mentioned rent income is very low. The discount rate is projected as 7.50%, which has been found by adding 3.90% “Risk Premium” to the 3.60% “Risk-Free Income Rate”.
- Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. and Tamaris Turizm A.Ş. entered into the “Operation Agreement” dated 19.12.2012.

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

NOVOTEL CASH FLOW														
YEARS	31.12.2012	31.12.2013	31.12.2014	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
NOVOTEL INCOME	0	0	0	1.951.054	2.198.188	2.637.825	2.926.227	3.195.440	3.323.258	3.456.188	3.594.436	3.738.213	3.887.742	3.984.935
AGOP NOVOTEL	0	0	0	2.412.212	3.567.059	4.484.303	4.861.528	5.185.328	5.392.741	5.608.451	5.832.789	6.066.100	6.308.744	6.466.463
<b>NOVOTEL USED INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.412.212</b>	<b>3.567.059</b>	<b>4.484.303</b>	<b>4.861.528</b>	<b>5.185.328</b>	<b>5.392.741</b>	<b>5.608.451</b>	<b>5.832.789</b>	<b>6.066.100</b>	<b>6.308.744</b>	<b>6.466.463</b>
ANNUAL LAND RENT (EURO)	0	0	0	-628.908	-644.630	-660.746	-677.265	-694.197	-711.551	-729.340	-747.574	-766.263	-785.420	-805.055
INSURANCE (EURO)	0	0	0	-72.957	-74.781	-76.651	-78.567	-80.531	-82.545	-84.608	-86.723	-88.891	-91.114	-93.392
PROPERTY TAX (EURO)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RENEWAL COST (EURO) (%0,05)	0	0	0	-14.714	-15.082	-15.459	-15.846	-16.242	-16.648	-17.064	-17.491	-17.928	-18.376	-18.836
CONSTRUCTION COST (EURO)	0	-13.186.032	-12.905.478	0										
<b>NET CASH FLOWS (EURO)</b>	<b>0</b>	<b>-13.186.032</b>	<b>-12.905.478</b>	<b>1.695.633</b>	<b>2.832.565</b>	<b>3.731.446</b>	<b>4.089.850</b>	<b>4.394.358</b>	<b>4.581.997</b>	<b>4.777.438</b>	<b>4.981.001</b>	<b>5.193.018</b>	<b>5.413.835</b>	<b>5.549.181</b>
<b>NET CASH FLOW OF AKFEN REIT'S SHARE (%69,99)</b>	<b>0</b>	<b>-9.228.904</b>	<b>-9.032.544</b>	<b>1.186.773</b>	<b>1.982.512</b>	<b>2.611.639</b>	<b>2.862.486</b>	<b>3.075.611</b>	<b>3.206.940</b>	<b>3.343.729</b>	<b>3.486.203</b>	<b>3.634.593</b>	<b>3.789.143</b>	<b>3.883.872</b>

31.12.2026	31.12.2027	31.12.2028	31.12.2029	31.12.2030	31.12.2031	31.12.2032	31.12.2033	31.12.2034	31.12.2035	31.12.2036	31.12.2037	31.12.2038	31.12.2039	31.12.2040	31.12.2041	31.12.2042	31.12.2043	31.12.2044
4.084.559	4.186.673	4.291.339	4.398.623	4.508.588	4.621.303	4.736.836	4.855.257	4.976.638	5.101.054	5.228.580	5.359.295	5.493.277	5.630.609	5.771.374	5.915.659	6.063.550	6.215.139	6.370.517
6.628.125	6.793.828	6.963.674	7.137.765	7.316.209	7.499.115	7.686.593	7.878.757	8.075.726	8.277.619	8.484.560	8.696.674	8.914.091	9.136.943	9.365.367	9.599.501	9.839.488	10.085.476	10.337.612
<b>6.628.125</b>	<b>6.793.828</b>	<b>6.963.674</b>	<b>7.137.765</b>	<b>7.316.209</b>	<b>7.499.115</b>	<b>7.686.593</b>	<b>7.878.757</b>	<b>8.075.726</b>	<b>8.277.619</b>	<b>8.484.560</b>	<b>8.696.674</b>	<b>8.914.091</b>	<b>9.136.943</b>	<b>9.365.367</b>	<b>9.599.501</b>	<b>9.839.488</b>	<b>10.085.476</b>	<b>10.337.612</b>
-825.181	-845.811	-866.956	-888.630	-910.846	-933.617	-956.958	-980.881	-1.005.404	-1.030.539	-1.056.302	-1.082.710	-1.109.777	-1.137.522	-1.165.960	-1.195.109	-1.224.987	-1.255.611	-1.287.002
-95.726	-98.120	-100.573	-103.087	-105.664	-108.306	-111.013	-113.789	-116.633	-119.549	-122.538	-125.601	-128.741	-131.960	-135.259	-138.640	-142.106	-145.659	-149.301
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
-19.307	-19.789	-20.284	-20.791	-21.311	-21.844	-22.390	-22.949	-23.523	-24.111	-24.714	-25.332	-25.965	-26.614	-27.280	-27.962	-28.661	-29.377	-30.112
<b>5.687.910</b>	<b>5.830.108</b>	<b>5.975.861</b>	<b>6.125.257</b>	<b>6.278.389</b>	<b>6.435.348</b>	<b>6.596.232</b>	<b>6.761.138</b>	<b>6.930.166</b>	<b>7.103.420</b>	<b>7.281.006</b>	<b>7.463.031</b>	<b>7.649.607</b>	<b>7.840.847</b>	<b>8.036.868</b>	<b>8.237.790</b>	<b>8.443.735</b>	<b>8.654.828</b>	<b>8.871.199</b>
<b>3.980.968</b>	<b>4.080.493</b>	<b>4.182.505</b>	<b>4.287.068</b>	<b>4.394.244</b>	<b>4.504.100</b>	<b>4.616.703</b>	<b>4.732.120</b>	<b>4.850.423</b>	<b>4.971.684</b>	<b>5.095.976</b>	<b>5.223.376</b>	<b>5.353.960</b>	<b>5.487.809</b>	<b>5.625.004</b>	<b>5.765.629</b>	<b>5.909.770</b>	<b>6.057.514</b>	<b>6.208.952</b>

31.12.2045	31.12.2046	31.12.2047	31.12.2048	31.12.2049	31.12.2050	31.12.2051	31.12.2052	31.12.2053	31.12.2054	31.12.2055	31.12.2056	31.12.2057	01.09.2058
6.529.780	6.693.025	6.860.351	7.031.859	7.207.656	7.387.847	7.572.543	7.761.857	7.955.903	8.154.801	8.358.671	8.567.638	8.781.829	6.017.357
10.596.053	10.860.954	11.132.478	11.410.790	11.696.060	11.988.461	12.288.173	12.595.377	12.910.261	13.233.018	13.563.843	13.902.939	14.250.513	9.764.530
<b>10.596.053</b>	<b>10.860.954</b>	<b>11.132.478</b>	<b>11.410.790</b>	<b>11.696.060</b>	<b>11.988.461</b>	<b>12.288.173</b>	<b>12.595.377</b>	<b>12.910.261</b>	<b>13.233.018</b>	<b>13.563.843</b>	<b>13.902.939</b>	<b>14.250.513</b>	<b>9.764.530</b>
-1.319.177	-1.352.156	-1.385.960	-1.420.609	-1.456.124	-1.492.527	-1.529.840	-1.568.086	-1.607.289	-1.647.471	-1.688.658	-1.730.874	-1.774.146	-1.215.654
-153.033	-156.859	-160.780	-164.800	-168.920	-173.143	-177.471	-181.908	-186.456	-191.117	-195.895	-200.793	-205.812	-141.024
0	0	0	0	0	0	0	0	0	0	0	0	0	0
-30.864	-31.636	-32.427	-33.238	-34.068	-34.920	-35.793	-36.688	-37.605	-38.545	-39.509	-40.497	-41.509	-28.442
<b>9.092.979</b>	<b>9.320.303</b>	<b>9.553.311</b>	<b>9.792.144</b>	<b>10.036.947</b>	<b>10.287.871</b>	<b>10.545.068</b>	<b>10.808.694</b>	<b>11.078.912</b>	<b>11.355.884</b>	<b>11.639.782</b>	<b>11.930.776</b>	<b>12.229.046</b>	<b>8.379.409</b>
<b>6.364.176</b>	<b>6.523.280</b>	<b>6.686.362</b>	<b>6.853.521</b>	<b>7.024.859</b>	<b>7.200.481</b>	<b>7.380.493</b>	<b>7.565.005</b>	<b>7.754.130</b>	<b>7.947.984</b>	<b>8.146.683</b>	<b>8.350.350</b>	<b>8.559.109</b>	<b>5.864.748</b>

Appraisal Table			
Risk Free Rate	3,60%	3,60%	3,60%
Risk Premium	3,40%	3,90%	4,40%
Discount Rate	7,00%	7,50%	8,00%
NET PRESENT VALUE (EURO)	42.558.829	37.221.884	32.513.259
NET CURRENT VALUE OF AKFEN REIT'S SHARE (EURO)	29.786.924	26.051.596	22.756.030



# **AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

## **7.2.3 Analysis of the Conclusion**

In the study, coefficient comparison method was used for the lot value and project appraisal approach was used for the hotel revenues.

- According to the coefficient comparison approach, the right value of the lot arising from the rental agreement is **17.530.000.-Euro (41.410.000.-TL)** and Akfen REIT's share is **12.270.000.- Euro (28.980.000.-TL)** according to the calculations.
- According to the cost analysis, the value of the hotel project constructed on the parcel is **19.490.000.-Euro (46.050.000.-TL)** and the value of Akfen REIT's share is **13.640.000.-Euro (32.230.000.-TL)** as of the date of appraisal, according to the calculations.
- According to the project appraisal approach, the average of the net current value of the hotel project currently constructed on the lot, **40.750.000** and the net current value of the rental revenue, **37.220.000.-Euro**, which is **38.990.000.-Euro (92.120.000.-TL)** has been appraised as the final value.
- The net current value of Akfen REIT's share on the hotel project which is currently constructed on the parcel, calculated according to the project appraisal approach is **28.520.000.-Euro** and the net current value of Akfen REIT's share on the rental value is **26.050.000.-Euro** according to the calculations.

According to the paragraph "J" of the article 25 of the communiqué on the real estate investment trusts issued by the Capital Market Board (Article 25/J: On the condition that the special agreement provisions are suitable, they can lease real estate from third persons and let the same properties out by themselves) we are in the opinion that the subject immovable properties can be within the activity area of a Real Estate Investment Trusts.

### **VAT APPLICATION**

It was assumed that routine VAT regulation will be applied on the immovable property. The VAT rate to be applied in the commercial real estate sales will be 18%.

***SECTION 8  
CONCLUSION***

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## SECTION 8 CONCLUSION

All characteristics which might have an influence on the value of the property such as its location in Istanbul Thrace Free Zone, infrastructure and means of access, its facade to the street, land area, its zoning status, the construction system of the building, its age, the workmanship and the quality of the products, the construction completion rate of interior design have been taken into account and detailed market research has been undertaken on location. Taking into consideration the economic conditions experienced in the recent period the value of the immovable has been estimated as follows by TSKB Gayrimenkul Değerleme A.Ş.

### THE VALUE OF THE ENTIRE PROJECT AS OF 31.12.2012 (VAT Excluded)

92.120.000.-TRY (Ninetytwomilliononehundredtwentythousand.- TurkishLiras)	38.990.000.-EURO (Thirtyeightmillionninehundredninetythousand.- EURO)
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### THE VALUE OF THE ENTIRE PROJECT AS OF 31.12.2012 (VAT Included)

108.701.600.-TRY (Onehundredeightmillionsevenhundredonethousandsixhundred.- TurkishLiras)	46.008.200.-EURO (Fourtysixmillioneightthousandtwohundred.- EURO)
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### THE EXISTING CONDITIONS VALUE OF THE SHARE OF AKFEN GYO REIT ON THE IMMOVABLE PROPERTY AS OF 31.12.2012 (VAT Excluded)

32.230.000.-TRY (Thirtytwomilliontwohundredthirtythousand.- TurkishLiras)	13.640.000.-EURO (Thirteenmillionsixhundredfortythousand.- EURO)
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### THE EXISTING CONDITIONS VALUE OF THE SHARE OF AKFEN GYO REIT ON THE IMMOVABLE PROPERTY AS OF 31.12.2012 (VAT Included)

38.031.400.-TRY (Thirtyeightmillionthirtyonethousandfourhundred.- TurkishLiras)	16.095.200.-EURO (Sixteenmillionninetyfivethousandtwohundred.- EURO)
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- 1- These identified values are the fair market values respectively for cash sales payments.
- 2- VAT rate was considered as 18%.
- 3- Exchange rate has been taken as EURO 1 = TL 2,3630, USD 1= TL 1,7912. The value in EURO and USD are given only for information.
- 4- This report has been prepared further to the related provisions of the Capital Markets Regulation
- 5- This page is an inseparable part of the appraisal report, it is complete with the detailed information in the report and it can not be used separately.

**We hereby submit our report expressing our point of view and opinion with respects.**

Özge AKLAR Appraiser (401775)	Hüsnüye BOZTUNÇ Appraiser in Charge (400811)
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***SECTION 9  
ANNEX***

# AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## SECTION 9

### ANNEX

#### Annex List

1	Sector Analysis
2	Photocopies of Title Deeds
2	Letter of Encumbrances
3	Zoning Status Document
4	Agreements
5	Photographs
6	CV's
7	SPK Licences