

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

Real Estate Office Building

Appraisal Samara / Russia

Report 29.12.2017 / 2017REV727



Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

Büyükdere Str. No:201 C Block Floor:8 Levent /İstanbul

Dear Hüseyin YILMAZ,

In line with your request; valuation study that is numbered **2017REV727** was prepared for market value of "Office Building" located in Yaroslavl The immovable property is composed of gross closed area of 5.993,20 sqm on land with a surface area of 1.048 sqm. The market value of the immovable has been appreciated as follows. The appreciated value, has been evaluated with negative factors, assumptions and limitations of valuation.

TOTAL MARKET VALUE OF THE REAL ESTATE (VAT EXCLUDED)							
Report Date	29.12.2017						
Rate Information	Buying: 1 EUR = 4.5478 TL	Selling: 1 EUR = 4.5560 TL					
Market Value	27.635.000-TL	Twentysevenmillionsixhundredthirtyfivethousand-TL					
Market value	6.075.000-EUR	Sixmillionseventyfivethousand-EUR					
Annual Rent Value	2.300.000-TL	Twomilliontreehundredthousand-TL					
Allitual Kellt Value	500.000-EUR	Fivehundredthousand-EUR					

Calculations, informations and explanations which have been made in order to aim market value determination, are in the report content. Analysis and calculations that made for assessment of market value, have been prepared compatibly by RICS within the scope of the Valuation Standards defined in the "Redbook" and the International Valuation Standard (IVS).

Valuation Purpose and informations of client have been specified at the report which has been prepared referring to contract by 2977-13 numbered and 13.10.2017 dated. It is not possible to use with any exception of the purpose valuation or by another client.

We are pleased to cooperate with you in this study. If you have any question related to the report, you can contact us.

Best Regards,

TSKB Gayrimenkul Değerleme A.Ş.

Emre SEVİNÇ	Ece KADIOĞLU	Esra NEŞELİ	Ozan KOLCUOĞLU, MRICS
Appraiser	Appraiser	Appraiser/Supervisor	Appraiser in charge
	License No: 403562	License No : 403459	License No : 402293

REPORT NO: 2017REV727 REPORT DATE: 29.12.2017



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We hereby state the following matters regarding the appraisal report;

- ✓ The findings provided in the following report are true to the knowledge of the Appraisal Expert;
- ✓ 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 appraiser was realized in accordance with the ethic rules and the performance standards;
- ✓ The appraiser possesses the professional education requirements;
- ✓ There is not any conflict of interest between us and the customer,
- ✓ The appraiser has previous experience in the subject of the location and type of the property which is being valuated;
- The Appraiser has personally inspected the property;
- ✓ No one, other than those specified in this report, has provided any professional help in the preparation of this report.
- ✓ This valuation report has been prepared by RICS within the scope of the Valuation Standards defined in the "Redbook",
- ✓ The subject report has not been prepared in order to be used in transactions for collateral purposes; it has been prepared within the scope of the International Valuation Standard (IVS),
- ✓ The soil investigations and soil contamination studies in real properties remain within the professional scope of the "Environment Geophysics" discipline. Our company does not have any specialty in this field and a detailed investigation has not been made on this subject. However, during the on-site observations, any negative impacts of the real property on the environment have not been observed. Therefore, the valuation study has been carried out assuming that there is no negative environmental impact.
- ✓ There are no tacit and / or legal problems with valuation assets; That even if such a problem exists, it is assumed that these problems will be solved
- ✓ This report has not been prepared further to the related provisions of the Capital Markets Regulation.

"The ISO 9001:2008 Quality Management System for the production activities of TSKB Real Estate Appraisal Company has been certified by BSI."

Certificate No: FS 509685

REPORT NO: 2017REV727 REPORT DATE: 29.12.2017



Executive Summary

OPEN ADRESS OF PROPERTY	Samara Region, City of Samara, Novo-Sadovaya Street No:160/D , Building 2, Samara / Russia					
USE OF PROPERTY	Office Building					
TITLE DEED INFORMATION	The real property located at Samara City, Oktyabrsk District, Novo-Sadovaya St. No: 160/D address, with cadaster no. 63:01:0637006:237, of 1,048 sqm area, under Volgastraykom LTD. property, qualifying as "Plot", and the real property with cadaster no. 63:01:0637006:362, of 5,933.2 sqm area, under Volgastraykom LTD. property, qualifying as "Non-housing Site 2".					
ZONING STATUS	The immovable property is located within the "Multi Area" and it is planned as a office under the scope Municipality Appraisement Unit.					
SPECIAL ASSUMPTIONS	There is not any special assumption within the scope of the appraisal study.					
LIMITATIONS	No limitation has been brought by the client during the appraisal work.					
VALUATION PURPOSE	This valuation report has been prepared for the use of the company in it is financial statements. The report has not been prepared for use in collateralized transactions and has been prepared in accordance with International Valuation Standarts.					
THE HIGHEST AND THE BEST USE	It is considered that the most efficient and productive use of the main immovable property under appraisal would be for "Building and Living Space" purposes in line with its zoning status and current use.					
VALUE DATE	29.12.2017					
REPORT DATE	1 EUR Buying = 4,5478 TL 1 EUR Selling = 4,5560 TL					
MARKET VALUE (VAT EXCLUDED)	27.635.000 TL Twentysevenmillionsixhundredthirtyfivethousand- TL 6.075.000 Euro Sixmillionseventyfivethousand- EUR					
RENT VALUE (VAT EXCLUDED)	2.300.000 TL/ay Twomilliontreehundredthousand-TL 500.000 EUR/ay Fivehundredthousand-EUR					

This page is an integral part of the appraisal report, is complete with the detailed information in the report, and cannot be used independently.



REPORT, COMPANY AND CUSTOMER INFORMATION



Report, Company And Customer Information

1.1 Report Date and Number

This report was issued by our company on 29.12.2017 and number 2017REV727 and made by the firm, titled as Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

1.2 Report Type and Valuation Purpose

This report is the real estate valuation report prepared with the purpose of determining of the market value dated 29.12.2017 in Turkish Liras which are located Samara City, Oktyabrsk District, Novo-Sadovaya St. No: 160/D address, with cadaster no. 63:01:0637006:237, of 1,048 sqm area, under Volgastraykom LTD. property, qualifying as "Plot", and the real property with cadaster no. 63:01:0637006:362, of 5,933.2 sqm area.

The report has not been prepared according to the provisions of the Declaration of the Board of Capital Markets while it has been prepared according to International Market Standard.

The subject valuation study has been prepared for the use of the company in it is financial statements.

1.3 Persons Issuing the Report

This appraisal report has been prepared through using the information obtained from the people – organizations – institutions as a result of the inspection at the place of the property. This report has been prepared by Emre SEVİNÇ, under the control of Ece KADIOĞLU (Licence No:402293) and Esra NEŞELİ (Licence No: 403459), appraiser in charge Ozan KOLCUOĞLU (402293)

1.4 Appraisal Date

For this valuation report, the appraisers of our company have started their studies on the 17.10.2017 and have prepared the report as of the valuation date of 29.12.2017. 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 and No

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 13.10.2017 an numbered 2977-13 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 is the real estate valuation report prepared with the purpose of determining of the market value dated 29.12.2017 in Turkish Liras which are located Samara City, Oktyabrsk District, Novo-Sadovaya St. No: 160/D address, with cadaster no. 63:01:0637006:237, of 1,048 sqm area, under Volgastraykom LTD. property, qualifying as "Plot", and the real property with cadaster no. 63:01:0637006:362, of 5,933.2 sqm area.

No limitation has been brought by the client during the appraisal work.

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1.8 Company's Information

TSKB Real Estate Appraisal Corp. operates at Meclisi Mebusan Caddesi, Molla Bayırı Sokak, No:1, Fındıklı-Beyoğlu, İstanbul address, and has been established in order to perform the activities and services defined as Expertise and Valuation as per the Company Main Charter published in the Trade Registry Gazette dated 13.11.2002 and numbered 5676, with a capital of 300,000 Turkish Liras.

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.

Moreover, our company has authorization to provide services of "Valuation of rights and benefits related to real estate, real estate project or a real estate" with the decision no 34469 dated 17.12.2009 of the Banking Regulation and Supervision Agency.

As of 17.03.2011, our company has been awarded the "regulated by RICS" status by RICS (Royal Institution of Charted Surveyors), which is an international professional organization.

Our company holds the ISO 9001:2008 Quality Certificate issued by BSI (BSI Eurasia Management Systems Certification Ltd. Co.)

Company Web Adress: www.tskbgd.com.tr

1.9 Client Information

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



DEMOGRAPHIC AND ECONOMIC DATA



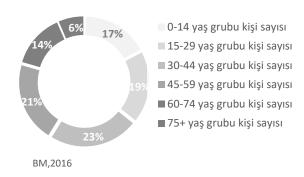
Demographic and Economic Data

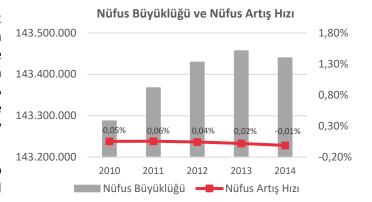
2.1 Demographic Data

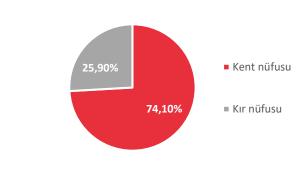
Russia

By 2016, the population of Russia is 143,439,832 people. In 2016, the population living in Russia decreased by 17,086 (-0.01%) compared to the previous year. 46,5% of the population (66,648,343 people) are men and 53,5% (76,791,489 people) are women. The median age in Russia is 38.7 years and the population density is 9 people / m².

In the following tables and graphs, according to United Nations data, population distribution and urbanization rate for Russia by age group are shown.



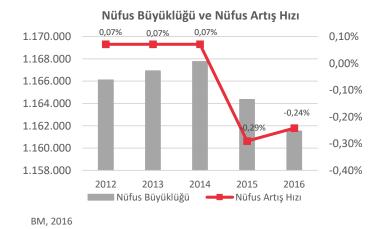


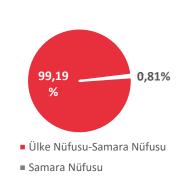


Samara

Samara, where 0.81% of the population of Russia resided in 2016, has been the 7th city with the highest population with 1,161,536 persons. The population of Samara has decreased by 2.4 in thousand in 2016.

The population size and increase rate for the city of Samara and the share of the population in the total population, as based on UN data, are provided in the following table and graph.





BM, 2016

BM. 2016

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2.2 Economics Data

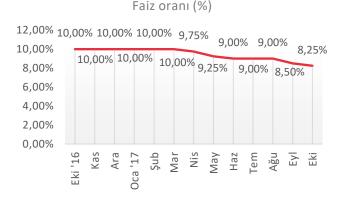
The gross domestic product of Russia has increased by 2.5% a compared to the previous term during the second quarter of 2017 and has demonstrated quite a high growth following the increase by 0.5% recorded in the previous term. The growth of the wholesale and retail, trade, mining, manufacturing and construction sectors in production has contributed in the achievement of the largest growth ratio since the third quarter of 2012. From these sectors, mining has increased to 4.6 percent from 4.1 percent that materialized in the first quarter, manufacturing increased to 1.2 percent from 1 percent and construction has increased to 2.8 percent from -4.5 percent. In addition, industrial production has made a positive contribution in the growth.

The consumer price inflation that materialized as 3 percent in Russia one month ago, has receded to 2.7 percent in October when the market expectation was 2.8 percent. This ratio has been the lowest inflation rate since 1991. Meanwhile, the consumer prices have demonstrated an increase by 0.2 percent while the market expectations were 0.3 percent, following a drop by

Çeyreklere Göre Büyüme (%)



0.1 percent in September. And the annual core inflation rate has dropped to 2.5 percent from 2.8 percent in the previous month.



On October 27th, the Central Bank has announced that it has reduced the one week repo rate by 25 base points, to the level of 8.25 percent that amounted to a decrease by 27 percent, the economy continued to grow in a consistent manner and the inflation approached the 4 percent target during the last months. The bank has also advised that a further interest rate discount is on the agenda in the coming meetings, and the Russian Central Bank Board of

Directors has left the option for further discounts open in the coming meetings.

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TITLE DEED AND ZONING INFORMATION OF THE REAL ESTATES



Title Deed And Zoning Information of The Real Estates

3.1 Title Deed Information of the Real Estates *

Land*				
District	Samara			
Subdistricr	Oktayabrskiy			
Quarter	-			
Village	-			
Street	-			
Location	-			
Cadaster No	63:01:0637006:237			
Quallification	Plot: "Settlement unit plots for the settlement of multi-purpose buildings"			
Surface Area (sqm)	1.048 sqm			
Owner / Share	Volgastroykom Limited Şirketi (Tam)***			
	Building			
District	Samara			
Subdistricr	Oktyabrsk			
Quarter	-			
Village	-			
Street	-			
Location	-			
Cadaster No	63:01:0637006:362			
Quallification	Non-Housing Site 2			
Owner / Share	Volgastroykom Limited Şirketi (Tam)***			

^{*}Pursuant to the legislation effective in the Russian Federation, the document showing the title deed information and the rights on the immovable property assets is referred to as the "Federal State Registration Certificate". The subject document contains such information as the address, cadastral number, and surface area of the immovable property as well as any restrictions established on it. The registration certificate is attached with the report.

3.2 Information of Encumbrances of the Property

The appraisal specialist's examination of the title deed records is done with the aim of determining the rights that constitute the property of the real estate and the restrictions on these rights.

According to the title deed registration document provided by the customer, there are the following penalty records on the property subject to appraisal;

According to the real estate record example taken on 27.10.2017 from the Russian State Samara City, Cadastral Office;

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^{**} According to the Russian legislations, individual title deed registers may be established for plots and buildings on the subject plots, and there are individual "Plot" and "Building" title deed registers for the real property subject to appraisal.

^{***}Owned property "Volgastroykom Ltd", "Akfen GYO A.Ş. 100% affiliated "partnership" Akfen Gayrimenkul Ticareti ve İnşaat AS "belongs to" Russian Hotel Investment BV "in the Netherlands.



On 63:01:0637006:237 Cadastre Numbered Land;

Mortgage;

Record date: 05.10.2015, Record No: 63-63/001-63/001/006/2015-2717/1, Performance period (date) of the main obligation (debt): 28.07.2025, date of mortgage contract execution 08.09.2015

Creditor (Individual who is entitled to the obligations (liabilities) on the rights):

"Credit Europe Bank Anonim Şirketi" İNN 7705148464

Record date: 15.04.2014, Record No: 63-63/01/661/2014-282, Performance period (date) of the main obligation (debt): 16.08.2019, date of mortgage contract execution 15.08.2013

Creditor (Individual who is entitled to the obligations (liabilities) on the rights):

"Credit Europe Bank N.B."

There is no covenant on the 63:01:0637006:362 Cadastre Numbered Building.

3.3 Property Status and Legal Documents

The zoning regulations introduce arrangements regulating land utilization and the volume of land development. During the review of the zoning and building regulations, an appraiser should take into consideration all the current regulations and the probable changes that might occur in the specifications.

According to the general construction and zoning system of city of Samara in Russia, land allocation for the projected investments is realized in 3 stages. The existing lands are generally owned by the government and the lands are allocated in the appropriate places as a result of several applications and a cadastre number is given. However, since the immovable property in question is in the ownership of a person, only the appropriate projects were sent to the state appraisement unit and the works were initiated. During this process, construction license was issued and the building came under the inspection of the government. Inspectors from the state appraisement unit carry our visits periodically and audit the conformity to the approved project. The construction activities for the aforesaid building have been completed, and following the performed inspections "Taking into Operation Permit" has been received for the aforesaid building. The aforesaid building currently is in legally usable state.

Rusya Federasyonunda arazi mülkiyeti çok büyük oranda devlet kurumlarında olup projeler genellikle uzun dönemli arazi kiralama modeliyle gerçekleştirilmektedir.

• The immovable property is located within the "Multi-Functional Buildings and Living Zone Area" and it is planned as a Hotel under the scope of the project approved by Samara Municipality Appraisement Unit.

*In the current situation, the land is in the ownership of a private individual, a service contract was signed between the owner and Volgastraykom LTD. According to this contract, the land has been divided into 4 parcels and the parcel no.1 was allocated for the construction of an office building for the land owner; parcel no.2 was allocated for the construction of an office building for Samstraykom LTD.; parcel no.3 was allocated for the construction of a hotel for Samstraykom LTD. Parcel no. 4 which is at the back side was allocated as road.

Following these agreements, project design process was carried out and upon the approval of the state appraisement unit, an application was made to city's Construction Department for construction permit. With the related construction permit, the number of stories and maximum covered area was determined.

For the hotel and the 2 office blocks in question, a construction permit for 20,590 sqm of covered area was issued and the projects were approved. However, since the construction license was issued for office and hotel blocks the total area of the land (for the 3 parcels) is indicated as 5,431.70 sqm. The parcel where the

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hotel block will be situated only is 2,466 sqm. The total area of the hotel is indicated as 9,961.21 sqm in the final approved project.

✓ Licenses and Permits:

The legal documents belonging to the building where the properties subject to valuation are located are stated in the order of history.

- There is a construction permit issued for 20,590 sqm "Hotel and Office Block" by the Samara region construction department, dated 14.05.2009 and numbered RU-63301000-036.
- The "Final Inspection Report on the Construction, Restoration of the Foundation Construction Structure, Foundation Maintenance-Repair" issued by the Samara Region construction department, dated 19.08.2011, with file number 02-08-041-(09), and numbered 02-488- is available. In the aforesaid report, the works performed and the construction materials used during the construction of the "Office-Hotel Facility with Underground Parking Lot and Transformer Plant" of 19,221.6 sqm area, and the additional works performed have been determined to be in compliance with the technical regulations and project requirements.
- The "Samara State Construction Inspection Report" issued by the Samara State Construction Inspection Department, dated 22.08.2011, with file number 02-08-041-(09), and numbered 184-r is available. The aforesaid report is issued to confirm that the construction activities for the complete building, qualifying as "Office-Hotel Facility with Underground Parking Lot and Transformer Plant", have been executed in compliance with the project document and the requirements of the technical regulations.
- The "Taking into Operation Permit" issued by the Samara Municipality, dated 12.12.2011 and numbered RU 633010000-061E, for the "Office-Hotel Facility with Underground Parking Lot and Transformer Plant" of 19,221.6 sqm area, is available.

Lands are generally the property of the state or the local administration, and lands are allocated and cadaster numbers are given to the applicants as a result of applications. Generally, annual lease is paid for the allocated lands. Plot lease is in the amount of 1.5% of the land cadaster amount, and the cadaster amount is renewed every year by the government. (The plot of the real property under appraisal has not been obtained from the state, the plot that was under the ownership of a third party has been purchased by an in return for flat (in return for the construction of another office building adjacent to the office building under appraisal) construction contract made with the landowner.)

✓ Building Supervision:

According to the laws of city of Samara, Russia, building supervision is carried out by the experts of the government.

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LOCATION ANALYSIS
OF THE REAL PROPERTIES



Location Analysis of the Real Subject

4.1 Situation, Position and Environmental Features of the Real Estate

The open address of the immovable property: Samara Region, City of Samara, Novo-Sadovaya Street No:160/D, Building 2, Samara / RUSSIA

In order reach to the property in question it is required to go from Samara airport in the direction of Samara City Center. At the entrance of the city center, on the right hand side, just next to the Rönesans Hotel there is the construction site of the Hotel and Office Block.

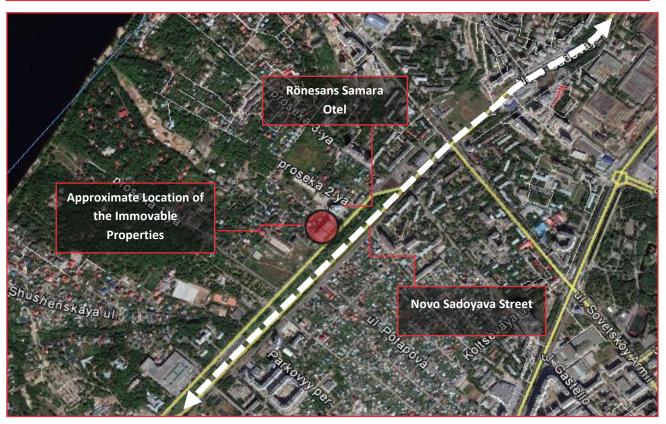
The property in question is located very close to the Samara city center. In the region where mostly residential buildings exist, in the very vicinity of the property there are Rönesans Hotel, dwelling units and vacant lands.

The property in question is located along close to Volga River and even if it is also close to the city center it is far from traffic and noise.

The land where the property in question is located is quite flat. The property in question can be accessed via public transportation and there is no problem regarding the infrastructure in the area.









Distances to the Important Centers;

Name	Distance
City Center	2,00 km.
Volga River	3,00 km.
Samara Airport	45,00 km.

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PHYSICAL INFORMATION OF REAL ESTATE



Bölüm 5

Gayrimenkulün Fiziksel Bilgileri

5.1 Değerleme Konusu Gayrimenkulün Tanımı

The property in question is the Office building, which is currently located on the land with cadastre no: 63:01:0637006:237 and with 63:01:0637006:362 cadastre no. For the hotel and the 2 office blocks in question, a construction permit for 20,590 sqm of covered area was issued and the projects were approved. However, since the construction license was issued for office and hotel blocks the total area of the land (for the 4 parcels) is indicated as 5,431.70 sqm. The parcel where the office block will be situated only is 1,048 sqm. The office building located on the parcel has a surface area of 5,933.2 sqm area, in the legal status, according to the legal area concept in Russia, and in the current status. The aforesaid area is an area obtained by deducting the volumes taken up by the internal and external walls in the aforesaid building and certain technical volumes located within the building.

The construction activities of the real property under appraisal have been completed approximately 4 years ago. The 1st, 2nd and 3rd stories are being used by the Russian State Bank VTB, and the 4th, 5th, 6th, 7th and 8th stories are being used by RN-Uchot company, which is the accounting company of Rosneft. The lease contract for the office stories that have been leased is submitted as annexed to the report.

The office building in question consists of 10 stories, 1 basement floor + 9 normal floors (In the buildings constructed in Russia there is no such term as "Ground Floor" and the building in question is indicated as consisting of 1 basement floor + 9 normal floors in the approved architectural project.)

According to the approved architectural projects, the basement floor of the office building incorporates spaces such as technical rooms, car parking area, etc. In the normal floors of the office building there are leasable areas. For the office block the total closed area is designed as 6,510.60 sqm and the total leasable area is designed as 4.807 sqm.

The floor area distribution of the office under construction according to the approved architectural project is as follows:

CURRENT AND LEGAL STATUS;

FLOOR AREA DISTRIBUTION							
Floor	Office Area	Car	Park	Tag	Office Area	TOTAL AREA (sqm)	
Bodrum kat	958,20			83,05		1.041,25	
1. Kat					652,06	652,06	
2. Kat					562,44	562,44	
3. Kat					673,59	673,59	
4. Kat					673,59	673,59	
5. Kat					673,59	673,59	
6. Kat					673,59	673,59	
7. Kat					673,59	673,59	
8. Kat					634,81	634,81	
9. Kat					252,09	252,09	
Total Area (sqm)	9	58,20		83,05	5.469,35	6.510,60*	

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^{*} The said area distribution is for the gross area of the building, calculated as based on the out-to-out area of the building.

5.2 Structural Construciton Features of The Subject Property

Construction Style	Concrete Carcas
Order of Construction	Detached order
Floor	10 (Basement Floor + 9 Normal Floor)
Total Building sqm	6.510,60 sqm
Age	4
Exterior	Panelling
Elektric / Water / Sewage	Network
Heating System	Natural gas-fired ventilation system
Ventilation System	Available
Elevator	Available
Generator	Available
Fire Escape	Available
Car Park	Car park
Other	Fire detection and security system

5.3 Interior Area Construction Details of the Subject Property

At the discretion of the judgment, the following indications of the construction and technical specifications of the properties of the immovable currently used are not taken into consideration.

Purpose of	Office (According to legal and current situation)
Area	6.510,60 sqm (Construction Area)
Ground	Partially laminated parquet, ceramic-granite in common areas, tiles in wet areas
Wall	Painted and decorative paper coating
Ceiling	Suspended ceiling
Lighting	Spot lighting, decorative ligthing

5.4 Date taken as basis in Physical Valuation

- As of the date of the appraisal, the 1st, 2nd and 3rd stories of the real property are being used by the Russian State Bank VTB, and the 4th, 5th, 6th, 7th and 8th stories by RN-Uchot company, which is the accounting company of Rosneft.
- Office building has been vacant state for 7 year.
- In the office block in question 4.807 sqm of leasable are is being constructed.
- The total construction area of the office block in question is 6,510.60 sqm.
- The Office project under construction consists of 10 stories: 1 basement floor + 9 normal floors.
- The immovable property is located in a very central location close to important main arterial roads, commercial axis and touristic regions.
- Transportation to the property is quite easy and there are different alternatives to reach the property.
- The property is being constructed in conformity with its approved architectural plan.

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SWOT ANALYSIS



SWOT Analysis

+ STRENGTHS

- The property in question is situated at a central location.
- It is close to main arterial roads, city center, airport and railway.
- Transportation to the property is easy and there are different alternatives for transportation.
- Construction quality and standards are high.
- The adjacent IBIS Hotel Project and the Rönesans Hotel in the vicinity have the potential of increasing office occupancies and recognition.
- The property in question is situated closed to Volga River

- WEAKNESSES

- The real property under appraisal is not within a walking distance to the city center.
- The office demand is limited in the region where the real property under appraisal is located.

✓ OPPORTUNITIES

- There aren't many similar office building with similar properties and quality in the vicinity.
- It is announced that FIFA 2018 World Cup will be held in Russia. And in this context, there will be some organizations in the city of Samara and it is planned to make many investments for these organizations.
- Due to the fact that there is insufficient number of conference and meeting halls available for business tourism, it is expected that office spaces will be demanded.

***** THREATS

The international sanctions on Russia for the crisis caused by the crisis between Russia and Ukraine have affected
the economy negatively with the structural adversities. Sanctions including trade and investment restrictions by
the EU are extended every 6 months and the sanctions will be finalized on 31 January 2018



ANALYSIS OF THE METHODS USED IN THE APPRAISAL



Analysis Of The Methods Used In The Appraisal

7.1 Valuation Methods

There are three different valuation methods within the scope of International Valuation Standards. These methods are respectively the methods of "Equivalent Comparison Approach", "Cost Formation Approach" and "Income Reduction Approach". The definitions of all three approaches in International Valuation Standards are given below.

Equivalent Comparison Approach

The equivalent comparison method ensures that the indicative value is comparatively determined with the same or the similar assets of the assets subject to appraisal, which have price information.

The first step to be taken is to consider the price of the transactions that have occurred recently in the market regarding the same or similar assets. If a limited number of transactions have occurred, then it would be appropriate to consider the prices traded or offered for the similar or the same assets provided that the validity of such information is determined and analyzed critically. In order to reflect the differences between the actual transaction conditions and all assumptions made in the appraisal, it may be necessary to make corrections on the price information obtained from other transactions. Furthermore, there may be also differences between the asset that is valued and the assets of other transactions in terms of legal, economic and physical aspects.

Cost Analysis Approach

The cost approach ensures that the indicative value is determined by the implementation of an economic principle that a buyer will not pay more than the cost of an acquisition of another asset having the equal benefit to him for an asset whether obtained by purchasing or construction.

This approach is based on the principle that the price to be paid by a buyer in the market for the asset being valued will not be more than the cost of an equal asset whether by purchasing or construction unless the factors such as time, unsuitability, risk that cause unnecessary burden are concerned. Because of being worn and outdated, the attractiveness of the assets that are being valued is generally lower than the alternatives to be purchased or built. Where this is the case, it may be necessary to make adjustments to the cost of alternative asset depending on the value basis that has to be used.

Income Capitalization Approach

Different methods are used to determine the value under the main heading of Income approach; the common characteristic of all of them that the value is based on actual income de facto obtained by the right owner or estimated incomes to be obtained.

The income for an investment property may be in the way of lease, it may also be a hypothetical lease (or saved rent) based on the cost that the property owner bears for renting an equivalent space in the building used by its owner. The defined cash flows are then used for valuation by the capitalization process. The income streams which are expected to remain fixed can be capitalized using a single multiplier that is often referred as the rate of capitalization. This figure represents the return or "yield" for the investor that is expected to reflect the time cost and ownership risks and revenues, and theoretical return for the property owner using the property himself.

7.2 Value Definitions

The market value has been appraised as the final report value in this valuation work, the value definitions according to the International valuation Standards are as follows.

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Market Value

In case of a real property is transferred between a buyer and a seller, on a certain date, it is the most probable, cash transfer value of the property determined by the conditions of providing the market conditions required by the sales, the willingness of the parties and both parties being informed of all cases related to the real property.

The validity of the following points is assumed in this valuation study.

- The buyer and the seller are acting in a reasonable and sensible matter.
- The parties are fully informed in respect of the real property and acting in a manner to ensure maximum benefit to them.
- A reasonable period of time has been granted for the sale of the real property.
- The payment is made in advance by cash or similar instruments.
- Financing which may be required in the course of purchasing and selling of the real property is carried out through the interest rates of the market.

7.3 Analysis of the Methods used in Valuation and the Reasons for the Selection of these Methods

In this valuation study, the income approach is considered feasible considering that the real estate is an existing active hotel.

✓ The Professional Assessment of the Appraiser:

When the real property subject to appraisal is appraised, the legal status and technical features of the real property, the information about the similar real properties, location, transportation, environmental features, its infrastructure, SWOT analysis performed and economic condition of the country have been taken into account.

Income Approach

The value appraisal for the real property has been made as follows, based on all investigations made in the region and our experiences. Value has been appraised for the subject real property using the discounted cash flow method, which is a revenue approach method, since there is a lease contract on the real property.

Cash Flows Approach Analysis

When valuing a vacant plot with a defined project or a project that is in the construction stage, the cash flow table is generated by the revenue discounting method with the available approved architectural project and the data provided in the construction license. Meanwhile, in the valuation of vacant plots, the appraiser making the valuation generates the cash flow table by determining the salable / leasable area based on his own insight and according to the current zoning plan conditions.

Assumptions used in Valuation

- In the appraisal, information about the area indicated in the architectural project is used.
- In the project evaluation approach, it is assumed that an office block will be leased.
- The leasable area is considered as 4.807 sqm as indicated in the approved architectural project.
- It is assumed that the average occupancy rate of the office capacity will be 96% in 2017, in the other years it will be 98%, and will remain constant from then on.
- It is assumed that the unit rent of the offices per sqm will be 11 EURO/sqm/month in 2018 and in the following years it will increase by 4% each year.
- It has been foreseen that the renewal cost in the office block will be approximately 1% of the fixed asset investment.

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- It has been foreseen that the insurance amount for the office block will be 5,764 EURO in 2018, and will continue by increasing at the inflation rate by 2.5% over the years.
- It has been foreseen that the land tax will be 2,452 EURO in 2018, and will continue by increasing at the inflation rate by 2.5% over the years.
- It has been assumed that the office block operating expenses will be 22% of the total lease revenues, as based on the materialized data.
- It has been foreseen that the common area contribution share to be collected from the leased areas (lessees) will be 53% of the total operating expenses, as based on the materialized data.

Office	
Total Rentable Area	4.807
Unit Rent Value (Euro/sqm/mounth)	11,50
Growth Rate (%)	2,50%
Renewal Cost Rate (%)	1,00%
Capitalization Rate (%)	8,00%
Inflation Rate (%)	2,50%
Management Expence Rate (%)	22,00%
Price Ratio to be Paid by Management(%)	53,00%

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Office											
Years	29/12/2017	29/12/2018	29/12/2019	29/12/2020	29/12/2021	29/12/2022	29/12/2023	29/12/2024	29/12/2025	29/12/2026	29/12/2027
Office Function											
Rentable Area		4.807	4.807	4.807	4.807	4.807	4.807	4.807	4.807	4.807	4.807
Occupancy Rate	0%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%
Rentable Area		4.759	4.759	4.759	4.759	4.759	4.759	4.759	4.759	4.759	4.759
Unit Rent Value	-	11,50	11,79	12,08	12,38	12,69	13,01	13,34	13,67	14,01	14,36
Total Rent Value		656.732	673.151	689.979	707.229	724.910	743.032	761.608	780.648	800.165	820.169
Tatal Building Income (EURO)	-	656.732	673.151	689.979	707.229	724.910	743.032	761.608	780.648	800.165	820.169
Renawal Cost (EURO)	-	6.567	6.732	6.900	7.072	7.249	7.430	7.616	7.806	8.002	8.202
Real Estate Task (EURO)	-		10.661	51.672	49.605	47.621	45.716	43.888	42.132	40.447	38.829
Rent Value For Land (EURO)		2.452	2.513	2.576	2.640	2.706	2.774	2.843	2.914	2.987	3.062
Building Instrance (EURO)	-	5.764	5.764	5.764	5.764	5.764	5.764	5.764	5.764	5.764	5.764
Management Expence Rate (%)		144.481	148.093	151.795	155.590	159.480	163.467	167.554	171.743	176.036	180.437
Price Ratio to be Paid by Management(%)		76.575	78.489	80.452	82.463	84.524	86.638	88.804	91.024	93.299	95.632
Total Expences (EURO)	-	91.358	104.159	147.363	147.545	147.865	148.322	148.914	149.640	150.499	151.488
Office Profit		565.374	568.992	542.616	559.684	577.045	594.710	612.694	631.008	649.666	668.681
											8.600.819
Net Cash Flow	0	565.374	568.992	542.616	559.684	577.045	594.710	612.694	631.008	649.666	9.269.500

Appraisal Table								
Risk Free Rate of Return	2,60%	2,60%	2,60%					
Risk Premiums	8,90%	9,40%	9,90%					
Discount Rate	11,50%	12,00%	12,50%					
Total Presen Value (EURO)	6.274.988	6.077.096	5.887.604					
Total Present Value (TL)	29.289.760	28.366.060	27.481.571					
Approximate Total Present Value (EURO)	6.275.000	6.075.000	5.890.000					
Approximate Total Present Value (TL)	29.290.000	28.365.000	27.480.000					

Years	29/12/2017	29/12/2018
Average Cash Flow For Rent	0	565.374

Ren	t Appraisal Table		
Risk Free Rate of Return	2,60%	2,60%	2,60%
Risk Premiums	8,90%	9,40%	9,90%
Discount Rate	11,50%	12,00%	12,50%
TOTAL PRESENT VALUE (EURO)	507.062	504.799	502.555

APPROXİMATE TOTAL PRESENT VALUE (EURO)	500.000
APPROXIMATE TOTAL PRESENT VALUE (TL)	2.360.000

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7.4 Highest and Best Use Analysis

Making a property physically fit, allowed by law, financially feasible and making the most profitable property is the most efficient and best use.

In accordance with the market researches and assessments made, the most efficient and best use of the real property subject to appraisal is its use for the purpose of "Building and Living Space" in line with its architectural project and its current use.



EVALUATION OF ANALYSIS RESULTS AND CONCLUSION



Evaluation Of Analysis Results And Conclusion

In this valuation study, valuation has been done using income approach method.

Method	TL	EUR
Income Approach	27.635.000	6.075.000

Meanwhile, in the revenue approach, the subject real property has been appraised as a revenue generation property, considering that annual lease revenue may be generated. Accordingly, the market value calculated with the revenue discounting approach has been appraised as the report conclusion value.

TOTAL MARKET VALUE OF THE REAL ESTATE (VAT EXCLUDED)			
Report Date	29.12.2017		
Rate Information	Buying: 1 EUR = 4.5478 TL	Selling: 1 EUR = 4.5560 TL	
Market Value	27.635.000-TL	Twentysevenmillionsixhundredthirtyfivethousand-TL	
ivial ket value	6.075.000-EUR	Sixmillionseventyfivethousand-EUR	
Annual Rent Value	2.300.000-TL	Two million tree hundred thousand-TL	
	500.000-EUR	Fivehundred thousand-EUR	

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Appraiser	Appraiser	Appraiser/ Supervisor	Appraiser in charge
	License No: 403562	License No : 403459	License No : 402293

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ANNEX



Annex

1	Sector Report
2	State Registry Documents
3	Zoning Status Document
4	Building Permit Document
5	Hotel Management Contract
6	Photos
7	CV's