

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

Real Estate Appraisal Report

HOTEL

Konak / İzmir

2017REVC308 /Report Date: 05.01.2018

Revision Report Date:28.03.2018

Akfen Gayrimenkul Yatırım Ortaklığı A.S.

Buyukdere Avenü., No: 201, C Block, Floor: 8, Levent – Besiktas/Istanbul.

Dear Hüseyin YILMAZ,

In line with your request, the valuation work no. 2017REVC308 for the market value of the “Hotel” located in Alsancak has been prepared. The real property subject to valuation consists of the gross indoor space of 5.947,55 sqm on the land that has the surface area of 629,00 sqm. The market value of the real property has been appraised as below. The value appraised has been assessed together with the factors adversely affecting the valuation, assumptions, and restrictions.

MARKET VALUE OF THE REAL ESTATE AGAINST OF THE RENTAL CONTRACT DATED 29.12.2017

Report Date	05.01.2018	
Revision Report Date	28.03.2018	
Value Date	29.12.2017	
Market Value (VAT Excluded)	45.905.000.-TL	Forty Five Million Nine Hundred and Five Thousand Turkish Lira
Market Value (VAT Included)	54.167.900.-TL	Fifty Four Million One Hundred Sixty Seven Thousand Nine Hundred.- Turkish Lira
Annual Rent Value (VAT Excluded)	2.330.000.-TL	Two Million Three Hundred and Thirty Thousand.-Turkish Lira
Annual Rent Value (VAT Included)	2.749.400.-TL	Two Million Seven Hundred and Forty Nine Thousand Four Hundred.-Turkish Lira

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 2977-9 numbered and 27.09.2017 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.S.

**Assistant Appraiser
Serkan POLAT**

**Ecem BAŞTÜRK GÜR
Appraiser
Licence no: 406412**

**Selda AKSOY
Appraiser
Licence no: 402826**

**Bilge BELLER ÖZÇAM
Appraiser in Charge
Licence no: 400512**

Index

Executive Summary	5
Report, Company And Customer Information	7
Demographic and Economic Data	10
Title Deed And Zoning Information Of The Real Estates	13
Location Analysis Of Real Estate	18
Physical Information of the Real Estate	21
SWOT Analysis.....	26
Analysis of the Approaches Used in the Appraisal.....	28
Evaluation In Terms of Real Estate Investment Trust Portfolio	38
Evaluation Of Analysis Results And Conclusion	40
Annex.....	42

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.
- ✓ 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

Executive Summary

OPEN ADDRESS OF PROPERTY	Alsancak Neighborhood, Atatürk Street, No. 404 – 410, 35220 Konak / İzmir
USE OF PROPERTY	Hotel
TITLE DEED INFORMATION	İzmir province, Konak district, Alsancak Neighborhood, 7656 section, 2 parcel no.
ZONING STATUS	<p>The section 7656, parcel no.2 subject to valuation remains in the legend of “Residential Area with Trade option (TC-scanned) within the scope of 1/1.000 scale Alsancak Zoning Plan with the approval date of 24.01.1985, the settlement conditions are as below.</p> <ul style="list-style-type: none"> • Construction Order: Attached Order • H_{max}: 8-storey (24,80 m)
SPECIAL ASSUMPTIONS	Within the framework of the valuation study, the annual lease value was also determined in line with the customer demand.
LIMITATIONS	Within the framework of the valuation study, there are no restrictions on the direction of customer demand.
VALUATION PURPOSE	<p>This valuation report, the Parties, the immovable was prepared as an immovable property to be offered to the public under the Real Estate Investment Trust.</p> <p>The report has not been prepared for use in collateralized transactions and has been prepared in accordance with International Valuation Standarts.</p>
THE HIGHEST AND THE BEST USE	It is considered that the most efficient and productive use of the immovable property under appraisal would be for “Hotel” purposes in line with its zoning status and current use.
EVALUATION DATE	29.12.2017
REPORT DATE	05.01.2018
REVISION REPORT DATE	28.03.2018
MARKET VALUE (VAT Excluded)	45.905.000.-TL Forty Five Million Nine Hundred and Five Thousand Turkish Lira
MARKET VALUE (VAT Included)	54.167.900.-TL Fifty Four Million One Hundred Sixty Seven Thousand Nine Hundred.- Turkish Lira

This page is an integral part of this appraisal report and can not be used independently with the detailed information in the report.

SECTION 1

REPORT, COMPANY AND CUSTOMER INFORMATION

Section 1

Report, Company And Customer Information

1.1 Report Date and Number

This report was issued by our company on 05.01.2018 and number 2017REVC308 and made by the firm, titled as Akfen GYO A.S. and revised on dated 28.03.2018

1.2 Report Type and Valuation Purpose

This report is the real property valuation report prepared in order to determine the market value of section 7656, parcel no. 2 in Izmir province, Konak district, Alsancak neighborhood, dated 29.12.2017, in Turkish Lira.

The report has not been prepared for use in collateralized transactions and has been prepared in accordance with International Valuation Standarts.

This valuation report, the Parties, the immovable was prepared as an immovable property to be offered to the public under the Real Estate Investment Trust.

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 Ecem BAŞTÜRK GÜR (Licence No: 406412) under the control of the appraiser in charge Bilge BELLER ÖZÇAM (Licence No: 400512) and appraiser Selda AKSOY (Licence No: 402826). Serkan POLAT has helped in the preparation of the valuation report. The Information of Assistant is provided for information purposes.

1.4 Appraisal Date

For this valuation report, the appraisers of our company have started their studies on the 25.12.2017 and have prepared the report as of the valuation date of 05.01.2018. 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 GYO A.S. and our Company on 27.09.2017 an numbered 2977-9 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 valuation report, within the scope of the reference contract dated 27.09.2017 and numbered 2977-9, has been prepared in order to determine the market value of the real properties of section 7656, parcel no. 2 in Izmir province, Konak district, Alsancak neighborhood, dated 29.12.2017, in Turkish Lira.

Within the framework of the valuation study, the annual lease value was also determined in line with the customer demand.

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	Report Date	Report No	Persons Issuing the Report	Total Value of The Property (TL)
Report 1	30.09.2011	2011REVC68	Bilge BELLER ÖZÇAM Fatit TOSUN	27.450.000
Report 2	31.12.2012	2012REVC177	Bilge BELLER ÖZÇAM Simge SEVİN AKSAN	46.720.000
Report 3	03.02.2014	2013REVC168	Bilge BELLER ÖZÇAM Simge SEVİN AKSAN	46.833.000

1.9 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 Chartered 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.)

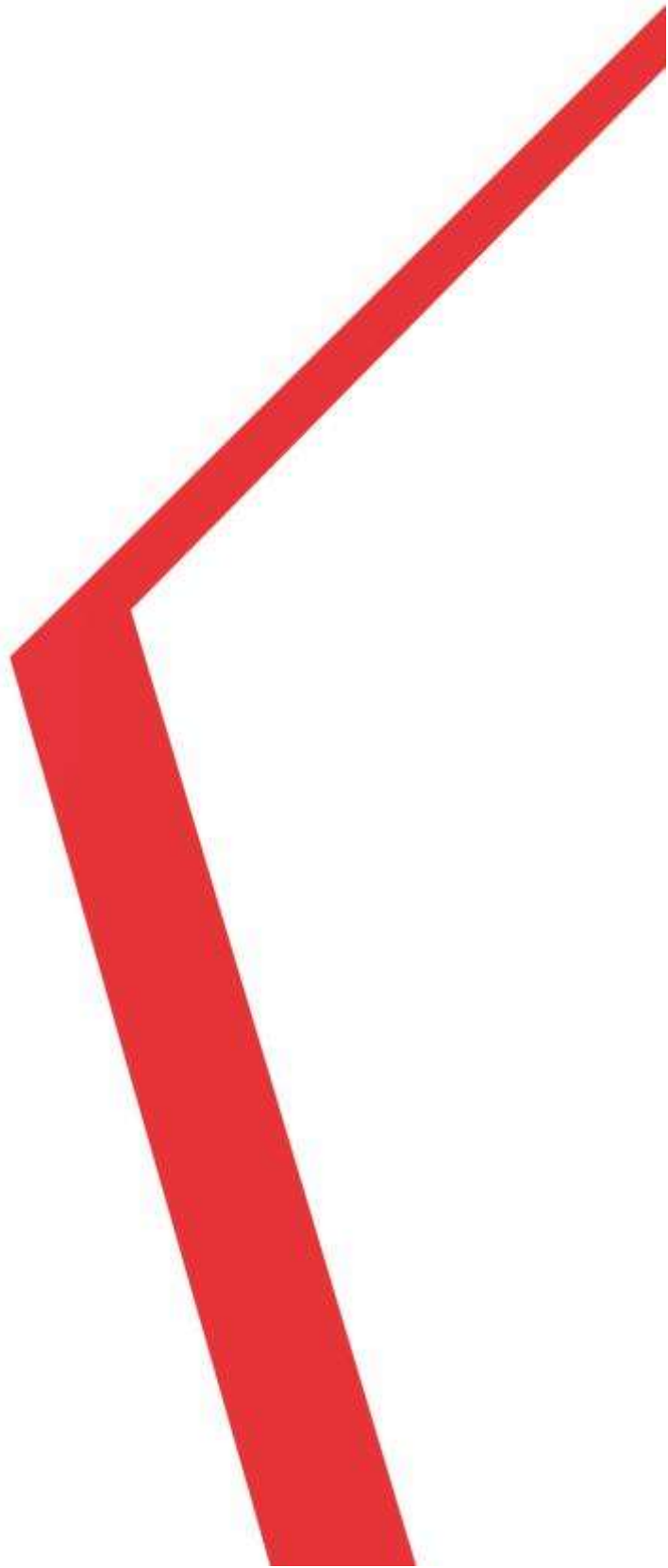
Company Web Adress: www.tskbgd.com.tr

1.10 Client Information

This appraisal report has been prepared for Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. operating at the address of Büyükdere Street, No:201 C Bloc Floor: 8 Levent/ İstanbul

SECTION 2

DEMOGRAPHIC AND ECONOMIC DATAS



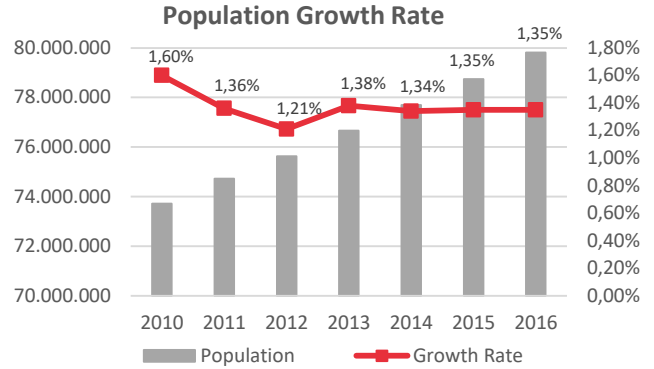
Section 2

Demographic and Economic Data

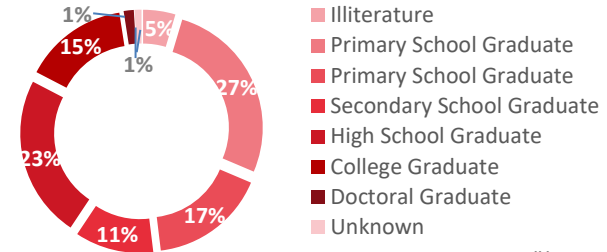
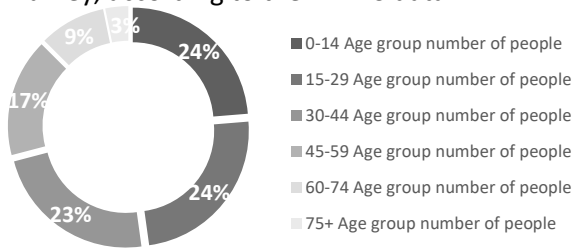
2.1 Demographic Data

Turkey

According to the Address Based Population Registration System (ABPRS) data, the population of Turkey is 79,814,871 as of December 31, 2016. In 2016, the population domiciled in Turkey has increased by 1,073,818 people (1.35 %) as compared to the previous year. 50.2% (40,043,650 people) of the population consists of males and 49.8% (39,771,221 people) females. The household population size data has not been announced for 2016, while it has been observed to be 3.64% on the average over the last five years.



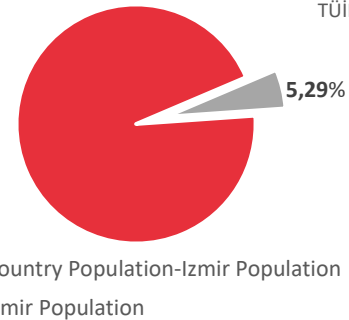
The following tables and graphs show the population distribution and education status on age groups basis for Turkey, according to the ABPRS data.



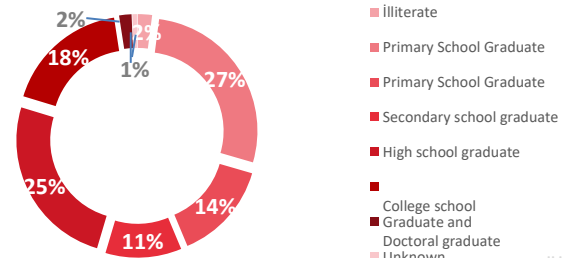
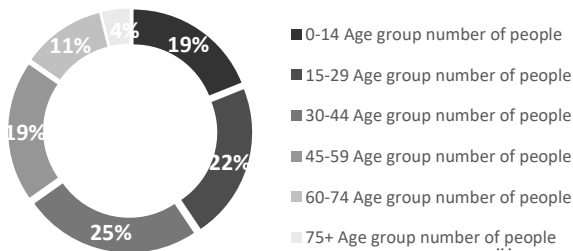
İzmir

In 2016, İzmir, where 5.29% of the population in Turkey resides, has ranked as the 3rd province with the largest population, with 4,223,545 people.

İzmir population has exhibited an increase of 13.5 in thousand in 2016, which is at a level that is close to the population increase average for the last five years. Meanwhile, the household population size has been observed to be 3.10 on the average during the last five years.



The following tables and graphs show the population distribution and education status on age groups basis for İzmir province, according to the ABPRS data.

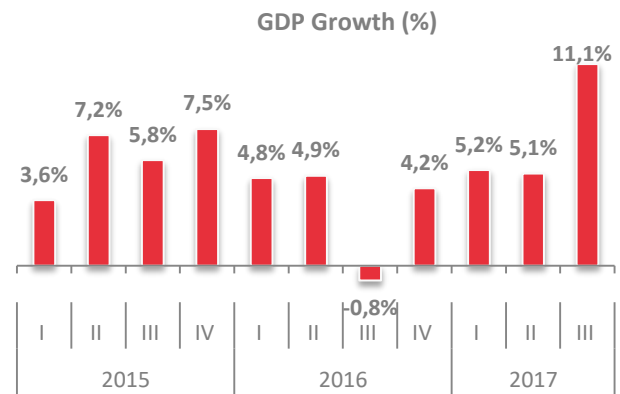


* The 2016 data regarding education status has not been announced yet.

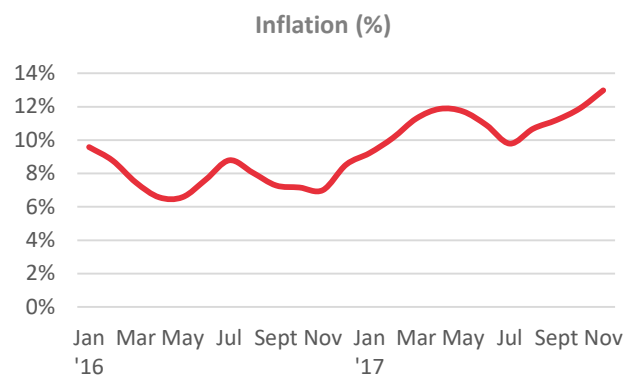
2.2 Economic Data¹

Turkish economy posted an 11.1% YoY growth in the third quarter of 2017. From the expenditure side, 11.7% growth in household consumption was the driving force behind the strong topline growth. In this period, gross fixed capital formation, supported by the 12% growth in construction and 15.3% growth in machinery, recorded 12.4% growth. From the production side, a general boost was observed throughout all of the sectors except finance. In the third quarter of 2017, seasonally adjusted figure pointed to 1.2% growth compared to the previous quarter. As of September 2017-end Turkish economy sized TL2.9 trillion (US\$844bn).

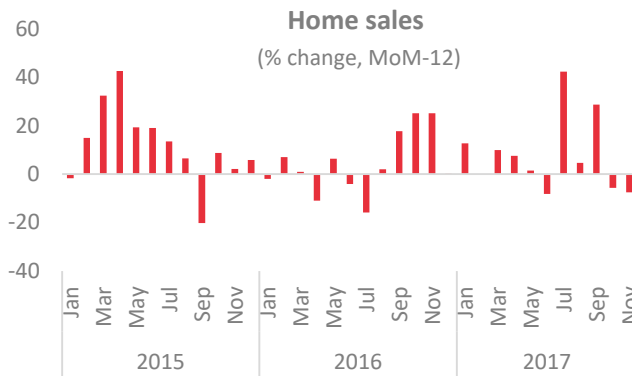
In December, annual inflation declined from 12.98 to 11.92, after CPI increased 0.69% on a monthly basis removing 1.64% rise in the same month of last year out of the series. The respective 1.52% and 1.18% rises in food and furniture prices and 1.69% rise in transportation led by the the recovery in crude prices and TL's depreciation were the drivers of inflation remaining elevated levels. Core inflation that is calculated excluding energy and food at 12.3% exceeding the headline figure implied that upside risks in inflation were still high.



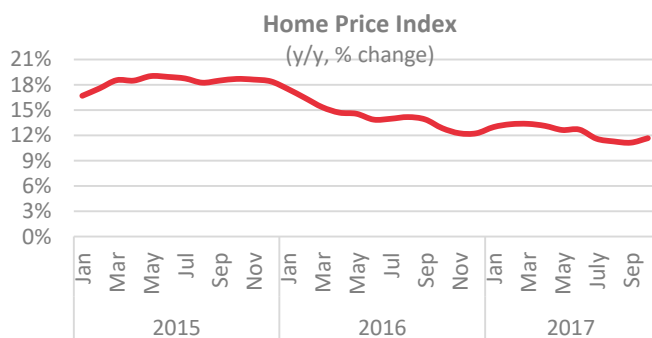
Source: Turkstat



Source: Turkstat



Home sales declined 7.5% in November on the same month of last year. After the impressive rise in September due to the demand pulled earlier as the tax deduction in the purchasing of houses would expire at the end of the month, home sales declined in the second month in a row. Eleven-month home sales increased by 6.5% reaching 1,276,342. In October, annual rise of the housing price index was up from 11.2% to 11.7%.



Source: CBRT

Source: Turkstat

The annual increase in housing price index, showing the rise again after three-month decline in October was realized as 11.67%. Nominal figures spite of the moderate recovery in the real housing price increases in Turkey - was realized as 0.2% since 2010, when housing prices began to decline in real terms it has made the data are published for the first time. On the other hand, the housing loan volume increased by 1.22% compared to the previous month and reached to TL 188,58 billion as of November.

¹ TSKB A.Ş.

SECTION 3

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

Section 3

Title Deed And Zoning Information Of The Real Estates

3.1 Title Deed Information of the Real Estates

Province	İzmir
District	Konak
Quarter	Alsancak
Village	-
Street	-
Location	-
Section No.	7656
Parcel No.	2
Qualification of the Main	10 Floor Reinforced Concrete Hotel Building Including Basement Floors
Surface Area of the Main	629,00 sqm
Owner - Share	Vakıflar Genel Müdürlüğü / Full

3.2 Title Deed Examination of the Real Estates

The examination of the appraisal expert on the title deed records of the concerned immovable was performed for the purpose of the determination of the rights in rem that constitute the ownership of the concerned property and the limitations imposed on the said rights.

According to the examinations conducted at the Title Deed Registry Directorate of the Konak District and based on dated 01.11.2017 the document of encumbrances;

In the Annotations Section;

- There is the lease agreement for 19.488.000 TL. (Lease annotation to the benefit of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş for 49 years starting from 16.09.2010) (dated 15.02.2011 and with the journal no. 3272)

Opinion on the Real Property Subject to Valuation and Legal Status of Related Right:

A lease agreement was made for the real property subject to valuation, to the benefit of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş, for 49 years, the said lease agreement was registered in the land registry records as a lease annotation. The said process has no effect on the legal status of the real property.

Opinion on the Transferability of the Real Property Subject to Valuation:

There is no restriction on the transferability in the encumbrance records of the real property subject to valuation.

Opinion on the Impact of the Encumbrance Information on the Value:

The encumbrance records of the real property subject to valuation haven't any impact on the value of the real property.

TAŞINMAZA AİT TAPU KAYDI (Aktif Malikler için Detaylı - ŞBİ var)						
Zemin Tipi	1 Ana Taşınmaz	Ada/Parsel	1 7656/2			
Zemin No	1 1B174072	Yüzölçüm	1 629.00 m2			
İl / İlçe	1 İZMİR/KONAK	Ana Tap. Niteliği	1 BODRUM KATLARI DAHİL 10 KATLI BETONARME OTEL BİNASI			
Kurum Adı	1 Konak TM					
Mahalle / Kby. Adı	1 ALSANCAK Mah.					
Mevki	1					
Cilt / Sayfa No	1 485 / 4453					
Kayıt Durum	1 Akif					
MİRAKİT BİLGİLERİ						
Sistem No	Malik	Ebrihij No	Hisse Payı/Payda	Metrekare	Edinme Sebebi - Tarih - Yev.	Terkin Sebebi - Tarih - Yev.
42233315	VAKIFLAR GENEL MÜDÜRLÜĞÜ		TAM	629,00	Hükümet Tescil - 21.01/2009 - 316-	
S/Bİ	Açıklama	Malik / Lehdar	Tarih - Yevmiye	Terkin Sebebi - Tarih - Yev.		
Sch	19 488 000 TL bedel karşılığında kira sözleşmesi vardır. (16.09.2010 TARİHİNDE BAŞLAMAK ÜZERE 49 YIL SÜRE İLE AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. İLE KİRA SÖZLEŞİMLERİ) (Başlama Tarihi 16/09/2010 Süre 49 Yıl)	AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ	15/02/2011 - 3272			

* Tesis edilen şerhler ve beyanlar salt elektronik ortamda bulunmaktadır.



3.3 Information about Purchase and Sale and Cancellations Occurred in the Last Three Years Regarding Subject Real Property If Any

According to the inspection made in Izmir province, Konak Directorate of Land Registry, there wasn't any purchase and sale transaction or cancellation for the subject real property in the last three years.

3.4 Zoning Status and Legal Documents of the Real Property

The building bylaws regulate the land use and intensity of the development. All probable changes of updated bylaws and specifications are taken into consideration when reviewing the zoning bylaws. Development plans define general usages such as housing, trade, and industry and specify the building intensity based on these usages.

According to the information obtained as a result of the examinations made in Konak Municipality Directorate of Housing and Urban Development on 25.12.2017, and approved zoning status certificate dated 09.11.2017, that is enclosed, the zoning status information of the real property subject to valuation is presented below.

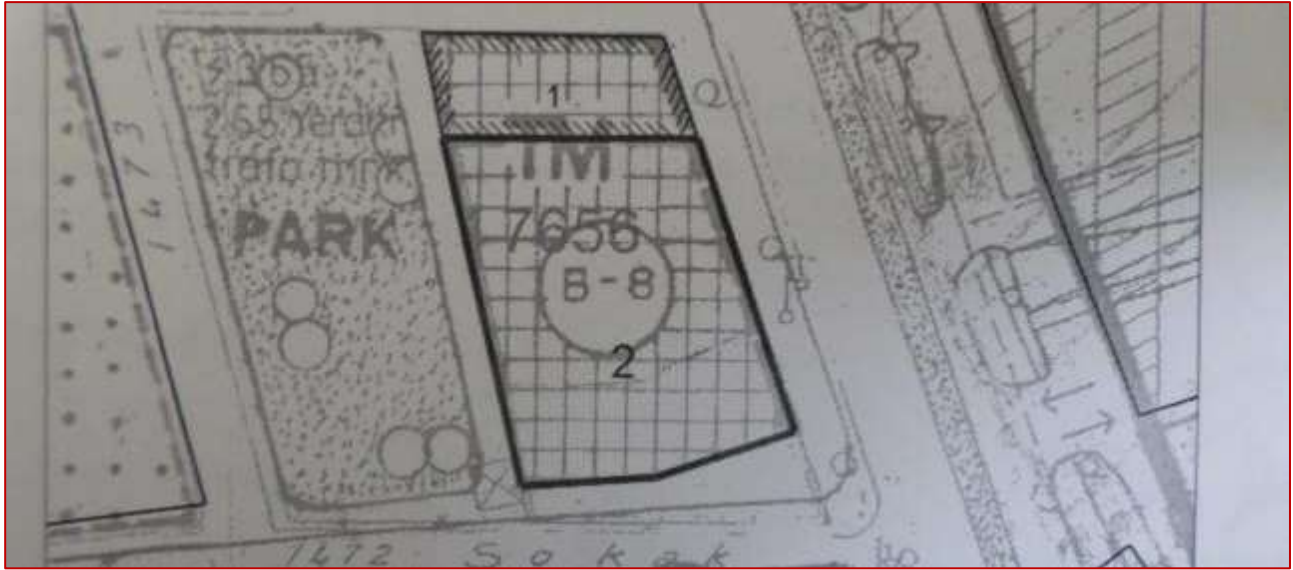
Plan name: 1/1.000 Scale "Alsancak Development Plan"

Approval Date of the Plan: 24.01.1985

Legend: Residential Area with Trade Option (TC-scanned)

Settlement Conditions;

- Construction Order: Attached Order
- H_{max}: 8-storey (24,80 m)
- TC: Residential units can't be built on the ground floor
- The location of the real property subject to valuation in 1/1.000 Scale Alsancak Development Plan



Location of the Real Estate in the 1/1.000 Scaled Alsancak Development Plan

Plan Notes

Residential Area with Trade Option;

- Housing units, bazaar, office, retail trade, entertainment places, touristic facilities, hotel and motel, regional public institutions, multi-storey vehicle parks etc. can be built. Residential units cannot be built on the ground floor.

✓ Licenses and Permits:

According to the examinations made in Konak Municipality on 25.12.2017, the legal certificates of the real property subject to valuation were presented chronologically.

- There is the amended “**Approved Architectural Project**” prepared for the construction of the hotel building that has the total indoor space of 5.947,55 sqm, dated 25.03.2013.
- There is the “**Building Permit**” issued for “REVTMENT” that has the area of 17.927 sqm, dated 07.04.201, numbered 1.
- There is the “**Building Permit**” issued for “REVTMENT” that has the area of 760 sqm, dated 28.04.2011 and numbered 1.
- There is the “**Building Permit**” issued for “hotel with or without restaurant” that has the area of 5.760 sqm, dated 10.10.2011, numbered 80.
- There is the “**Building License**” issued for the purpose of revetment license site chief change for the Common Area” that has the area of 760 sqm, dated 10.10.2011, numbered 1/2011.
- There is the “**Occupancy Permit**” issued for the “hotel with or without restaurant” that has the indoor space of 5.760 sqm, dated 03.05.2013, numbered 2013(169).
- There is the Tourism Operation License issued for 3-star Izmir Ibis Hotel including 138 rooms (2Y) + 2 Disabled rooms (2Y), Total: 140 rooms – 280 beds, 2nd class Restaurant for 65 people, the meeting room for 40 people, Lobby Bar; dated 22.07.2011, numbered 13127.

Architectural Project		Building License		Occupancy Permit	
Date	Area (sqm)	Date	Area (sqm)	Date	Area (sqm)
25.03.2013	5.947,55*	07.04.2011	17.927,00 (ICS)	03.05.2013	5.760,00
		28.04.2011	760,00 (ICS)		
		10.10.2011	5.760,00		
		10.10.2011	760,00 (Common Area)		

*According to its architectural project that was issued in accordance with Article 70: “Renovations that are not subject to License” of the Zoning Bylaw numbered 3238 of Izmir Metropolitan Municipality, the building license with renovation was not issued. The area between the said architectural project and building license is due to the technical floor area and elevator shaft that were not included in the different coefficient calculation

✓ **Building Audit:**

The real property subject to valuation is subject to the Law on Building Inspection Numbered 4708, dated 29.06.2001, its building audit was carried out by Kordon Yapı Denetim Ltd. Şti. operating at Güneş Mahallesi, Eski İzmir Caddesi, No:12/B, Yağhaneler/İzmir.

3.5 The Information Regarding the Changes Occurred in the Legal Status (Changes in the Zoning Plan, Expropriation Process etc.) of the Real Property Subject to Valuation in the Last Three Year Period If Any

There wasn't any change in the legal status of the real property subject to valuation in the last three years.

3.6 Statement that the Detailed Information of the Project and Said Value are Completely Belong to the Current Project and the Value to be Reached may be Different in Case a Different Project is applied

The project valuation has not been made within the scope of the appraisal study.

3.7 Opinion on Whether the Legal Requirements are Fulfilled or Not and whether the Permission and the Documents that are Required to be Obtained in Accordance with the Relevant Legislation are Completely and Correctly Available

According to the examination made, regarding the real property, there is the “Architectural Project” dated 19.07.2011 and the “Occupancy Permit” dated 03.05.2013, numbered 2013(169). The real property has the occupancy permit and completed its legal process.

SECTION 4

LOCATION ANALYSIS OF REAL ESTATE

Section 4

Location Analysis Of Real Estate

4.1 Location and Environmental Features of the Real Estate

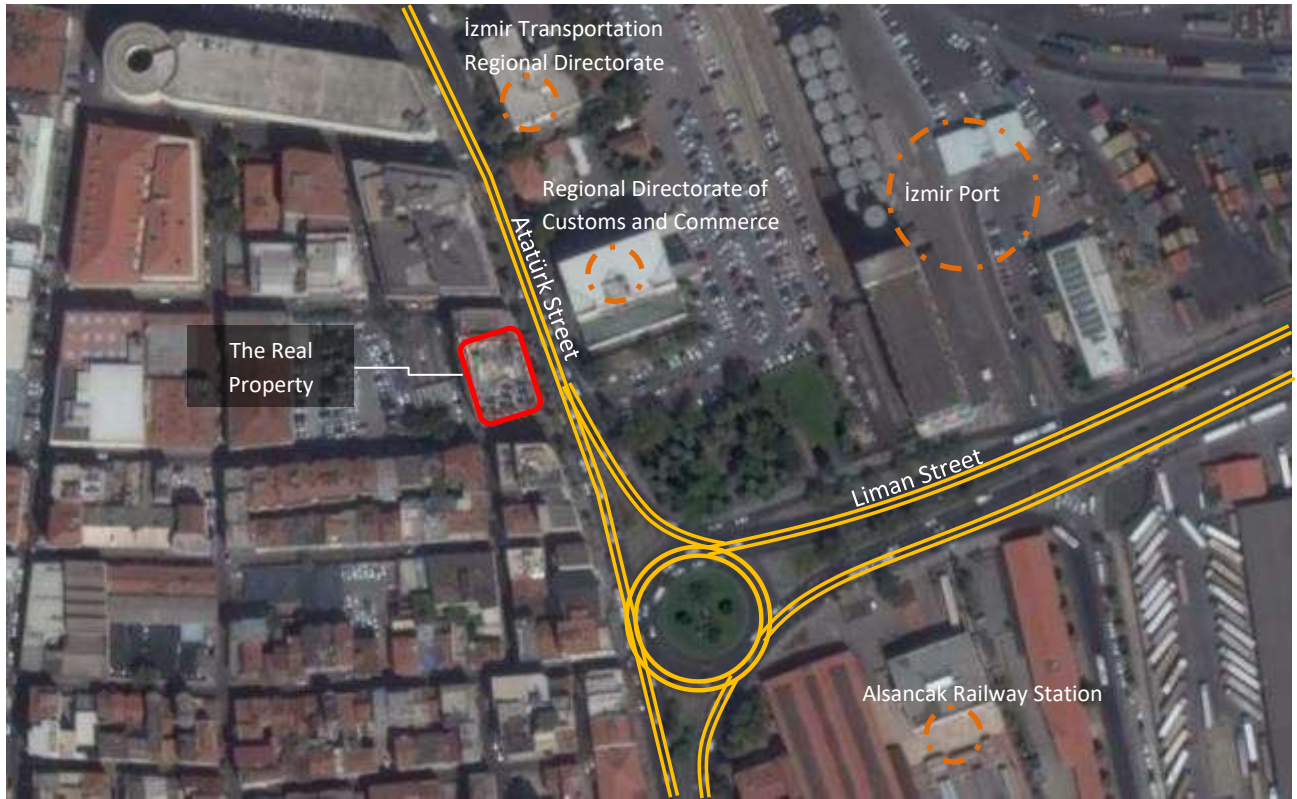
Open address of the real property: Alsancak Neighborhood, Atatürk Street, No. 404 – 410, 35220 Konak / İzmir.

The real property is located in Alsancak region that is an important entertainment, trade and business center in İzmir. Alsancak is defined as the area between Basmane Square – Pasaport Ferry Terminal and Alsancak Railway Station. Being one of the most dense arteries by its pre-Republican Buildings, the historical streets, Kıbrıs Şehitleri Street is located in Alsancak Region. The region is the location of high prestige in terms of the spatial and livability parameters from the past to the present. Alsancak region where different social groups gather, which has the social pattern of a multi-identity and character plays a distinct role in the entertainment and cultural life of the city.

In addition to being the multi-function such as the business centers, commercial units, hotels, residential buildings, the region where the real property is located is hosting İzmir Alsancak Port, İzmir Alsancak Railway Station and many public institutions.



The real property is located at a distance of about 0.2 km from Alsancak Railway Station, 2.7 km from İzmir Metropolitan Municipality, and about 15 km from Adnan Menderes Airport. İzmir Regional Directorate of Customs and Trade, Regional Directorate of Transport are located in the opposite parcel of the real property, İzmir Directorate of Harbor Management, Directorate of Land Registry and Historical Gasworks Cultural Center are located very close to the real property.



The region between Kibris Şehitleri Street and the real property and the region in the west of the real property has generally old building texture. Beside, Alsancak Railway Station is located on F.Altay Square – Konak – Halkapınar Tramway Lined that is planned to be entered into service in 2018.



Distances on the Some Important Centers;;

Location	Distance
Alsancak Railway Station	0,20 km
Izmir Metropolitan Municipality	2,70 km
Adnan Menderes Airport	15,00 km

SECTION 5

PHYSICAL INFORMATION OF THE REAL ESTATE

Section 5

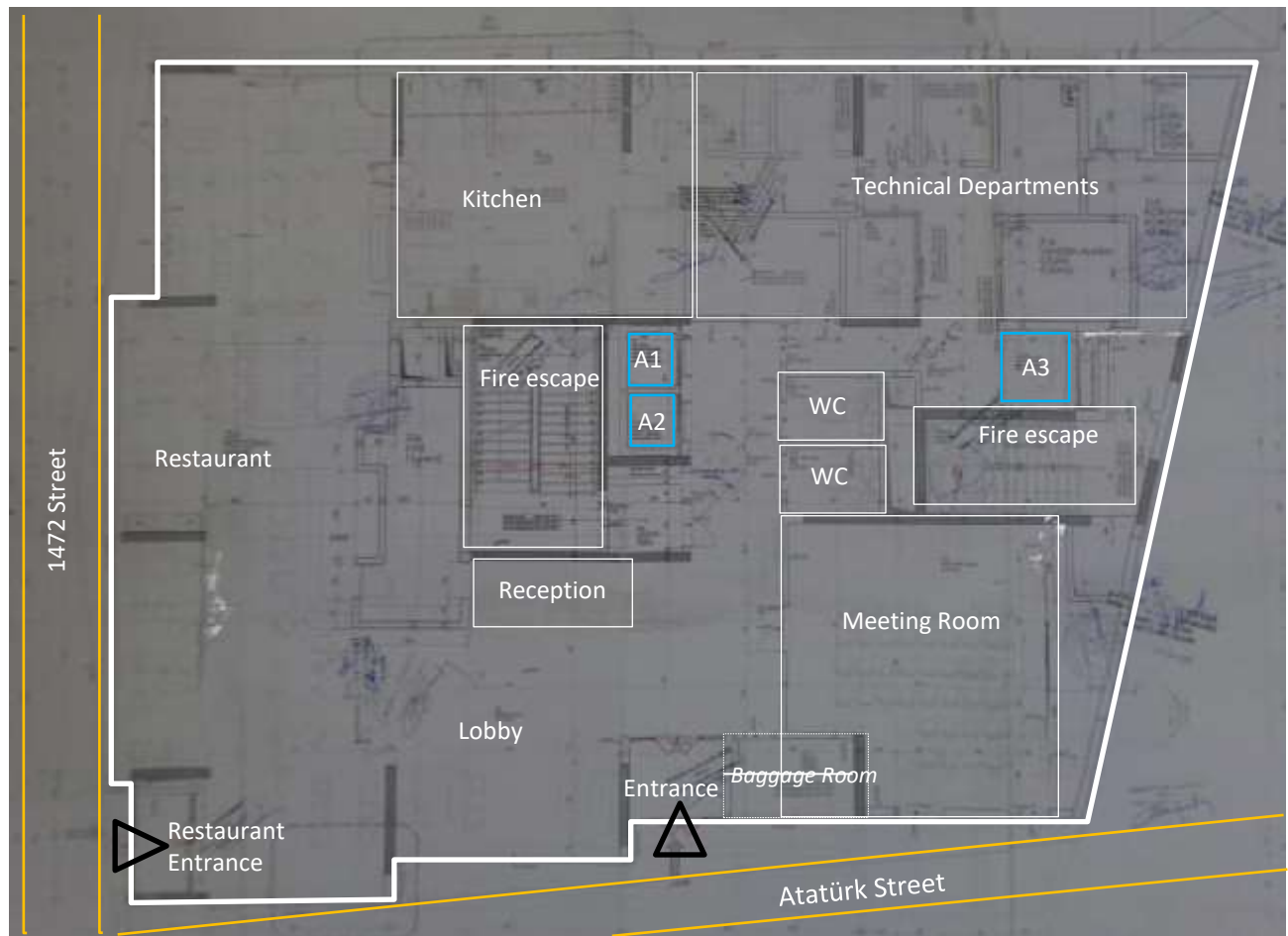
Physical Information of the Real Estate

5.1 Definition of the Real Property Subject to Valuation

The real property subject to valuation is the real property of section 7656, parcel no.1 located in Izmir Province, Konak district, Alsancak Neighborhood. Ibis Izmir Hotel, which has the total of 200 rooms including 2 basements, the ground floor, and 7 normal floors, is located on the said parcel.

The approved architectural project of the real property subject to valuation, available in Konak Municipality, that is subject to license, dated 10.10.2011 has been examined. According to the approved architectural project of the subject real property, entrance to the real property is made through the main entrance located on Atatürk Street. There is also a door opening to the restaurant section located on the ground floor of the real property on 1472 Street.

According to its approved architectural project, there is the luggage room and the meeting room for 40 people on the right of the main entrance door, the lobby and reception area is located on the left, the hall that is opening to the technical units on the opposite side. There is the restaurant section reaching to a linear line in the section facing 1472 Street on the ground floor. On the north section of the real property, there are the kitchen, technical sections, and emergency exit door. In the approved architectural project, there are two WC volumes, and two elevators in order to ensure the circulation between all floors and done service elevator.



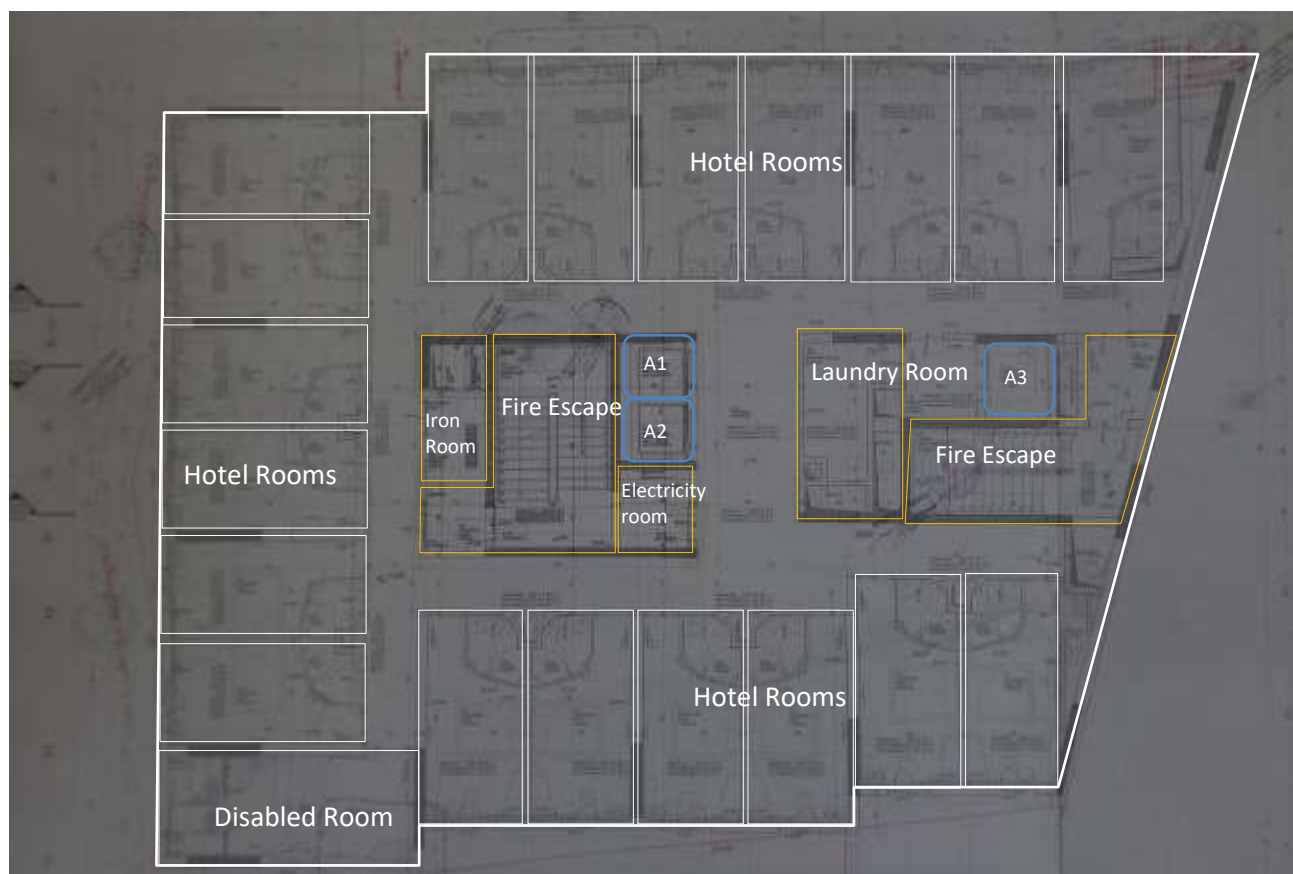
Approved Architectural Project Ground Floor Plan

In the inspections made onsite, it has been determined that the luggage room was removed by including some portion of it in the meeting room and other portion in the hall. Apart from the interior volume change, no areal growth has been determined on the ground floor.

According to its approved architectural project, the 2nd basement of the real property subject to valuation consists of the shelter, heating center, water tank, hydrophore, pump room and technical areas. The section in which the water tank and pump room are located has the interior volume height of 5.70 m., the ceiling height rises up to the ground floor's elevation. Other sections have the interior volume height of 3,00 m. The floors are ceramic and screed concrete, the walls are satin painting, the type of the ceiling is an open ceiling on the said 2nd basement. In the inspections made onsite, it has been determined that the said floor area is compatible with its approved architectural project.

According to its approved architectural project, the 1st basement of the real property subject to valuation consists of the office, maintenance workshop, electricity room, kitchen storehouses, laundry room, staff canteen, housekeeping room, men & women staff room, archive and uniform room. The floors on the said floor area, the floors are ceramic and screed concrete, the walls are satin paintings, the type of the ceiling is an open ceiling. In the inspections made onsite, it has been determined that the said floor area is compatible with its approved architectural project.

According to its approved architectural project, the 1st, 2nd, 3rd, 4th, 5th, 6th and 7th floors of the subject real property are the bed stories that have a similar interior design. There are 20 hotel rooms, electricity room, ironing room, laundry room, 2 fire stairs and its hall, 2 customers elevators and 1 service elevator volumes on each of the storeys.



Approved Architectural Projects 1, 2, 3, 4, 5, 6 and 7 Floor Plans

According to the approved architectural project of the subject real property, all rooms consist of bathroom and bedroom volumes. In the examinations made onsite, it has been determined that the disabled room that is located on each of the 1st and 2nd rooms was moved to the 5th and 6th floors.

The dust boiler room, generator room, fire stairs, and hall are located in the attic room that was registered as a technical room in its approved architectural project. The said technical room area

The floors in the hotel are covered with wall to wall carpet in the floor halls, wooden laminated flooring in the rooms and restaurant section, ceramic materials in the lobby area and wet volumes. The ceiling is aluminum suspended ceiling in the common areas, sheetrock suspended ceiling in the hotel rooms. The walls are satin painted over sheetrock, ceramic covered in the wet volumes. The joineries are wood on the room doors, aluminum materials in the windows. The lighting system is ensured with decorative lampshade and built-in fluorescents. In the inspection made onsite of the real property and according to the approved architectural project, it has been determined that it has 2 stairs, 2 customer, and service elevators. In the inspections made onsite of the real property, the stairs are covered with cast stones, handrails are made of iron materials, the walls are painted over plaster. In addition, the real property hasn't any car parking area.

The facade of the real property subject to valuation is covered with aluminum composite. In the inspections made onsite of the real property, it has been determined that the materials and workmanship used in the construction of the said real property are in good quality.

İbis İzmir Hotel					
Floor	Number of Legal Rooms	Number of available rooms	Architectural Project Area (sqm)	Available Area (sqm)	Functions
2nd Basement Floor	-	-	595,73	595,73	Shelter, Technical Areas
1nd Basement Floor	-	-	311,42	311,42	Technical Areas
Ground floor	-	-	595,62	595,62	Restaurant, Meeting Room, Reception, Kitchen
1st Floor	20	20	626,9	626,9	Bedrooms
2nd Floor	20	20	626,9	626,9	Bedrooms
3rd Floor	20	20	627,7	627,7	Bedrooms
4th Floor	20	20	623,6	623,6	Bedrooms
5th Floor	20	20	623,6	623,6	Bedrooms
6th Floor	20	20	623,6	623,6	Bedrooms
7th Floor	20	20	627,7	627,7	Bedrooms
Technical Floor	-	-	64,78	64,78	Technical Areas
Total	140	140	5.947,55	5.947,55	

5.2 Current Condition of the Buildings and Their Building Characteristics

Construction Style	Reinforced concrete
Order of Construction	Adjacent order
Floor Number Of The Building	2 basement floors + ground floor + 7 normal floors
Building Total Construction Area	5.947,55 sqm
Age	4
Exterior Front	Terracotta front coating
Electric / Water / Sewage	Network
Heating System	Fan Coil
Ventilation System	Available
Elevator	Available
Generatör	Available
Fire Escape	Available
Car Park	Not Available
Others	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	Hotel (According to legal and current situation)
Area	5.947,55 m ² (Total floor gross)
Ground	Partly laminated parquet, carpet, ceramic
Wall	Satin paint on plaster
Ceiling	Suspended ceiling
Lighting	Spot lighting, decorative lighting

5.4 The Data Taken as a Basis in the Physical Assessment

- The real property subject to valuation has a high commercial potential and advertisement capability, is located in Alsancak region that is the cultural and entertainment center of Izmir province.
- The real property is located close to the main arteries in Izmir scale, its infrastructure is strong.
- Ibis Hotel, which is a concept hotel having internationally recognition, is located on the real property subject to valuation.
- The real property subject to valuation has a flat inclination topographically and is geometrically in a regular form.
- The current condition is compatible with the legal documents of the subject real property.
- The real property was built by using qualified materials and workmanship.
- The subject real property has no car parking area.
- Izmir Regional Directorate of Customs and Trade, Regional Directorate of Transport are located in the opposite parcel of the real property, Izmir Directorate of Harbor Management, Directorates of Land Registry and Historical Gasworks Cultural Center are located very close to the real property.

SECTION 6

SWOT ANALYSIS

Section 6

SWOT Analysis

+ STRENGTHS

- The visibility and the advertisement capability of the region where the real property is located are high.
- The real property is located close to Izmir New City Center.
- The infrastructure of the region where the real property is located is at a strong level.
- The legal documents and the current status of the real property are compatible with each other.

- WEAKNESS

- The real property subject to valuation hasn't a car park area.

✓ OPPORTUNITIES

- Alsancak region where the real property subject to valuation is located is gaining more and more value every day by the tramway line, the new investments made behind the port.

✘ THREATS

- The existence of the prestigious hotels close to the subject real property increases the competitive environment in the region.
- The sale transactions realized in the tourism sector are generally made on the basis of dollars and euros. The fluctuations occurring in the conversion of exchange rate/TL may lead to the decreases based on the foreign exchange rates

SECTION 7

ANALYSIS OF THE METHODS USED IN THE APPRAISAL

Section 7

Analysis of the Approaches Used in the Appraisal

7.1 Appraisal Approaches

There are three different valuation approaches within the scope of International Valuation Standards. These approaches are “Sales Comparison Approach”, “Cost Approach” and “Income Approach” respectively. The definitions of all three approaches included in International Valuation Standards are given below.

Market Approach

The sales comparison approach ensures that the indicative value is comparatively determined with the same or the similar assets of the asset 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 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, the 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 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.

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 work, in accordance with the fact that the real property was rented for 49 years, the real property is an operating hotel, and in line with the market researches conducted, the income approach has been deemed applicable.

Equivalent Comparison Approach Analysis

The market approach has not been used in this valuation work.

Cost Approach

The cost approach has not been used in this valuation work.

Income Approach

The valuation has been made using "Discounted Cash Flow" method since there is an operating hotel of the subject real property.

Direct Capitalization Method

The discounted Direct Capitalization Method has not been used in this valuation study.

Discount Cash Flow Method

In the income approach, the evaluation of the existing project with the architectural project and the license is made. In the method of development, on the land which does not have any project or license, reduction of the incomes to be obtained by developing the most suitable project within the framework of the existing zoning situation is done. In the development approach, which is used as the second method in land appraisal, there is a land value by calculating the income falling to the land owner's share from the project to be made on the land.

The cash flow statement is generated by the income reduction method according to the architectural project, which is currently approved, and the field information in the construction permit. In the valuation of vacant lots, the evaluator creates the cash flow statement by determining the salable / leasable area in accordance with the current zoning plan conditions in force.

• Assumptions Used in the Valuation

- The real property subject to valuation is located on section 7656, parcel no.2 that has the surface area of 629,00 sqm.

- The hotel located on the subject real property has the capacity of 140 rooms and 280 beds.
- It has been assumed that the subject tourism facility will be operated in room+breakfast concept determined as a result of the sectoral researches conducted in the region and the hotel will be open during 365 days.
- It has been projected that the occupancy rates of the hotel subject to valuation will start at 80 %, will be around 85 % increasing by years, and will remain steady in the following years.
- The price in the said facility has been projected to be in room+ breakfast concept. As a result of the examinations made in the Tourism sector and in the region, it has been assumed that the room prices will start at Euro 38,00, increase by 4 % between the 2nd and 4th year, rise by 2 % in the 5th and 10th year and increase by 1.5 % after 11th year.
- It has been assumed that the GOP (Gross Operating Profit) will be 43 % on average in 2018, will reach 50 % until 2022, and these rates remain steady by years.
- The renovation cost of the facility has been predicted to be 1 % of the total turnover amount and this rate has been projected to increase in proportion to the total turnover by years.
- The real property has no real estate tax since it is owned by the General Directorate of Foundations.
- It has been assumed that the building insurance of the real property will be Euro 16.417,14 in 2018, and this amount will increase by 2 % in the 10th year and multiples.
- The CBT's buying rate on the date of the report has been based on 1 Euro = 4,5478.- TL, TCB's selling rate based on 1 Euro = 4,5560.- TL, CBT's buying rate based on 1 USD = 3,8104.- TL, CBT's selling rate based on 1 USD =3,8173 TL. In the assessments made, the buying rate has been taken as a basis for the conversions from foreign currencies to TL while selling rate has been taken as a basis for the conversions from TL to foreign currencies
- The tax has not been included in the works within the scope of IVSC (International Valuation Standards).
- 3.30 that is the last six months average of Euro-based Eurobonds termed 2020 has been accepted as the "Risk-free Rate of Return"
- The "Risk Premium Ratio" has been accepted as 6.70 % in this valuation work.
- The reduction ratio has been accepted to be 10 % in this valuation work.
- All payments have been accepted to have been made in advance.

Office Function	
Number of rooms	140
Annual Room Capacity	51.100,00
Room price	38
Solidity Rate (%)	80%
Price Increase Rate (2-4 years) (%)	4,0%
Price Increase Rate (5-10 years) (%)	2,0%
Price Increase Rate (11th and subsequent years) (%)	1,5%
Other Income Ratio	17,0%
Renewal Malyeti Rate	1,0%
Inflation Increase Rate	2,0%
10. After-Year Inflation Increase Rate	1,0%
Building Insurance Increase Rate (%)	2,0%

Project Cash Flow (USD)											
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
Hotel Function											
Total Number of Rooms		140	140	140	140	140	140	140	140	140	140
Solidity Rate (%)		80%	82%	83%	84%	85%	85%	85%	85%	85%	85%
Number of Rooms Sold		40.880,00	41.902,00	42.413,00	42.924,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00
Room Sales Price (Euro)	38,00	38,00	43,00	44,72	46,51	47,44	48,39	49,36	50,34	51,35	52,38
Total Accommodation Revenues (Euro)		1.553.440,00	1.801.786,00	1.896.709,36	1.996.343,73	2.060.511,92	2.101.722,16	2.143.756,60	2.186.631,74	2.230.364,37	2.274.971,66
Other Income (Euro)		264.084,80	306.303,62	322.440,59	339.378,43	350.287,03	357.292,77	364.438,62	371.727,40	379.161,94	386.745,18
Total Hotel Income (Euro)		1.817.524,80	2.108.089,62	2.219.149,95	2.335.722,17	2.410.798,95	2.459.014,93	2.508.195,23	2.558.359,13	2.609.526,31	2.661.716,84
GOP (%)		43%	44%	46%	47%	50%	50%	50%	50%	50%	50%
GOP (Euro)		781.535,66	927.559,43	1.020.808,98	1.097.789,42	1.205.399,47	1.229.507,46	1.254.097,61	1.279.179,57	1.304.763,16	1.330.858,42
Total Operating Expenses		1.035.989,14	1.180.530,19	1.198.340,97	1.237.932,75	1.205.399,47	1.229.507,46	1.254.097,61	1.279.179,57	1.304.763,16	1.330.858,42
Refresh Cost	0,00	18.175,25	21.080,90	22.191,50	23.357,22	24.107,99	24.590,15	25.081,95	25.583,59	26.095,26	26.617,17
Building Insurance Covered		16.417,14	16.417	16.417	16.417	16.417	16.417	16.417	16.417	16.417	16.417
Total Expenses (Euro)		1.070.581,52	1.218.028,22	1.236.949,61	1.277.707,11	1.245.924,60	1.270.514,75	1.295.596,71	1.321.180,30	1.347.275,56	1.373.892,73
Hotel Net Income		746.943,28	890.061,40	982.200,34	1.058.015,06	1.164.874,35	1.188.500,17	1.212.598,52	1.237.178,83	1.262.250,75	1.287.824,11
Net Cash Flows	0,00	746.943,28	890.061,40	982.200,34	1.058.015,06	1.164.874,35	1.188.500,17	1.212.598,52	1.237.178,83	1.262.250,75	1.287.824,11

Project Cash Flow (USD)											
Years	29/12/2028	29/12/2029	29/12/2030	29/12/2031	29/12/2032	29/12/2033	29/12/2034	29/12/2035	29/12/2036	29/12/2037	29/12/2038
Hotel Function											
Total Number of Rooms	140	140	140	140	140	140	140	140	140	140	140
Solidity Rate (%)	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Number of Rooms Sold	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00
Room Sales Price (Euro)	53,16	53,96	54,77	55,59	56,42	57,27	58,13	59,00	59,89	60,79	61,70
Total Accommodation Revenues (Euro)	2.309.096,23	2.343.732,68	2.378.888,67	2.414.572,00	2.450.790,58	2.487.552,44	2.524.865,72	2.562.738,71	2.601.179,79	2.640.197,49	2.679.800,45
Other Income (Euro)	392.546,36	398.434,56	404.411,07	410.477,24	416.634,40	422.883,91	429.227,17	435.665,58	442.200,56	448.833,57	455.566,08
Total Hotel Income (Euro)	2.701.642,59	2.742.167,23	2.783.299,74	2.825.049,24	2.867.424,98	2.910.436,35	2.954.092,89	2.998.404,29	3.043.380,35	3.089.031,06	3.135.366,52
GOP (%)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
GOP (Euro)	1.350.821,30	1.371.083,62	1.391.649,87	1.412.524,62	1.433.712,49	1.455.218,17	1.477.046,45	1.499.202,14	1.521.690,18	1.544.515,53	1.567.683,26
Total Operating Expenses	1.350.821,30	1.371.083,62	1.391.649,87	1.412.524,62	1.433.712,49	1.455.218,17	1.477.046,45	1.499.202,14	1.521.690,18	1.544.515,53	1.567.683,26
Refresh Cost	27.016,43	27.421,67	27.833,00	28.250,49	28.674,25	29.104,36	29.540,93	29.984,04	30.433,80	30.890,31	31.353,67
Building Insurance Covered	16.745,48	16.745	16.745	16.745	16.745	16.745	16.745	16.745	16.745,48	16.745	17.080
Total Expenses (Euro)	1.394.583,21	1.415.250,77	1.436.228,35	1.457.520,59	1.479.132,22	1.501.068,02	1.523.332,86	1.545.931,67	1.568.869,46	1.592.151,32	1.616.117,32
Hotel Net Income	1.307.059,39	1.326.916,46	1.347.071,39	1.367.528,64	1.388.292,75	1.409.368,33	1.430.760,04	1.452.472,62	1.474.510,89	1.496.879,74	1.519.249,20
Net Cash Flows	1.307.059,39	1.326.916,46	1.347.071,39	1.367.528,64	1.388.292,75	1.409.368,33	1.430.760,04	1.452.472,62	1.474.510,89	1.496.879,74	1.519.249,20

Project Cash Flow (USD)											
Years	29/12/2039	29/12/2040	29/12/2041	29/12/2042	29/12/2043	29/12/2044	29/12/2045	29/12/2046	29/12/2047	29/12/2048	29/12/2049
Hotel Function											
Total Number of Rooms	140	140	140	140	140	140	140	140	140	140	140
Solidity Rate (%)	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Number of Rooms Sold	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00
Room Sales Price (Euro)	62,62	63,56	64,52	65,48	66,46	67,46	68,47	69,50	70,54	71,60	72,68
Total Accommodation Revenues (Euro)	2.719.997,45	2.760.797,42	2.802.209,38	2.844.242,52	2.886.906,16	2.930.209,75	2.974.162,89	3.018.775,34	3.064.056,97	3.110.017,82	3.156.668,09
Other Income (Euro)	462.399,57	469.335,56	476.375,59	483.521,23	490.774,05	498.135,66	505.607,69	513.191,81	520.889,68	528.703,03	536.633,58
Total Hotel Income (Euro)	3.182.397,02	3.230.132,98	3.278.584,97	3.327.763,75	3.377.680,20	3.428.345,41	3.479.770,59	3.531.967,15	3.584.946,65	3.638.720,85	3.693.301,67
GOP (%)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
GOP (Euro)	1.591.198,51	1.615.066,49	1.639.292,49	1.663.881,87	1.688.840,10	1.714.172,70	1.739.885,29	1.765.983,57	1.792.473,33	1.819.360,43	1.846.650,83
Total Operating Expenses	1.591.198,51	1.615.066,49	1.639.292,49	1.663.881,87	1.688.840,10	1.714.172,70	1.739.885,29	1.765.983,57	1.792.473,33	1.819.360,43	1.846.650,83
Refresh Cost	31.823,97	32.301,33	32.785,85	33.277,64	33.776,80	34.283,45	34.797,71	35.319,67	35.849,47	36.387,21	36.933,02
Building Insurance Covered	17.080	17.080	17.080	17.080	17.080	17.080,39	17.080	17.080	17.080	17.422	17.422
Total Expenses (Euro)	1.640.102,87	1.664.448,21	1.689.158,73	1.714.239,90	1.739.697,30	1.765.536,55	1.791.763,39	1.818.383,64	1.845.403,19	1.873.169,63	1.901.005,85
Hotel Net Income	1.542.294,15	1.565.684,77	1.589.426,24	1.613.523,84	1.637.982,91	1.662.808,86	1.688.007,19	1.713.583,51	1.739.543,47	1.765.551,22	1.792.295,82
Net Cash Flows	1.542.294,15	1.565.684,77	1.589.426,24	1.613.523,84	1.637.982,91	1.662.808,86	1.688.007,19	1.713.583,51	1.739.543,47	1.765.551,22	1.792.295,82

Project Cash Flow (USD)											
Years	29/12/2050	29/12/2051	29/12/2052	29/12/2053	29/12/2054	29/12/2055	29/12/2056	29/12/2057	29/12/2058	16/09/2059	
Hotel Function											
Total Number of Rooms	140	140	140	140	140	140	140	140	140	140	
Solidity Rate (%)	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	
Number of Rooms Sold	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	43.435,00	31.059,00	
Room Sales Price (Euro)	73,77	74,87	76,00	77,14	78,29	79,47	80,66	81,87	83,10	84,34	
Total Accommodation Revenues (Euro)	3.204.018,11	3.252.078,38	3.300.859,56	3.350.372,45	3.400.628,04	3.451.637,46	3.503.412,02	3.555.963,20	3.609.302,65	2.619.612,09	
Other Income (Euro)	544.683,08	552.853,33	561.146,12	569.563,32	578.106,77	586.778,37	595.580,04	604.513,74	613.581,45	445.334,05	
Total Hotel Income (Euro)	3.748.701,19	3.804.931,71	3.862.005,68	3.919.935,77	3.978.734,81	4.038.415,83	4.098.992,06	4.160.476,95	4.222.884,10	3.064.946,14	
GOP (%)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	
GOP (Euro)	1.874.350,60	1.902.465,85	1.931.002,84	1.959.967,88	1.989.367,40	2.019.207,91	2.049.496,03	2.080.238,47	2.111.442,05	1.532.473,07	
Total Operating Expenses	1.874.350,60	1.902.465,85	1.931.002,84	1.959.967,88	1.989.367,40	2.019.207,91	2.049.496,03	2.080.238,47	2.111.442,05	1.532.473,07	
Refresh Cost	37.487,01	38.049,32	38.620,06	39.199,36	39.787,35	40.384,16	40.989,92	41.604,77	42.228,84	30.649,46	
Building Insurance Covered	17.422	17.422	17.422,00	17.422	17.422	17.422	17.422	17.422	17.770	17.770	
Total Expenses (Euro)	1.929.259,61	1.957.937,17	1.987.044,90	2.016.589,24	2.046.576,75	2.077.014,07	2.107.907,95	2.139.265,24	2.171.441,33	1.580.892,97	
Hotel Net Income	1.819.441,58	1.846.994,54	1.874.960,78	1.903.346,53	1.932.158,05	1.961.401,76	1.991.084,11	2.021.211,70	2.051.442,77	1.484.053,17	
Net Cash Flows	1.819.441,58	1.846.994,54	1.874.960,78	1.903.346,53	1.932.158,05	1.961.401,76	1.991.084,11	2.021.211,70	2.051.442,77	1.484.053,17	

Appraisal Chart			
Risk Free Rate of Return	3,30%	3,30%	3,30%
Risk Premium	6,20%	6,70%	7,20%
Discount Rate	9,50%	10,00%	10,50%
Total Present Value (EUR)	6.589.213	11.965.904	5.920.098
Total Present Value (TL)	29.966.421	54.418.537	26.923.422
Approximate Total Present Value (EUR)	6.590.000	11.970.000	5.920.000
Approximate Total Present Value (TL)	29.970.000	54.420.000	26.920.000

• The Value of the Real Property According to the Rental Value

According to the additional lease terms agreement delivered to us by Akfen GYO A.Ş.;

- As the annual rental amount required to be paid for the hotel, for which the valuation work was made, which is owned by Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., by Accor Group that is an international hotel management company, the company shall pay twenty-five percent (25%) of the gross income (excluding VAT) or the amount higher than the seventy-five percent (72,50 %) of the adjusted gross operating income.
- The land rent of the hotel for which the valuation work was made is paid by Akfen Gayrimenkul Yatırım Ortaklığı A.Ş, the said payment schedule was arranged by taking into account the agreement signed with the General Directorate for Foundations that is the land owner. The inflation rate in years has been based on and it has been assumed to increase by 2 % by years.
- The items affecting the potential of the subject hotel such as the occupancy rate, bed/room price has been given by assuming that the hotel will be operated in 3-star city hotel concept.
- The facility has been assumed to be open 365 days.
- For the lease model of the hotel, the renovation cost to be paid by the investor has been based on 5 % of the renovation cost calculated in the lease alternative.
- The reduction ratio has been based on 8 % in the projection.
- The tax has not been included in the works within the scope of IVSC (International Valuation Standards).
- 3.30 that is the last six months average of Euro-based Eurobonds termed 2020 has been accepted as the "Risk-free Rate of Return".
- 4.70 % has been accepted as the "Risk Premium Rate" in this valuation work.
- The CBT's buying rate on 29.12.2017 has been based on 1 Euro= 4,6677 and the selling rate 1 Euro=4,6761- TL. In the assessments made, the buying rate has been taken as a basis for the conversions from foreign currencies to TL while selling rate has been taken as a basis for the conversions from TL to foreign currencies.
- It has been assumed that the AGOP (adjusted gross hotel profit) rate will not change in accordance with the lease contract amendment signed between Akfen Holding A.Ş. and Accor SA. The relevant contract was presented in the annex of the report.

Akfen GYO Rent Rate	25%
AGOP Account	8%
AGOP Revenue	72,5%

TOTAL AKFEN CASH FLOW

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
İzmir Ibis Hotel Rent Income (Euro)	0	454.381	527.022	554.787	583.931	602.700	614.754	627.049	639.590	652.382	665.429
AGOP İzmir Ibis Hotel (Euro)	0	461.197	550.211	611.376	660.425	734.088	748.770	763.745	779.020	794.601	810.493
Used İzmir Ibis Hotel Rent Income (Euro)	0	461.197	550.211	611.376	660.425	734.088	748.770	763.745	779.020	794.601	810.493
Land Rent Value		91.208	93.033	94.893	96.791	98.727	100.701	102.715	104.770	104.348	105.391
Insurance Policy (Euro)	0	0	0	0	0	0	0	0	0	0	0
Renewal Cost (Euro) (5%)	0	909	1.054	1.110	1.168	1.205	1.230	1.254	1.279	1.305	1.331
Total Cash Flows (Euro)	0	369.080	456.125	515.373	562.467	634.156	646.839	659.776	672.971	688.948	703.771

TOTAL AKFEN CASH FLOW

years	29/12/2028	29/12/2029	29/12/2030	29/12/2031	29/12/2032	29/12/2033	29/12/2034	29/12/2035	29/12/2036	29/12/2037	29/12/2038
İzmir Ibis Hotel Rent Income (Euro)	675.411	685.542	695.825	706.262	716.856	727.609	738.523	749.601	760.845	772.258	783.842
AGOP İzmir Ibis Hotel (Euro)	822.650	834.990	847.515	860.227	873.131	886.228	899.521	913.014	926.709	940.610	954.719
Used İzmir Ibis Hotel Rent Income (Euro)	822.650	834.990	847.515	860.227	873.131	886.228	899.521	913.014	926.709	940.610	954.719
Land Rent Value	106.445	107.510	108.585	109.671	110.767	111.875	112.994	114.124	115.265	116.418	117.582
Insurance Policy (Euro)	0	0	0	0	0	0	0	0	0	0	0
Renewal Cost (Euro) (5%)	1.351	1.371	1.392	1.413	1.434	1.455	1.477	1.499	1.522	1.545	1.568
Total Cash Flows (Euro)	714.854	726.109	737.538	749.144	760.930	772.898	785.050	797.391	809.923	822.648	835.570

TOTAL AKFEN CASH FLOW

years	29/12/2039	29/12/2040	29/12/2041	29/12/2042	29/12/2043	29/12/2044	29/12/2045	29/12/2046	29/12/2047	29/12/2048	29/12/2049
İzmir Ibis Hotel Rent Income (Euro)	795.599	807.533	819.646	831.941	844.420	857.086	869.943	882.992	896.237	909.680	923.325
AGOP İzmir Ibis Hotel (Euro)	969.040	983.575	998.329	1.013.304	1.028.504	1.043.931	1.059.590	1.075.484	1.091.616	1.107.990	1.124.610
Used İzmir Ibis Hotel Rent Income (Euro)	969.040	983.575	998.329	1.013.304	1.028.504	1.043.931	1.059.590	1.075.484	1.091.616	1.107.990	1.124.610
Land Rent Value	118.758	119.945	121.145	122.356	123.580	124.815	126.064	127.324	128.597	129.883	131.182
Insurance Policy (Euro)	0	0	0	0	0	0	0	0	0	0	0
Renewal Cost (Euro) (5%)	1.591	1.615	1.639	1.664	1.689	1.714	1.740	1.766	1.792	1.819	1.847
Total Cash Flows (Euro)	848.691	862.015	875.545	889.284	903.235	917.402	931.787	946.394	961.226	976.288	991.581

TOTAL AKFEN CASH FLOW

years	29/12/2050	29/12/2051	29/12/2052	29/12/2053	29/12/2054	29/12/2055	29/12/2056	29/12/2057	29/12/2058	16/09/2059
İzmir Ibis Hotel Rent Income (Euro)	937.175	951.233	965.501	979.984	994.684	1.009.604	1.024.748	1.040.119	1.055.721	766.237
AGOP İzmir Ibis Hotel (Euro)	1.141.480	1.158.602	1.175.981	1.193.620	1.211.525	1.229.698	1.248.143	1.266.865	1.285.868	933.276
Used İzmir Ibis Hotel Rent Income (Euro)	1.141.480	1.158.602	1.175.981	1.193.620	1.211.525	1.229.698	1.248.143	1.266.865	1.285.868	933.276
Land Rent Value	132.494	133.819	135.157	136.509	137.874	139.253	140.645	142.052	143.472	144.907
Insurance Policy (Euro)	0	0	0	0	0	0	0	0	0	0
Renewal Cost (Euro) (5%)	1.874	1.902	1.931	1.960	1.989	2.019	2.049	2.080	2.111	1.532
Total Cash Flows (Euro)	1.007.111	1.022.880	1.038.893	1.055.152	1.071.662	1.088.426	1.105.448	1.122.733	1.140.285	786.837

Appraisal Chart			
Risk Free Rate of Return	3,30%	3,30%	3,30%
Risk Premium	4,20%	4,70%	5,20%
Discount Rate	7,50%	8,00%	8,50%
Total Present Value (EUR)	8.785.456	8.221.731	7.713.949
Total Present Value (TL)	39.954.495	37.390.787	35.081.496
Approximate Total Present Value (EUR)	8.790.000	8.220.000	7.710.000
Approximate Total Present Value (TL)	39.950.000	37.390.000	35.080.000

Within the scope of the work, the value reached by reducing the potential incomes that are expected to be obtained by the operation of the subject hotel and the value obtained as a result of reducing the potential incomes that are expected to be earned by Akfen GYO through lease contract has been compared. As the report conclusion value, two methods have been averaged, and the report conclusion value that was reached by the revenue method has been calculated as approx. 45.905.000 TL (10.095.000 Euros).

Years	29/12/2017	29/12/2018
Average Cash Flow of Rent Value	0	558.012

Rent Appraisal Chart			
Risk Free Rate of Return	1,44%	1,44%	1,44%
Risk Premium	7,06%	7,56%	8,06%
Discount Rate	8,50%	9,00%	9,50%
TOTAL PRESENT VALUE (EUR)	514.296	511.937	509.600

TOTAL PRESENT VALUE (EUR)	511.937
TOTAL PRESENT VALUE (TL)	2.328.188
TOTAL PRESENT APPROXIMATE VALUE (EUR)	510.000
TOTAL PRESENT APPROXIMATE VALUE (TL)	2.330.000

- **Equivalent Share Ratios in the Projects to be Made with the Revenue Sharing or the Floor Equivalent Method**

The revenue sharing or flat for rent basis methods have not been used in this valuation work.

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 "Hotel" in line with its architectural project and its current use.

7.5 Vacant Land And Project Values Of Plots On Which A Project Is Developed

This valuation report has not been prepared for the valuation work of a project.

7.6 Valuation Analysis Of Common And Divided Sections

The valuation analysis of the joint or divided portions has not been applied in this valuation work.

7.7 VAT Subject

According to the General Implementation Communique of Value Added Tax that was published on the Official Gazette dated 26.04.2014, numbered 28983 and the decree of the Council of Ministers dated 31.02.2017, numbered 2017/9759, published in the Official Gazette dated 03.02.2017, numbered 29968, the current rates of the VAT are included in the following table.

18 % VAT application was made for the real property subject to valuation within the scope of this decision.

VAT RATE		
In the deliveries of Business Office		18%
In the housings of which the net area is 150 sqm and above		18%
In the housings of which the net area is up to 150 sqm Net *		
In the circumstances where a Building Permit was obtained till 01.01.2013		1%
In the circumstances where a Building Permit was obtained between 01.01.2013 and 31.12.2016 On the date when the Building Permit was obtained Land Unit sqm Current Value in terms of Real Estate Tax	If up to 499	1%
	If between 500 - 999	8%
	1.000 TL and above	18%
In the circumstances where a Building Permit was obtained as of 01.01.2017 On the date when the Building Permit was obtained Land Unit sqm Current Value in terms of Real Estate Tax	If up to 1.000 TL	1%
	If between 1.000-1.999 TL	8%
	2.000 TL and above	18%

* It is valid for luxury and first class constructions located in the provinces within the scope of Metropolitan Municipality. In other provinces and in the 2nd and 3rd class simple constructions, VAT rate is 1% if the net area of the housing is below 150 sqm.

** Within the scope of the Law on Transformation of Areas Under Disaster Risk dated 16.05.2012 and numbered 6306, the VAT rate is 1 % in the residential buildings that are located in the reserve building area and in the areas determined as risky areas and the area where the risky buildings are located.

*** In the residential construction projects of which their tenders are made by the public institutions and their affiliates, the date of tender should be considered instead of the building license.

SECTION 8

EVALUATION IN TERMS OF REAL ESTATE INVESTMENT TRUST PORTFOLIO

Section 8

Evaluation In Terms of Real Estate Investment Trust Portfolio

8.1 Opinion on whether there is an obstacle for the real property subject to valuation, the real property project, the rights and benefits of the real property in being taken to the Real Estate Investment Trust Portfolio or not

- **Evaluation according to whether there is a restriction on the transfer of the real property subject to valuation in the Land Registry Records or not**

There isn't any restriction on the transferability of the subject real property in the land registry records.

- **Evaluation of Whether the Zoning Information, the Permissions required to be Obtained and the Architectural Project and the Documents That are Legally Required to Begin the Construction are Fully and Correctly Available or Not**

The parcel where the real property subject to valuation remains in the "Residential Area with Trade Option" (TC-scanned) within the scope of 1/1.000 scale Alsancak Development Plan with the approval date of 24.01.1985. The said real property has the "Architectural Project" dated 19.07.2011 and the "Occupancy Permit" dated 03.05.2013, numbered 2013(169). The real property has the occupancy permit and completed its legal process. The building on the parcel was built in line with its zoning status, its current situation and architectural project are compatible each other.

- **Conclusion**

In accordance with these explanations, it is thought that there isn't any obstacle for the real property subject to valuation to be taken in the portfolio of Real Estate Investment Trusts as a "**Building**" under the relevant provisions of Capital Market Legislation.

SECTION 9

EVALUATION OF ANALYSIS RESULTS AND CONCLUSION

Section 9

Evaluation Of Analysis Results And Conclusion

9.1 Conclusion Sentence Of The Appraisal Expert In-charge

I agree with all analyses, studies and matters stated by the appraisal expert in the report.

9.2 Justifications On Why The Minimum Information, Which Have Not Been Included In The Report, Have Not Been Included

The minimum information does not contain any substance that is not included in the report.

9.3 Harmonization of Different Valuation Methods and Analysis Results and Explanation of the Followed Method and Reasons

In this appraisal study, value was determined by using income approach method. In the assessments made, the buying rate has been taken as a basis for the conversions from foreign currencies to TL while selling rate has been taken as a basis for the conversions from TL to foreign currencies

Approach	TL	EURO
Income Approach	45.905.000	10.095.000

The subject real property which qualifies as a Hotel has been assessed as income-generating property, revenue approach has been used in the valuation of the real property. A market research has been made for the similar real properties regarding the data used in the revenue approach. The revenue approach has been used in two different ways considering the revenues obtained according to current lease contract of the real property and the cash flow that can be obtained potentially in the market.

The said hotel was rented to Accor Group to be operated presently by the lease contract. Accordingly, the value of the real property has been calculated by the reduction made with the lower risk premium that was guaranteed by the contract. In another way, the assessment has been made according to the potential net cash flows which the hotel can earn according to the market research made. In this context, the value of the real property that was appraised according to the revenue approach has been assessed by averaging two values of which was calculated according to the rental income guaranteed by the lease contract and which was reached by reduction of the potential net cash flows of the business firm.

In the examinations made in the market, it has been observed that the real properties similar to the subject real property were assessed as an income-generating property. Accordingly, the market value that was calculated by the revenue approach has been appraised as the report conclusion value.

9.4 Final Value Appraisal

MARKET VALUE OF THE REAL ESTATE AGAINST OF THE RENTAL CONTRACT DATED 29.12.2017

Report Date	05.01.2018	
Revision Report Date	28.03.2018	
Value Date	29.12.2017	
Market Value (VAT Excluded)	45.905.000.-TL	Forty Five Million Nine Hundred and Five Thousand Turkish Lira
Market Value (VAT Included)	54.167.900.-TL	Fifty Four Million One Hundred Sixty Seven Thousand Nine Hundred.- Turkish Lira
Annual Rent Value (VAT Excluded)	2.330.000.-TL	Two Million Three Hundred and Thirty Thousand.-Turkish Lira
Annual Rent Value (VAT Included)	2.749.400.-TL	Two Million Seven Hundred and Forty Nine Thousand Four Hundred.-Turkish Lira

Assistant Appraiser

Serkan POLAT

Ecem BAŞTÜRK GÜR

Appraiser

Licence No: 406412

Selda AKSOY

Appraiser

Licence No: 402826

Bilge BELLER ÖZÇAM

Appraiser in Charge

Licence No: 400512

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

SECTION 10

ANNEX

Section 10

Annex

1 Sector Report

2 Document of Title

3 Approved Encumbrance Certificate

4 Situation plan

5 Approved Reconstruction Status

6 Building Permits

7 Building Permission Documents

8 Tourism Management Certificate

9 Photos

10 CVs

11 CMB Licenses

12 Land Lease Contract

13 Hotel Rent Agreement