

**AKFEN KARAKÖY GAYRİMENKUL
YATIRIMLARI VE İNŞAAT A.Ş.**

Company Appraisal Report

15 February 2019

Türkiye Sınai Kalkınma Bankası A.Ş.
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DISCLAIMER

This appraisal report (“Report”) has been issued for information purposes only with regards to the value of Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. (“Akfen Karaköy”), as assessed by Türkiye Sınai Kalkınma Bankası A.Ş. (“TSKB”) and includes various documents and financial tables. This Report and/or the information contained here cannot be copied, disclosed or distributed to any third parties. Although TSKB has made the utmost effort to eliminate any errors and omissions of the Report, TSKB hereby explicitly waives and excludes any kind of responsibility or obligation arising out of or due to any results obtained from the evaluation of the information provided from Akfen GYO, Akfen Karaköy and other sources and any of the written and / or verbal information in the Report. Unless stated otherwise, the information in this Report is up-to-date and valid as of the date of this Report.

Analysis, opinions and results presented within this report have been constituted through our personal, objective and professional appraisal, assessment and interpretation of documents and information and investment assumptions provided by Akfen GYO and Akfen Karaköy. The information and documents provided by Akfen GYO and the assumptions and the arguments concluded were all assumed to be true and correct in this Report.

The financial tables assessed during this study have been obtained from Akfen Karaköy. Although TSKB has shown the utmost care and attention to eliminate any mistakes and omissions in this study; all major items affecting the appraisal results shall be considered with the possibility of that such information may be incorrect and missing since the data has been obtained from external sources and the same has been assumed in this study.

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Introduction and Scope

Scope and Methodology

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. (“Akfen GYO”), has applied to Türkiye Sınai Kalkınma Bankası (“TSKB”) in order to obtain company appraisal consultancy services to assess and determine the value of its subsidiary Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. (“Akfen Karaköy”, “the Company”).

This appraisal study has been carried out based on the financial statements of Akfen Karaköy and no detailed legal or financial inspections, accounting audits and/or management presentations have been performed in order to assess the value of the related Company upon the request as indicated above.

The purpose of this study is to figure out the firm value of Akfen Karaköy. The main assets of the company are real estates and real estate projects, and the “Equity Value” approach is used in the determination of the value of the Company.

The value calculated by using the Equity Value expresses the “fair market value” of the Company. However, the main factor in sale-purchase transactions regarding an asset is the “price” agreed as a result of the negotiations that have taken place between a motivated buyer and a seller. However, attention should be drawn to the fact that the “price” which constitutes the ground for such sale-purchase transaction might be realized at a level different than the “fair market value”.

“The Investment Properties and Investment Properties in Progress” item, stated in the related real estate appraisal report¹ of Adım Gayrimenkul Değerleme A.Ş. and the balance sheet dated 31 December, 2018 of Akfen Karaköy has been used for Equity Value calculations.

The financial tables assessed during this study have been obtained from Akfen Karaköy. Although TSKB has shown the utmost care and attention to eliminate any mistakes and omissions in this study; all major items affecting the appraisal results shall be considered with the possibility that such information may be incorrect and missing since the data has been obtained from external sources, and the same has been assumed in this study.

¹ 2018_AKFENGYO_7

Appraisal Summary

The Company

The main activity of Akfen Karaköy Real Estate Investments and Construction Co. is to plan, construct, rent, operate and operate all kinds of tourism facilities, hotels and real estate investments. Akfen Karaköy, of which Akfen GYO owns 19.90% of its shares, is located in Karaköy, Istanbul. Akfen Karaköy has rental income from Novotel Karaköy and from commercial areas at the hotel facility. The hotel is operated by Tamaris Turizm A.Ş., which is a 100% Turkey based subsidiary of Accor SA - an international hotel operator.

The Company has planned to undertake a tourism investment project on adjacent plots located in Beyoğlu/Istanbul, belonging to General Directorate of Foundations. The Company took over the “Rental Agreement with Construction Requisite” on 22 June 2011, that had been signed between General Directorate of Foundations and Hakan Madencilik ve Elektrik Üretim Sanayi ve Ticaret A.Ş. on 1 September 2009 lasting for 49 years with an end date of 1 September 2058.

General information about 5-star hotel investment, which was launched on February 16, 2016 is presented in the following table.

Table 1: General Information about Akfen Karaköy Hotel

| Facility | Number of Rooms | Land Size (m ²) | Total Closed Area (m ²) |
|-----------------|-----------------|-----------------------------|-------------------------------------|
| Karaköy Novotel | 196 | 3.075 | 20.926 |

Source: Adım Gayrimenkul Değerleme A.Ş. Raporu

The paid-in capital of the Company is TRY 121 million as of 31.12.2018. The distribution of this paid-in capital amongst the shareholders is as stated in the table below.

Table 2: Shareholding and Capital Structure of Akfen Karaköy

| Shareholders | # of Shares (TRY) | Shareholding (%) |
|--|--------------------|------------------|
| Akfen Gayrimenkul Ticaret ve İnşaat A.Ş. | 86.599.700 | 71.57 |
| Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. | 24.079.000 | 19.90 |
| Other | 10.321.300 | 8.53 |
| Total | 121.000.000 | 100 |

Appraisal Result

The Equity Value of the Company, based on the balance sheet dated 31 December 2018, has been valued as EUR 27,539,000 (TRY 166,003,000).

Table 3: Equity Value of Akfen Karaköy

| (000 Eur) | 2018 |
|--|---------------|
| Cash and cash equivalents | 8 |
| Trade Receivable (net) | 744 |
| Other Current Assets | 632 |
| Total Current Assets | 1.384 |
| Investment Properties (net) | 50.695 |
| Other Non-Current Assets | 2.433 |
| Total Non-Current Assets | 53.129 |
| Total Assets | 54.513 |
| Current Portion of Long Term Financial Liabilities | 1.774 |
| Trade Payables | 4.553 |
| Other Current Liabilities | 705 |
| Total Current Liabilities | 7.032 |
| Financial Liabilities | 12.309 |
| Other Non-Current Liabilities | 7.634 |
| Total Non-Current Liabilities | 19.942 |
| Equity Value | 27.539 |

Sector

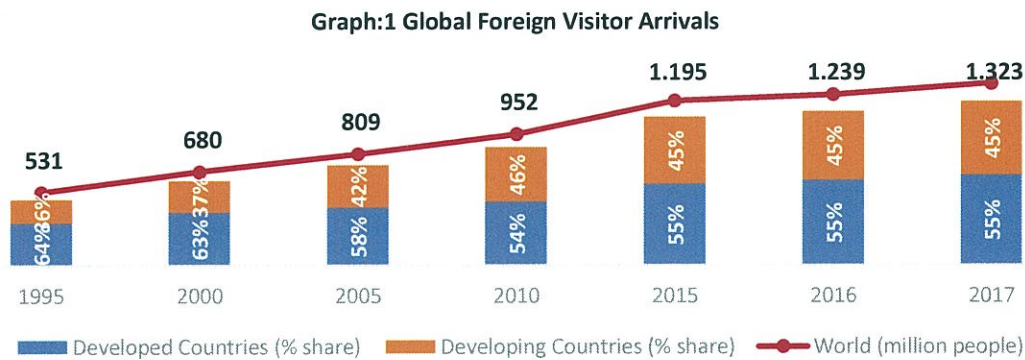
Tourism Sector

Tourism Sector in the World

Tourism, a rapidly growing and developing sector in the world, directly and indirectly contributes to the economy of many countries. Due to globalization, curiosity to other cultures and reduced transportation costs, people have begun to travel long distances. While the sector directly contributes to the sectors such as transportation, retail and infrastructure services benefiting from these activities, also indirectly to the economic growth by the means of the customer resource provided to the sectors such as transportation, accommodation and trip organization with the employment it creates. Moreover, the sector plays an important role in closing the gap in the balance of payments with the foreign exchange revenues it provides to the country during economic slowdown periods. Therefore, it is thought that the tourism sector will continue to maintain its importance in the near future.

According to the World Travel and Tourism Council 2017 data, the tourism sector, which constitutes 10.4% of the global GDP, ranks 4th after retail, financial services and construction sectors in terms of contribution to global GDP.² In addition to its contribution to GDP, it accounts for about 10% of global employment and 30% of global service exports with a volume of US \$ 1.3 trillion.³

The number of foreign visitors, which was 25 million people in the world in 1950, reached 1.3 billion people in 2017 with an average annual growth rate of 6.1%.⁴ In this significant increase, factors such as decrease in transportation costs, globalization, technological developments and the increase in the per capita income of countries are considered important.



Source: UNWTO

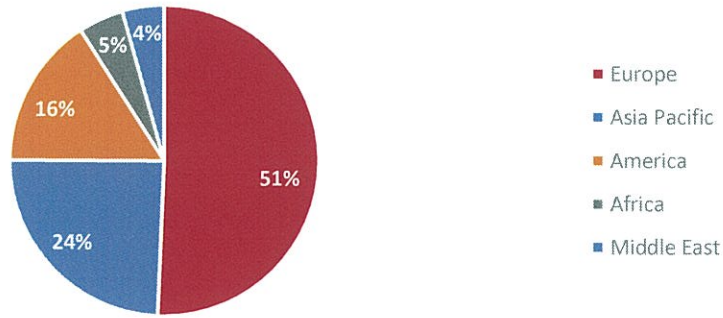
² World Summary, World Travel & Tourism Council, 2017

³ Why Tourism Matters, World Tourism Organization

⁴ UNWTO

Although the share has declined over the years, half of the foreign visitors still travel to the European region. In the last 20-year period, the largest increase was observed in the Asia-Pacific region and the largest decline was in the American region.

Graph: 2 Breakdown of Global Foreign Visitor Arrivals Shares (%) by Regions in 2017

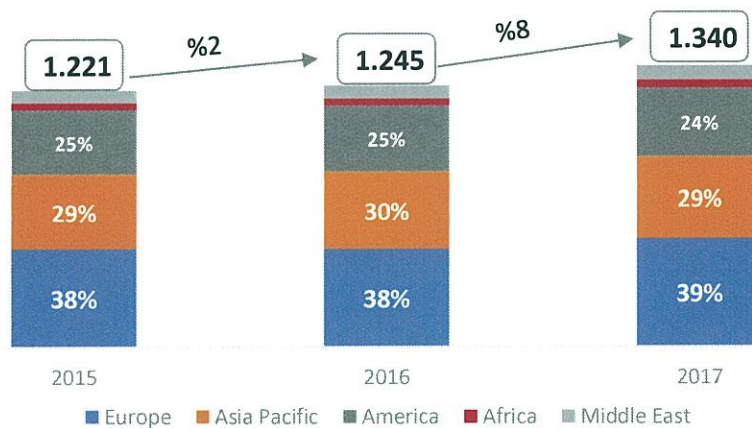


Source: Tourism Highlights 2018 Edition, UNWTO

World tourism revenues increased by 4.8% YoY to USD 1.3 trillion in 2015-2017, on the real USD basis, in parallel with the increase in the number of foreign visitors. Developing countries account for 45% of total visitors and 35% of total tourism revenues due to low spending per visitor.

Although it hosts half the volume of foreign visitors, it is observed that Europe accounts for only 39% of global tourism revenues, Asia-Pacific region, the fastest growing in terms of volume, accounts for 29% of global tourism revenues.

Graph 3: Breakdown of Global Tourism Revenues (billion \$) by Regions

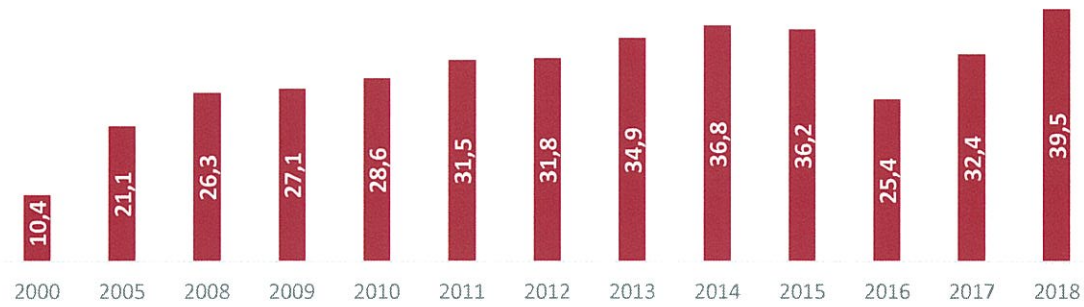


Kaynak: UNWTO

Tourism Sector in Turkey

The average annual increase in the number of foreign visitor arrivals to Turkey between the years 2000-2015 realized at 8.7%. Due to the decrease in the number of foreign visitor arrivals coming in line with the developments experienced in 2016, Turkey which contributed less to the growth of world tourism volume, has entered into the recovery process in 2017.

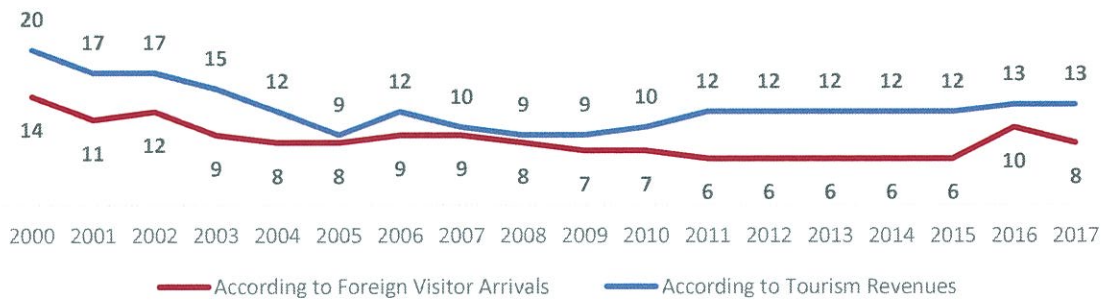
Graph 4: Foreign Visitor Arrivals to Turkey (Million People)



Source: Ministry of Culture and Tourism

In 2000, Turkey was ranked 14th in terms of the number of foreign visitors worldwide which rose to 6th place in 2011-2015. As a result of negative developments in 2016, Turkey regressed to 10th place then started to recover in 2017 to 8th place. This situation also looks similar in terms of tourism revenues for Turkey which performed an important progress between the years 2000-2017.

Graph 5: Ranking of Turkey in the World Tourism



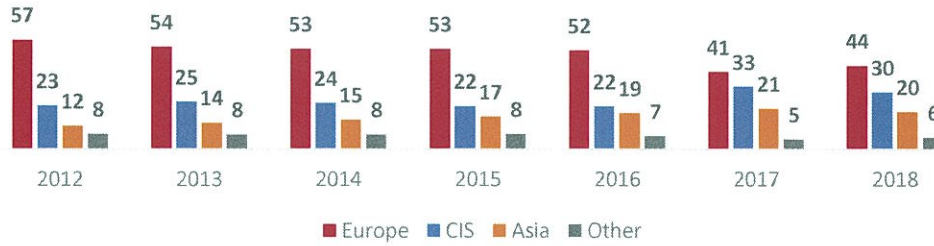
Source: World Bank

In 2012-2017 the increase in shares of CIS⁵ and Asia in terms of foreign visitor arrivals is worth noting. The decrease in the share of foreign visitors from Europe in 2016-2017 is thought to be due to

⁵ Commonwealth of Independent States

increased security concerns. In addition, the recovery that has started in 2017 continued in 2018 and the share of foreign visitors from Europe increased 3 points compared to 2017.

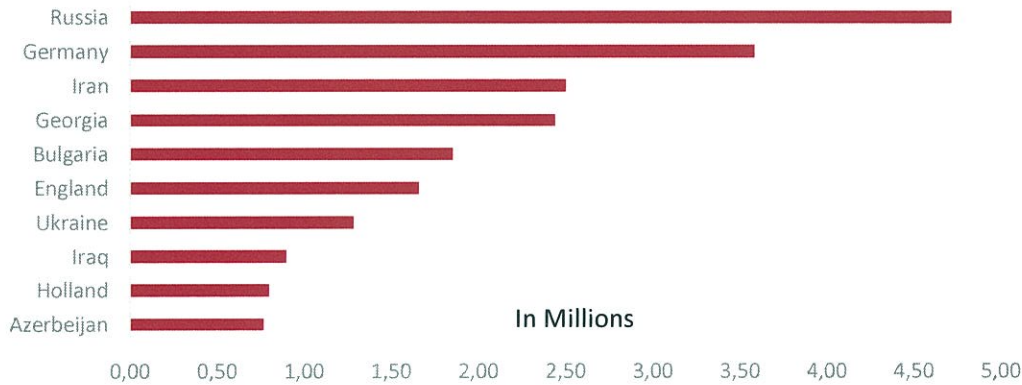
Graph 6: Breakdown of Foreign Visitor Arrivals by Regions



Source: Ministry of Culture and Tourism

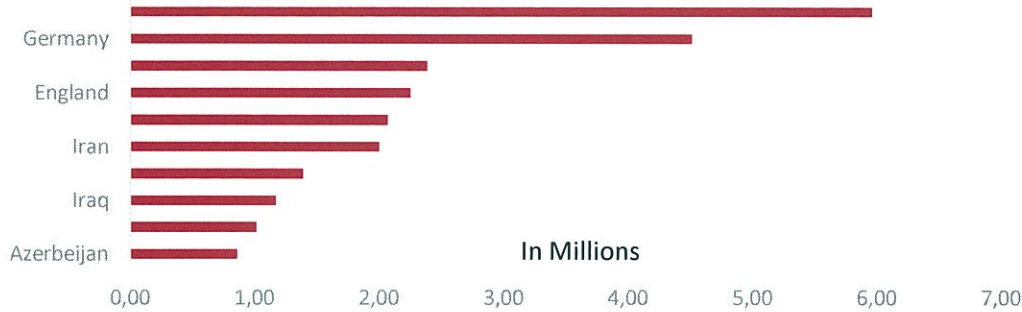
In 2017, in terms of foreign visitor arrivals by countries Russia is in 1st place with 15%, Germany is in 2nd place with 11% and Iran is in 3rd place with 8% share.

Graph 7: Breakdown of Top 10 Markets by Countries in 2017



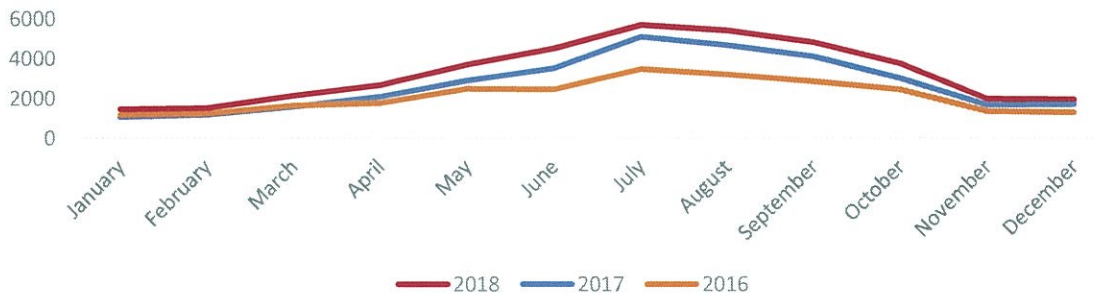
Source: Ministry of Culture and Tourism

In 2018, in terms of foreign visitor arrivals by countries Russia is in 1st place with 15%, Germany is in 2nd place with 11% and Bulgaria is in 3rd place with 6% share.

Graph 8: Breakdown of Top 10 Markets by Countries in 2018

Source: Ministry of Culture and Tourism

About 74% of foreign visitors to Turkey, which mainly provides mass tourism, prefers the period between May and October. In the second quarter of the year, the effect of the contraction in demand in 2016 was observed. In 2017 the recovery started and in 2018, the increasing trend in foreign visitor arrivals continued.

Graph 9: Monthly Distribution of Number of Foreign Visitor Arrivals (million people)

Source: Ministry of Culture and Tourism

In spite of the increase in the number of foreign visitors, the average expenditure per capita of visitors declined in 2008-2010 with the effect of the global crisis. Between 2011 and 2014, tourism revenues and average expenditure per capita entered in recovery phase and increased. Due to the increasing security concerns in 2015-2017, the average expenditure per capita decreased because of the decrease in the number of foreign visitors from the developed countries. In 2018, both the share of visitors from developed countries and the total number of visitors increased, but the average spending per capita continued to decline due to the decrease in the average prices charged in the sector and the depreciation of the Turkish lira.

In addition, when rival countries to Turkey in terms of tourism facilities and the number of foreign visitor arrivals considered, Turkey's tourism revenues and average expenditure per capita of visitors

seems in low levels, especially due to all-inclusive services which hotels provide. In 2018, while Turkey realized 30 billion USD tourism revenues, average expenditure per capita is realized under 650 USD level.



Source: Turkish Statistical Institute

There is an increase in tourism facilities parallel to the increase in the foreign visitor arrivals. Tourism facilities are divided into two categories, “Investment Certified” and “Business Certified”. While the number of investment certified facilities grown on average at 3% annually, their bed capacity grown at on average 0.4% annually. In the same period, the number of business certified facilities grown at on average 4.2% annually and their bed capacity grown at on average 5.8%. According to these data, tourism facility investments in Turkey, is still yet to approach the saturation level.

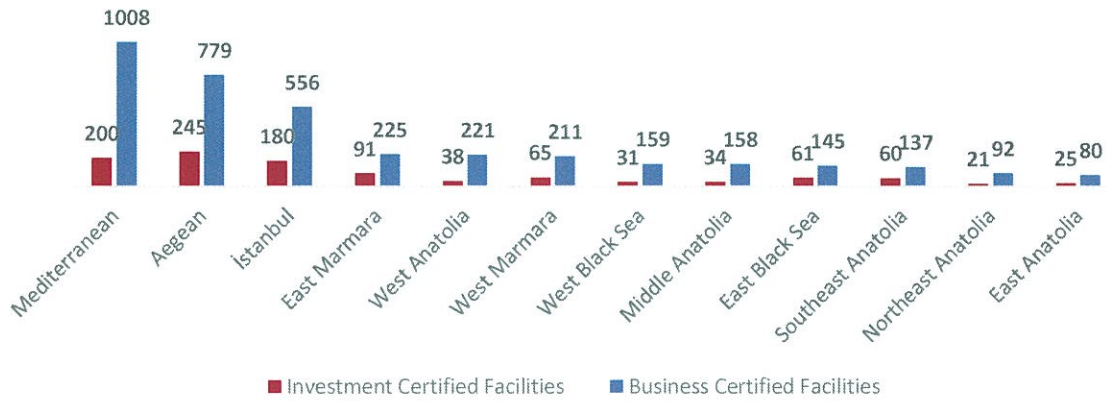
Table 4: Facility and Bed Capacity in Turkey 2007-2017

| Years | Business Certified Facilities | | Investment Certified Facilities | |
|-------|-------------------------------|--------------|---------------------------------|--------------|
| | Number of Facilities | Bed Capacity | Number of Facilities | Bed Capacity |
| 2007 | 2.514 | 532.262 | 776 | 254.191 |
| 2008 | 2.566 | 567.470 | 772 | 258.287 |
| 2009 | 2.625 | 608.765 | 754 | 231.456 |
| 2010 | 2.647 | 629.465 | 877 | 252.984 |
| 2011 | 2.783 | 668.829 | 922 | 267.900 |
| 2012 | 2.870 | 706.019 | 960 | 273.877 |
| 2013 | 2.982 | 749.299 | 1.056 | 301.862 |
| 2014 | 3.131 | 807.316 | 1.117 | 309.556 |
| 2015 | 3.309 | 850.089 | 1.125 | 314.194 |
| 2016 | 3.641 | 899.881 | 1.135 | 312.912 |
| 2017 | 3.771 | 935.286 | 1.051 | 263.033 |

Source: Ministry of Culture and Tourism

When the regional distribution of investment and business certified facilities examined, it is seen that the distribution is concentrated in Istanbul together with the Mediterranean and Aegean regions. These regions account for 59% of the facilities with investment certificates and 62% of the facilities with business certificates.

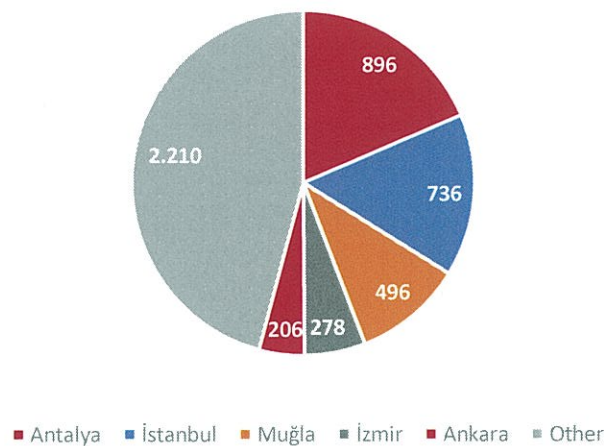
Graph 11: Investment and Business Certified Facilities Distribution by Region in 2017



Source: Ministry of Culture and Tourism

The increase in facility and bed capacity in recent years was influenced by the increase in the number of 4 and 5 star facilities. In 2008, the share of 4 and 5-star facilities in facilities with business certificates was 28%, the ratio increased to 36% as of the end of 2017. In the same period, the share of 4 and 5-star facilities in facilities with investment certificates increased from 58% to 68% as of the end of 2017.

Graph 12: Distribution of Touristic Facilities on City Basis as of 31 December 2017



Source: Ministry of Culture and Tourism

The occupancy rates in 2008-2017 of certified facilities across Turkey are given in the table below.

Table 5: Occupancy Rates of the Existing Touristic Facilities 2008-2017

| Years | Foreign | Domestic | Total |
|-------|---------|----------|-------|
| 2008 | 38,2 | 14,0 | 52,1 |
| 2009 | 35,9 | 13,7 | 49,7 |
| 2010 | 37,8 | 12,1 | 49,9 |
| 2011 | 38,7 | 13,5 | 52,2 |
| 2012 | 41,4 | 13,8 | 55,3 |
| 2013 | 39,0 | 14,4 | 53,4 |
| 2014 | 39,5 | 13,1 | 52,6 |
| 2015 | 37,4 | 14,5 | 52,0 |
| 2016 | 24,7 | 17,5 | 42,2 |
| 2017 | 30,2 | 20,8 | 51,0 |

Source: Ministry of Culture and Tourism

Expectations

Global Developments

In 2017, international travel growth was the highest at 7% since 2009. The World Tourism Barometer report, published by the United Nations World Tourism Organization (UNWTO) in January 2019, forecasts that international travel will grow by 3.8% annually between 2010-2020.

Sector Growth

The number of foreign visitor arrivals to Turkey in 2018, due to the continued growth in the Russian target market and the improvement in the European market, was realized as 39.5 million people. Unless some unexpected development happens, it is thought that the current upward trend in the number of foreign visitor arrivals will continue.

Turkey realized 30 billion USD of tourism revenues in 2018. Assuming that the average expenditure amounts cannot be increased significantly in the short term, it is thought that the main determinant of tourism revenues will be the growth in the number of foreign visitors in 2019.

Tourism Sector of Istanbul

The growth in the number of foreign visitors to Istanbul started to slow down in 2015 and shrank considerably in 2016 in a parallel way to Turkey. Both Turkey and Istanbul markets entered to the recovery phase and due to low base effect grew significantly. In addition to the recovery, due to the decrease in the value of TL, foreign visitor arrivals to Istanbul increase 24% in 2018.

Table 6: Foreign Visitor Arrivals to Turkey and Istanbul in 2010-2018

| Foreign Visitor Arrivals (in thousands) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Istanbul | 6.961 | 8.058 | 9.382 | 10.475 | 11.843 | 12.415 | 9.203 | 10.841 | 13.433 |
| Turkey | 28.632 | 31.456 | 31.782 | 33.827 | 35.271 | 36.215 | 25.331 | 32.410 | 39.488 |
| Change (%) | | | | | | | | | |
| Istanbul | | 15,8 | 16,4 | 11,7 | 13,1 | 4,8 | (25,8) | 17,8 | 23,9 |
| Turkey | | 9,9 | 1,0 | 6,4 | 4,3 | 2,7 | (30) | 28,0 | 21,8 |

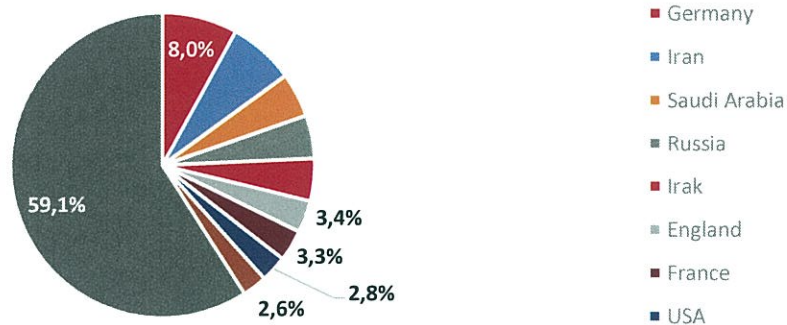
Source: Ministry of Culture and Tourism

The significant decline in the number of foreign visitors from Europe and Russia played a major role in the sector's contraction in 2016. In 2017, a limited increase was observed in the number of visitors coming from Europe and a significant increase in the number of visitors from Iran, Iraq and Russia was effective in the recovery process. In 2018, while the increase in the number of foreign visitors from these countries continued, the recovery in the number of visitors from Europe also contributed to the growth trend that has started in 2017.

Despite the decrease in 2017, Germany has provided the highest number of foreign visitors to Istanbul between 2010 and 2018.

Istanbul tourism, which concentrates more in the subject of cultural tourism, does not have a high seasonality effect. The incoming foreign visitors stay in Istanbul for about 2-3 days.

Graph 13: Breakdown of Foreign Visitors to Istanbul by Country in 2018



Source: Ministry of Culture and Tourism

According to “Global Destination Cities Index 2018”, in the ranking of the most visited cities, Bangkok ranks first, London ranks 2nd and Istanbul ranks 9th in the list of 162 countries worldwide. In addition, in terms of tourism revenues, Istanbul ranks 20th.

The number of accommodation facilities, room and bed capacity in Istanbul are given in the table below.

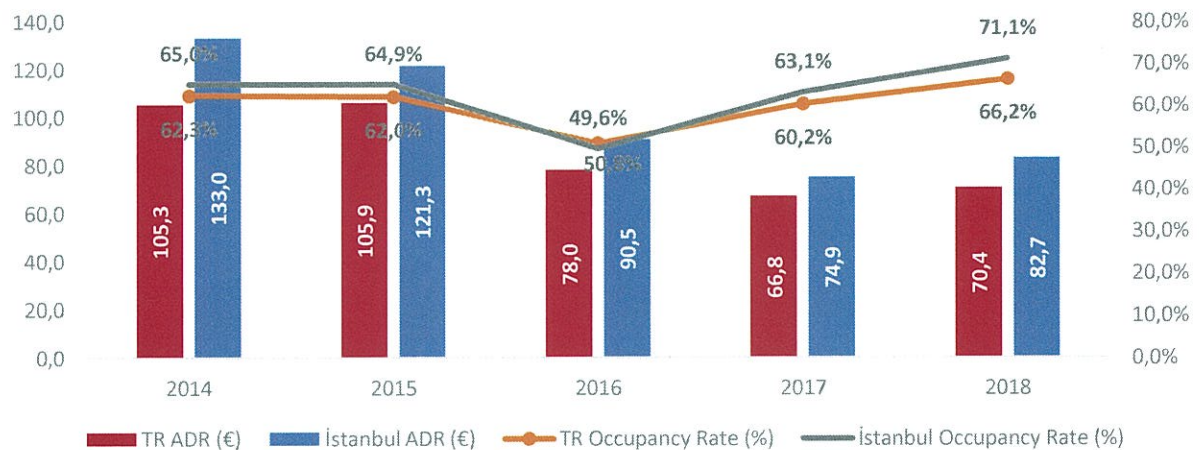
Table 7: The Number of Certified Facilities, Rooms and Bed Capacity as of 2018

| Type/Capacity | Business Certified Facilities | | | Investment Certified Facilities | | |
|----------------------------|-------------------------------|---------------|----------------|---------------------------------|---------------|---------------|
| | Facilities | Rooms | Beds | Facilities | Rooms | Beds |
| Special Facilities | 129 | 4.763 | 11.778 | 10 | 329 | 666 |
| Boutique Hotel | 20 | 913 | 1.830 | 13 | 471 | 952 |
| 5-Star Hotel | 102 | 26.719 | 53.453 | 26 | 6.350 | 12.613 |
| 4-Star Hotel | 124 | 14.346 | 28.710 | 40 | 4.527 | 9.142 |
| 3-Star Hotel | 126 | 7.287 | 14.307 | 33 | 1.237 | 2.518 |
| 2-Star Hotel | 45 | 1.617 | 3.108 | 15 | 269 | 711 |
| 1-Star Hotel | 7 | 190 | 363 | 23 | 267 | 559 |
| Apartment | 5 | 291 | 846 | 160 | 13.450 | 27.161 |
| Hostel | 6 | 200 | 304 | - | - | - |
| Golf Facilities | 1 | 0 | 18 | - | - | - |
| Thermal Tourism Facilities | 1 | 80 | 160 | - | - | - |
| TOTAL | 566 | 56.406 | 114.717 | 320 | 26.900 | 54.322 |

Source: Ministry of Culture and Tourism

According to STR Global’s “Country Performance Report”, while hotel occupancy rate in Istanbul in 2018 is 71.1%, in 2017 63.1% and in 2016 49.6%, average daily price of hotels is 82.7 euro in 2018, 74.9 euro in 2017 and 90.5 euro in 2016.

Graph 14: Average Room Occupancy Rates and Average Daily Prices in Istanbul Between 2014-2018



Source: STR Global

Karaköy - Salıpazarı Vicinity

Karaköy, where the Novotel is located, is one of the oldest trade centers in Istanbul. Currently, the construction of the “Salı Pazarı Port” Project, also known as the Galataport Project, is still in progress and is expected to make a positive contribution to the region once it is completed. Doğuş Holding won the privatization tender in 2013 for 30 years with a bid of 700 million USD. The construction started in July 2016 however, due to the missing necessary permissions and some disruptions in the construction process, project’s completion date was postponed from 2019 to May 2020. After the beginning of the construction, large investors and hotel brands purchased real estates in the region and thus land prices increased in the region.

The location of Karaköy is close to the historical and cultural places of Istanbul, and if the Galataport Project is completed, it is expected to highlight the historical and natural beauties in the port area and to transform the port into a structure which is in accordance with the international standards, and to increase regional trade and employment. There are other successful examples of re-urbanization of these centrally located idle areas abroad, and studies in the region make the hotel project of Akfen very valuable in Karaköy. Karaköy has also become a popular destination in recent years, due mainly to Kemankeş Street. The variety of transportation facilities increases the demand for hotels in the region.

Company

General Overview

Incorporation and Current Status

Akfen Karaköy was incorporated on 31 May 2011 and is a subsidiary of Akfen GYO. The main activity scope of the company includes planning investments for all kinds of touristic facilities, hotels and real estate, performing or contracting others to carry out the construction works of such projects, lease and operation thereof.

The Company has planned to undertake a tourism investment project on adjacent plots located in Beyoğlu/Istanbul, belonging to General Directorate of Foundations. The Company took over the “Rental Agreement with Construction Requisite” on 22 June 2011, that had been signed between General Directorate of Foundations and Hakan Madencilik ve Elektrik Üretim Sanayi ve Ticaret A.Ş. on 1 September 2009 lasting for 49 years with an end date 1 September 2058.

This investment project includes the construction of a 5 star facility with a capacity of 200 rooms, which is operated by a hotel operation and management company with an internationally renowned brand. The Company signed an agreement with Tamaris Turizm A.Ş., the wholly owned subsidiary of an international hotel operator Accor S.A. in Turkey, on 19 December 2012 for this purpose.

Capital Structure

The paid-in capital of the Company is TRY 121 m as of 31.12.2018. The distribution of this paid-in capital amongst the shareholders is as stated in the table below.

Table 9: Shareholding and Capital Structure of Akfen Karaköy

| Shareholders | # of Shares (TRY) | Shareholding (%) |
|--|--------------------|------------------|
| Akfen Gayrimenkul Ticaret ve İnşaat A.Ş. | 86.599.700 | 71,57 |
| Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. | 24.079.000 | 19,90 |
| Other | 10.321.300 | 8,53 |
| Total | 121.000.000 | 100 |

Financial Statements

Akfen Karaköy's balance sheet that has not been prepared by an independent audit firm, dated for 2015, 2016, 2017 and 2018 year-ends is as indicated below.

Table 10: Akfen Karaköy Balance Sheet

| (000 Eur) | 2015 | 2016 | 2017 | 2018 |
|--|---------------|---------------|---------------|---------------|
| Cash and Cash Equivalents | 13 | 42 | 5 | 8 |
| Trade Receivable (net) | - | 268 | 339 | 744 |
| Other Inventories | - | 288 | - | - |
| Other Current Assets | 139 | 830 | 358 | 632 |
| Total Current Assets | 152 | 1.428 | 702 | 1.384 |
| Fixed Assets | 56.709 | 38.531 | 43.542 | 50.695 |
| Other Non-Current Assets | 6.387 | 4.783 | 4.358 | 2.433 |
| Total Non-Current Assets | 63.095 | 43.314 | 47.899 | 53.129 |
| Total Assets | 63.247 | 44.742 | 48.602 | 54.513 |
| Current Portion of Long Term Financial Liabilities | 1.740 | 1.175 | 1.581 | 1.774 |
| Trade Payables | 43 | 17.862 | 20.774 | 4.553 |
| Other Current Liabilities | 65 | - | 667 | 705 |
| Total Current Liabilities | 15.322 | 19.037 | 23.022 | 7.032 |
| Financial Liabilities | 13.408 | 13.831 | 13.146 | 12.309 |
| Other Non-Current Liabilities | 5.462 | 1.239 | 4.440 | 7.634 |
| Total Non-Current Liabilities | 18.870 | 15.070 | 17.587 | 19.942 |
| Shareholders Equity | 29.055 | 10.635 | 7.993 | 27.539 |
| Total Liabilities | 63.247 | 44.742 | 48.602 | 54.513 |

The balance sheet of the Company has been converted to EUR by using the term end foreign exchange purchase rates of Central Bank of Turkey as indicated in the table below:

Table 11: Central Bank of Turkey Term-End Foreign Exchange Purchase Rates

| | 2015 | 2016 | 2017 | 2018 |
|----------------------------------|--------|--------|--------|--------|
| EURO/TL (Term End Exchange Rate) | 3,1776 | 3,7099 | 4,5155 | 6,0280 |

Source: Central Bank of Turkey

The income statement of the Company has been converted to EUR by using the average foreign exchange purchase rates of Central Bank of Turkey as indicated in the table below:

Table 12: Central Bank of Turkey Average Foreign Exchange Purchase Rates

| | 2015 | 2016 | 2017 | 2018 |
|------------------------|--------|--------|--------|--------|
| EURO/TL (Average Rate) | 3,0183 | 3,3398 | 4,1162 | 5,6627 |

Source: Central Bank of Turkey

“Investment Properties”, being one of the major items in the assets size of the Company, comprises of hotel investment as part of the aforementioned Agreement.

The EUR 15 million credit used from Credit Europe Bank, which has a maturity of 2025 is currently approximately EUR 14 million after some payments as of 2018 year-end. The credit was used in financing of “Karaköy Novotel” project.

The “Due to Related Parties” account comprised of the borrowings from “Akfen GT” to finance the investments.

Table 13: Akfen Karaköy Statement of Income

| (000 Eur) | 2015 | 2016 | 2017 | 2018 |
|---------------------------------|----------------|-----------------|----------------|----------------|
| Domestic Sales | - | 270 | 1.123 | 2.647 |
| Other Sales | - | 287 | - | - |
| Net Sales | - | 558 | 1.123 | 2.647 |
| Cost of Sales | (784) | (948) | (584) | (705) |
| General Administration Expenses | (144) | (139) | (103) | (60) |
| Operating Profit | (928) | (530) | 437 | 1.881 |
| EBITDA | (928) | (530) | 437 | 1.881 |
| Financial Expenses (Net) | (4.564) | (5.482) | (8.371) | (8.506) |
| <i>Interest Expense</i> | <i>(7.337)</i> | <i>(640)</i> | <i>(8.371)</i> | <i>(1.901)</i> |
| <i>Exchange Loss</i> | - | <i>(4.882)</i> | - | <i>(9.332)</i> |
| <i>Exchange Gain</i> | 2.772 | 37 | 0 | 2.727 |
| Other Income | 1.473 | 3.932 | 7.900 | 18.448 |
| Other Expenses | (1.838) | (13.641) | (717) | (4.175) |
| Term Profit | (5.857) | (15.721) | (752) | 7.648 |
| Net Profit | (5.857) | (15.721) | (752) | 7.648 |

Akfen Karaköy, which started to generate rent income in 1Q-2016, has recorded net period loss as of fiscal year 2016. Akfen Karaköy’s operating profitability was also in low levels in 2017 however, due to the more positive development of the tourism sector compared to previous years the EBITDA margin increased to 70% in 2018.

The EUR 7.9 million in 2017 and EUR 18,4 million in 2018 “Other Income” account shows the appraisal surplus of the investment properties which does not generate any cash inflow or outflow.

Appraisal

Appraisal

Appraisal Result

The Equity Value of the Company, based on the balance sheet dated 31 December 2018, has been valued as EUR 27,539,000 (TRY 166,003,000)

Table 14: Equity Value of Akfen Karaköy (EUR)

| (000 Eur) | 2018 |
|--|---------------|
| Cash and cash equivalents | 8 |
| Trade Receivable (net) | 744 |
| Other Current Assets | 632 |
| Total Current Assets | 1.384 |
| Investment Properties (net) | 50.695 |
| Other Non-Current Assets | 2.433 |
| Total Non-Current Assets | 53.129 |
| Total Assets | 54.513 |
| Current Portion of Long Term Financial Liabilities | 1.774 |
| Trade Payables | 4.553 |
| Other Current Liabilities | 705 |
| Total Current Liabilities | 7.032 |
| Other Financial Liabilities | 12.309 |
| Other Non-Current Liabilities | 7.634 |
| Total Non-Current Liabilities | 19.942 |
| Equity Value | 27.539 |

Table 15: Equity Value of Akfen Karaköy (TL)

| (000 TL) | 2018 |
|--|----------------|
| Cash and cash equivalents | 47 |
| Trade Receivable (net) | 4.485 |
| Other Current Assets | 3.810 |
| Total Current Assets | 8.342 |
| Investment Properties (net) | 305.592 |
| Other Non-Current Assets | 14.668 |
| Total Non-Current Assets | 320.620 |
| Total Assets | 328.602 |
| Current Portion of Long Term Financial Liabilities | 10.693 |
| Trade Payables | 27.445 |
| Other Current Liabilities | 4.248 |
| Total Current Liabilities | 42.386 |
| Other Financial Liabilities | 74.197 |
| Other Non-Current Liabilities | 46.016 |
| Total Non-Current Liabilities | 120.213 |
| Equity Value | 166.033 |

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