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AKİŞ Gayrimenkul Yatırım Ortaklığı A.Ş. (Akiş GYO) and SAF Gayrimenkul Yatırım Ortaklığı A.Ş. (SAF GYO)

Specialist Agency Report regarding the Merger

September 20th, 2016

Table of Contents

Akiş GYO A.Ş.
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Turkey

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Ankara Devlet Yolu Haydarpaşa Yönü
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PREAMBLE and EXECUTIVE SUMMARY

To the Boards of Directors of Akiş GYO A.Ş. and SAF GYO A.Ş.,

Boards of Directors of Akiş GYO A.Ş. (hereinafter shall be referred to as "Akiş GYO" or "Transferee") and SAF GYO A.Ş. (hereinafter shall be referred to as "SAF GYO" or "Transferred") (hereinafter shall be referred to as "Companies") resolved that SAF GYO shall be transferred entirely together with its assets and liabilities and equity to Akiş GYO over the carrying values.

Purpose of this Specialist Agency Report is to carry out Akiş GYO and SAF GYO company valuation works, to identify equities of the partnerships that are parties to the merger for each merger transaction, to calculate the merger rates and change rates to be calculated according to the rules applicable in merger transaction, to determine the amounts of the capital increase to be made due to the merger, to select the method to be used in calculating the merger and change rates and to explain the reason for selecting such method and to create an opinion regarding whether the merger and change rates are fair and reasonable.

Considering that the shares of both companies are traded at Borsa İstanbul A.Ş. ("BİST"), "*Net Book Value*" method representing the "*Asset Approach*", "*Market Value*" method representing the "*Market Approach*" and "*Discounted Cash Flows*" method representing the "*Income Approach*" as the income is generated from long-term contracts and predictable incomes are included in the study as the three most objective valuation methods that can be used in calculating the merger rate.

This report and the data it contains have been prepared in the scope of Capital Market Law Merger and Demerger Communiqué (II-23.2), and to create an integrated approach, it is recommended to review the entire report along with the following pages. This report shall be publicly disclosed in the scope of the article 8 of the Capital Market Board's Merger and Demerger Communiqué (II-23.2). Addressee of this report shall remain as Akiş GYO and SAF GYO.

Financial data presented in the report were submitted by the Companies' Managements, and conformity of these data was not audited by us. Methods used are not according to any generally accepted audit standard, and do not contain a full-scope or limited audit work. In this project, information submitted to us was considered to be complete and accurate, and excluding access to public information, no further financial examination or due diligence study was carried out.

Istanbul, September 20th, 2016
BDO Denet Bağımsız
Denetim ve Danışmanlık A.Ş.

Erdal Aslan
Responsible Partner Head Auditor, CPA

Basis of Preparation

BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş. ("BDO Denet") has been appointed as the specialist agency to carry out the company valuation studies of both Akiş GYO and SAF GYO as of 30.06.2016 ("Valuation Date"), to identify equities of the partnerships that are parties to the merger for each merger procedure, to calculate the merger rates and change rates to be calculated according to the methods applicable in the merger procedure and to determine the amounts of capital increase to be realized due to merger procedure ("Project").

The strategic and/or physical changes or changes in workforce sources that may come into existence after the Valuation Date shall not be taken into consideration.

In the valuation study, the financial statements prepared and approved Akiş GYO and SAF GYO managements and undergone independent audit have been taken as basis. It has been acknowledged that all financial and other information furnished is complete and accurate. The responsibility of the financial statements lies with Akiş GYO and SAF GYO managements.

It should be taken into consideration that our findings do not constitute a suggestion or recommendation in view of the acceptance or refusal of the work proposed to Akiş GYO and SAF GYO. The purpose of the Project is to carry out the company valuation studies of both Akiş GYO and SAF GYO and to determine the merger rate and change rate for the merger procedure to be realized by way of transferring SAF GYO to Akiş GYO.

Our Report is limited to the internal use of Akiş GYO and SAF GYO and the use by public institutions which may be related to the merger procedure. In the contrary cases, this Report cannot be reproduced, distributed either in part or in whole or no reference can be made to the information it contains without our prior written permission. When such a situation is encountered, BDO Denet shall assume no responsibility and shall be able to recourse to any kind of required legal actions against the parties for the disputes that may arise due to unauthorized use and distribution of this Report.

Conditions of the Agreement

This Report ("Report") has been prepared in accordance with the provisions of the agreement dated 9 September 2016 between BDO Denet and the Companies setting forth the rights and obligations of the parties, and states BDO Denet's findings with respect to the valuation and merger rate.

Valuation Date and Financial Statements

The financial statements that have been taken as basis for calculating the valuation, merger and change rates are the financial statements dated 30.06.2016 independently audited by Başaran Nas Bağımsız Denetim ve SMMM A.Ş. for Akiş GYO and by DRT Bağımsız Denetim ve SMMM A.Ş. for SAF GYO. This date is also the valuation date.

Merger Resolution

The Board of Directors resolution regarding the merger dated 8 September 2016 of Akiş GYO that is one of the companies being a party to the merger and the Board of Directors resolution dated 8 September 2016 regarding the merger of SAF GYO, one of the companies being a party to the merger were published on the Public Disclosure Platform (Kamuoyu Aydınlatma Platformu - *KAP*).

Restrictive Conditions

Our report is based on the below-stated possible and restrictive conditions:

- Unless otherwise stated in the Report, it has been assumed that the companies and their assets do not bear any legal responsibility. In this context, the valuation study has been realized by taking as basis the ownership shares that are independent from obligations such as any kinds of mortgage, pledge agreement, execution suit and that are fully marketable. BDO Denet Bağımsız Denetim ve YMM A.Ş. (BDO Denet) shall no assume any responsibility for the legal transactions arising after the valuation date specified in the report.

- The data used in the Report is obtained from the Company Management, public institutions (Central Bank, Turkish Statistical Institute, State Planning Organization, BIST, etc.), media organizations and such other sources considered to be reliable by the valuation specialists. The financial statements used in the Report are the financial statements of the Companies audited within the scope of TAS/TFRS. The analyses made have been carried out based on the assumption that all data are accurate. In the event that the data submitted to us is deficient and/or wrong in such a way that they may affect the final value and the analysis results specified in the Report, BDO Denet shall assume no responsibility.

- The share groups representing the issued capital of TL 200,000,000 of Akiş GYO consist of TL 19,422,649 corresponding to 19,422,649 shares of Group A and TL 180,577,351 corresponding to 180,577,351 shares of Group B. The Group A shares are registered shares while Group B shares are bearer shares. The transfer of registered shares cannot be restricted. Group A shares bear the privilege of nominating candidates in election of the board of directors members. 5 of the members of the Board of Directors are elected by the General Assembly amongst from the members to be nominated by Group A shareholders with majority of votes. Aforementioned privileges do not contain any material subject to affect the Company's value. Therefore, the rights of privileged shares have not been taken into consideration in our valuation studies.

- The increased capital of TL 886,601,669 of SAF GYO is divided into two as Group A shares and Group B shares. The Group A shares are registered shares while Group B shares are bearer shares. Group A shares consist of TL 400,000 as TL 200,000 by Akiş GYO A.Ş. and TL 200,000 by Ali Raif Dinçkök. The transfer of registered shares cannot be restricted. The transfer of privileged shares in the amount ensuring the acquisition of the management control is subject to CMB's authorization. In capital increases, new shares of Group A against Group A Shares and new shares of Group B against Group B Shares shall be issued. However, in case the board of directors restricts the right of shareholders to purchase new shares, all of the new shares to be issued are issued as Group B shares and bearer share certificates. The board of directors of the Company consists of 12 members and 4 of the members are elected from the candidates to be nominated by Group A shareholders. The other members of the board of directors are elected from the members to be determined according to general provisions. Aforementioned privileges do not contain any material subject to affect the Company's value. Therefore, the rights of privileged shares have not been taken into consideration in our valuation studies.

Chapter 1
Company Information

Company Address

Ankara Devlet Yolu Haydarpaşa Yönü 4. Km. Çeçen Sokak Acıbadem Üsküdar / İstanbul.

History of the Company

Saf Gayrimenkul Geliştirme İnşaat ve Ticaret A.Ş. was incorporated on 20 November 2000 under the title Etkin ve Sürekli Yapı Denetimi Anonim Şirketi within the scope of the Statutory Decree on Building Inspection No. 595 ("SD"). It was taken over on 1 July 2011 by Sağlam Gayrimenkul Yatırım Ortaklığı A.Ş.. As a result of the merger, company's title was changed as **Saf Gayrimenkul Yatırım Ortaklığı A.Ş.**. Operating in the real estate sector that is getting more and more important in Turkey, SAF GYO has become a significant real estate investment trust company with its first project, namely Akasya Acıbadem.

Akasya Acıbadem Shopping Mall is operated in the province of Istanbul, county of Üsküdar, vicinity of Acıbadem, Çeçen Street. It is located on E-5 (D-100) Highway, and started its activities in March 2014.

Acıbadem Akasya Shopping Mall is on the border between Üsküdar and Kadıköy counties, and is within the borders of Üsküdar Municipality. It is in 2,500 m south of the Çamlıca Hill. Akasya Shopping Mall is at a distance of 4,750 m to Bosporus Bridge, 3,480 m to Kadıköy, 430 m to Göztepe Bridge, 2,835 m to Üsküdar, 160 m to 1st Ring Road, 7,160 m to Eminönü and 1,540 m to Marmara University.

Apart from Akasya Acıbadem Shopping Mall and Akasya Kent Etabı (5 Residences, 15 Offices), the portfolio of the Company inclues Akasya Social Facility, 4 independent sections in Üsküdar, Fecir Business Center in Arnavutköy, office of 418 m^2 in Mecidiyeköy and Rozi Factory Building in Kocaeli.

The Company's shares have been traded at BİST since 2 March 2007.

The number of the Company's staff is 269 as of 30 June 2016.

Shareholding Structure of the Company

Issued capital of the Company is 886,601,669 TL, and its shareholding structure as of 30.06.2016 is as follows;

Partners	Rate	Amount (TL)
Ali Raif Dinçkök	22.45%	199,058,018
Akiş GYO A.Ş.	19.71%	174,752,783
Ömer Dinçkök	7.03%	62,295,125
Sinpaş GYO A.Ş.	6.93%	61,431,299
Rıfat Hasan	5.40%	47,918,731
Other (Including Public Shares)	38.48%	341,145,713
Issued Capital	**100,00%**	**886,601,669**
Capital Merger Offset Account		(806,601,669)
Authorized Capital Stock		**80,000,000**

(*)As of 30 June 2016, 44.8% of SAF GYO shares are in actual circulation at Borsa İstanbul A.Ş.("BİST").

Company's Financial Statements

The financial statements of the Company submitted as of 31 December 2013, 2014, 2015 and 30 June 2016 have been prepared according to the Turkish Financial Reporting Standards (TFRS) and Turkish Accounting Standards (TAS), and have undergone independent audit.

SAF GYO Balance Sheet (TL)	2013	2014	2015	2016/6
CURRENT ASSETS	**240,649,917**	**98,021,279**	**107,913,047**	**77,579,630**
Cash and Cash Equivalents	66,880,588	14,748,788	21,742,872	16,618,744
Trade Receivables	14,961,833	37,258,793	46,466,675	34,346,238
Trade Receivables From Affiliates	*445,416*	*757,161*	*11,348,031*	*251,343*
Trade Receivables From Non-Affiliates	*14,516,417*	*36,501,632*	*35,118,644*	*34,094,895*
Other Receivables	7,426,680	9,141,911	39,554	41,560
Other Receivables from Affiliates	*7,182,990*	*9,069,938*	-	-
Other Receivables From Non-Affiliates	*243,690*	*71,973*	39,554	41,560
Inventories	131,868,843	13,107,484	5,092,354	5,048,160
Prepaid Expenses	18,286,826	4,244,932	7,326,462	4,185,080
Assets relating to Current Income Tax	970,627	227,299	520,969	109,086
Other Current Assets	254,520	19,292,072	26,724,161	17,230,762
FIXED ASSETS	**741,100,911**	**1,699,268,181**	**1,944,613,328**	**1,950,975,084**
Financial Assets	7,400,000	7,400,000	12,444,599	1,892,579
Available for sale financial assets	*7,400,000*	*7,400,000*	*12,444,599*	*1,892,579*
Trade Receivables	87,294	29,347,360	12,003,099	8,515,987
Other Receivables	687,416	497,142	1,380,560	12,074,224
Other Receivables from Affiliates	-	-	-	*10,552,020*
Other Receivables From Non-Affiliates	*687,416*	*497,142*	*1,380,560*	*1,522,204*
Prepaid Expenses	890,039	-	334,904	-
Investment Properties	596,296,823	1,551,470,000	1,840,263,000	1,845,548,212
Tangible Fixed Assets	*10,732,503*	*20,653,842*	20,159,030	19,897,960
Intangible Fixed Assets	301,293	432,670	385,202	6,044,318
Deferred Tax Asset	-	23,618	40,395	48,951
Other Fixed Assets	124,705,543	89,443,549	57,602,539	56,952,853
TOTAL ASSETS	**981,750,828**	**1,797,289,460**	**2,052,526,375**	**2,028,554,714**

Company's Financial Statements

The financial statements of the Company submitted as of 31 December 2013, 2014, 2015 and 30 June 2016 have been prepared according to the Turkish Financial Reporting Standards (TFRS) and Turkish Accounting Standards (TAS), and have undergone independent audit.

SAF GYO Balance Sheet (TL)	2013	2014	2015	2016/6
SHORT-TERM LIABILITIES	**486,723,334**	**86,458,291**	**135,753,227**	**170,266,695**
Current installments of long-term liabilities	51,349,257	35,688,573	101,637,893	121,309,223
Leasing Debts	65,075	11,579,355	19,309,343	27,946,190
Trade Payables	15,222,666	5,847,765	4,232,864	6,501,098
Trade Payables to Non-Affiliated Parties	*13,490,482*	*4,518,300*	*2,935,918*	4,142,097
Trade Payables to Affiliates	*1,732,184*	*1,329,465*	*1,296,946*	2,359,001
Period Income Tax Liability	-	83,086	94,948	-
Payables Related to Employee Benefits	905,445	852,556	549,836	1,156,528
Other Payables	366,209	43,225	1,365,456	687,883
Other Payables to Non-Affiliates	*366,209*	*43,225*	*1,365,456*	687,883
Employee Benefits	328,008	360,106	373,055	462,688
Other Short-Term Provisions	-	-	2,770,947	3,400,064
Deferred Income	416,405,178	30,945,190	4,725,969	7,699,346
Deferred Income from Non-Affiliates	*394,603,622*	*30,942,609*	*4,725,969*	7,699,346
Deferred Income from Affiliates	*21,801,556*	*2,581*	-	-
Other Short Term Liabilities	2,081,496	1,058,435	692,916	1,103,675
LONG TERM LIABILITIES	**288,337,958**	**525,106,182**	**587,908,217**	**519,840,092**
Long term liabilities	273,685,192	430,124,090	479,174,156	427,403,963
Leasing Payables	-	88,871,959	92,304,003	75,908,204
Other Payables	14,289,396	5,957,103	351,014	392,890
Employee Benefits	363,370	153,030	272,659	304,738
Deferred Income	-	-	15,806,385	15,830,297
EQUITIES	**206,689,536**	**1,185,724,987**	**1,328,864,931**	**1,338,447,927**
Paid-in Capital	886,601,669	886,601,669	886,601,669	886,601,669
Capital Merger Offset Account	(806,601,669)	(806,601,669)	(806,601,669)	(806,601,669)
Capital Correction Differences	36,467	36,467	36,467	36,467
Premiums in relation to Shares	736,316	736,316	736,316	736,316
Reserves on Retained Earnings	30,421,141	35,172,127	52,907,712	*52,939,662*
Other Comprehensive Income or Cost*	-	-	*5,044,599*	*1,887,579*
Actuarial Loss/Profit	18,034	25,508	(5,692)	(5,692)
Accumulated Earnings	111,285,346	9,226,592	942,018,984	1,170,113,579
Net Profit / (Loss) for the Period	(15,807,768)	1,060,527,977	248,126,545	32,740,016
TOTAL LIABILITIES AND EQUITY	**981,750,828**	**1,797,289,460**	**2,052,526,375**	**2,028,554,714**

Accumulated Other Comprehensive Income or Expenses that will Be Reclassified, in Profit or Loss

Company's Financial Statements

The financial statements of the Company submitted as of 31 December 2013, 2014, 2015 and 30 June 2016 have been prepared according to the Turkish Financial Reporting Standards (TFRS) and Turkish Accounting Standards (TAS), and have undergone independent audit.

SAF GYO Income Statement (TL)	2013	2014	2015	2016/6
Revenue	8,418,515	552,555,211	193,790,215	98,869,681
Cost of the Sales (-)	(1,163,296)	(255,818,475)	(31,515,467)	(17,436,266)
Gross profit / (loss)	**7,255,219**	**296,736,736**	**162,274,748**	**81,433,415**
General Management Expenses (-)	(11,038,293)	(9,903,911)	(18,441,440)	(14,230,651)
Marketing Expenses (-)	(4,458,200)	(20,100,116)	(11,453,758)	(6,433,433)
Other Real Operating Incomes	7,567,772	862,995,329	294,369,481	3,370,582
Other Operating Expenses (-)	(3,009,838)	(10,005,896)	(12,401,912)	(10,255,583)
Real Operating Profit / (Loss)	**(3,683,340)**	**1,119,722,142**	**414,347,119**	**53,884,330**
Income from Investment Activities	13,142,245	8,430,502	10,128,382	4,420,108
Expense from Investment Activities (-)	-	-	-	(8,721,346)
Operating Profit/(Loss) before Financing Cost	**9,458,905**	**1,128,152,644**	**424,475,501**	**49,583,092**
Financial Incomes	182,561	13,538,454	-	2,041,491
Financing Expenses	(25,449,234)	(81,026,247)	(176,160,060)	(18,893,123)
Profit / (Loss) before Tax	**(15,807,768)**	**1,060,664,851**	**248,315,441**	**32,731,460**
Tax Expense for the Period	-	(160,492)	(205,673)	-
Deferred Tax Income/(Cost)	-	23,618	16,777	8,556
Net Profit / (Loss) for the Period	**(15,807,768)**	**1,060,527,977**	**248,126,545**	**32,740,016**
Other Comprehensive Income/(Cost)	18,034	7,474	5,013,399	(3,157,020)
Total Comprehensive Income/(Cost)	**(15,789,734)**	**1,060,535,451**	**253,139,944**	**29,582,996**

Company Address

Registered address of the Company is Miralay Şefik Bey Sokak No: 11 K:4-5-6 Gümüşsuyu 34437 Taksim, İstanbul.

History of the Company

Akiş GYO received the title of Real Estate Investment Trust on 18 May 2012 with the application it filed with the Capital Market Board. Then, it commenced to be traded at BİST on 9 January 2013.

Akbatı Project owned by the Company is a mix project implemented by making an investment amounting to almost 250 million USD in Esenyurt, Istanbul.

Akbatı was designed as a living center, along with the shopping mall and residences. With its total construction area of 242,000 m², Akbatı Shopping and Living Center hosts almost 200 stores, 3 movie theaters and restaurants bringing the world cuisines together, kids' play /education areas and also a Festival Park of 5,000-person capacity within the net leasable area of 65,496 m². Opened in September 2011, Akbatı Shopping Mall's occupancy rate is 98% as of June 2016.

Akiş GYO made real estate investments on different plots in Şaşkınbakkal, Caddebostan, Suadiye and Çatalçeşme districts in Bağdat Street, Istanbul, for such strategic reasons as its shopping mall investments that reached a high level all through Istanbul and as portfolio diversity. With this investment, the Company plans to take an active part in the field of street store business.

In the region where the company makes investment, commercial real estates of sizes varying between 900 and 2,800m2 shall be developed. Total construction area of the 4 investments on Bağdat Street is expected to be approximately 29,000m2. To be designed according to the needs of the retail sector, the real estates will contribute to Bağdat Street's prestige. The projects will have residential and office units at a limited rate.

Akiş GYO also has a land portfolio of 11,000 m^2 in the province of Istanbul, county of Beykoz, vicinity of Gümüşsuyu under the title of Karlıtepe Gayrimenkul Geliştirme ve Yatırım Anonim Şirketi that is its 100% subsidiary. After the development plan implementation carried out by Beykoz Municipality in the region of these lands, project stage shall commence. In Beykoz region close to the forest, right beside the 2nd Bridge and where the linking roads of 3rd Bridge are also in the passage area, real estate prices have begun to increase with passage of the linking roads of 3rd Bridge from this region. Beykoz is one of the counties where residence sale prices increased the most in the Anatolian Side.

Furthermore, the Company, under the title of Akiş-Mudanya Ordinary Partnership of which it is a shareholder by 50%, acts flat for land agreements in Mudanya, to be developed in the following period.

The number of the Company's staff is 73 as of 30 June 2016.

Shareholding Structure of the Company

Issued capital of the Company is 200,000,000 TL, and its shareholding structure as of 30.06.2016 is as follows;

Partners	Rate	Amount
Akkök Holding A.Ş.	31.53%	63,065,857
Ali Raif Dinçkök	20.46%	40,910,344
Raif Ali Dinçkök	6.22%	12,430,497
Nilüfer Dinçkök Çiftçi	12.87%	25,741,469
Other (Including Public Shares) (*)	28.93%	57,851,833
Authorized Capital Stock	**100.00%**	**200,000,000**

(*) As of 30 June 2016, 44.8% of Akiş GYO shares are in actual circulation at Borsa İstanbul A.Ş.("BİST").

Company's Financial Statements

The financial statements of the Company submitted as of 31 December 2013, 2014, 2015 and 30 June 2016 have been prepared according to the Turkish Financial Reporting Standards (TFRS) and Turkish Accounting Standards (TAS), and have undergone independent audit.

Akiş GYO Balance Sheet (TL)	2013	2014	2015	2016 / 6
CURRENT ASSETS	**88,678,431**	**89,789,799**	**86,103,830**	**145,350,798**
Cash and Cash Equivalents	38,996,938	47,141,892	42,563,378	85,840,590
Trade Receivables	4,078,989	21,095,379	32,244,329	53,262,860
Trade Receivables From Affiliates	*124,435*	*16,480,816*	*947,386*	*1,874*
Trade Receivables From Non-Affiliates	*3,954,554*	*4,614,563*	*31,296,943*	*53,260,986*
Other Receivables	2,087,752	1,794,588	1,885,530	1,932,476
Other Receivables from Affiliates	-	-	-	-
Other Receivables From Non-Affiliates	*2,087,752*	*1,794,588*	*1,885,530*	1,932,476
Inventories	27,394,323	6,314,353	723,920	585,746
Prepaid Expenses	8,610,884	4,521,989	5,621,791	3,273,246
Assets relating to Current Income Tax	55,274	-	-	-
Other Current Assets	7,454,271	8,921,598	3,064,882	455,880
FIXED ASSETS	**1,166,112,872**	**1,262,169,535**	**1,699,389,099**	**1,646,656,194**
Financial Investments	64,859,013	58,491,466	-	
Investments Valued by Equity Method	-	-	264,875,833	266,704,913
Trade Receivables	1,314,101	916,368	59,538,704	57,123,125
Other Receivables	-	-	3,338,288	3,650,844
Inventories	244,632,159	240,726,573	317,618,252	343,980,981
Investment Properties	*806,482,104*	*931,103,550*	1,044,113,000	964,820,761
Tangible Fixed Assets	*3,672,037*	*3,181,600*	2,493,886	2,267,834
Intangible Fixed Assets	80,930	48,308	740,570	735,551
Deferred Tax Asset	-	-	176,454	176,454
Prepaid Expenses	4,000,712	1,659,626	5,553,076	6,128,188
Other Fixed Assets	41,071,816	26,042,044	941,036	1,067,543
TOTAL ASSETS	**1,254,791,303**	**1,351,959,334**	**1,785,492,929**	**1,792,006,992**

Company's Financial Statements

The financial statements of the Company submitted as of 31 December 2013, 2014, 2015 and 30 June 2016 have been prepared according to the Turkish Financial Reporting Standards (TFRS) and Turkish Accounting Standards (TAS), and have undergone independent audit.

Akiş GYO Balance Sheet (TL)	2013	2014	2015	2016 / 6
SHORT-TERM LIABILITIES	**430,054,239**	**196,098,942**	**277,405,433**	**273,300,187**
Short term borrowings	352,881,183	113,693,265	171,073,123	164,521,939
Current installments of long-term liabilities	41,986,230	60,255,469	90,302,452	86,058,161
Trade Payables	16,389,321	15,610,231	9,518,474	7,850,842
Trade Payables to Non-Affiliated Parties	*15,101,941*	*13,725,488*	*7,459,578*	5,809,404
Trade Payables to Affiliates	*1,287,380*	*1,884,743*	*2,058,896*	2,041,438
Payables Related to Employee Benefits	430,901	462,119	296,488	231,520
Other Payables	526,380	641,463	1,077,101	12,280,145
Other Payables to Non-Affiliates	526,380	641,463	*1,077,101*	12,280,113
Trade Payables to Affiliates	-	-	-	32
Other Short-Term Provisions	631,559	662,111	1,239,085	1,112,622
Deferred Income	17,131,591	4,757,394	571,653	1,182,275
Period Income Tax Liability	77,074	16,890	51,666	62,683
Other Short Term Liabilities	-	-	3,275,391	-
LONG TERM LIABILITIES	**98,347,564**	**327,185,202**	**459,128,754**	**458,848,654**
Long term liabilities	98,059,135	326,811,659	458,179,619	458,112,174
Employee Benefits	288,429	373,543	949,135	736,480
EQUITIES	**726,389,500**	**828,675,190**	**1,048,958,742**	**1,059,858,151**
Paid-in Capital	128,200,841	200,000,000	200,000,000	200,000,000
Capital Correction Differences	143,640,036	121,840,877	121,840,877	121,840,877
Premiums in relation to Shares	202,159	208,659	208,659	208,659
Other Comprehensive Income or Cost (**)	-	(3,497)	(252,352)	*19,066*
Other Comprehensive Income or Cost (*)	52,717,328	46,365,999	*(48,924)*	*(671,249)*
Mergers Containing Enterprises Subject to Common Management	(4,109,167)	(4,109,167)	(4,109,167)	(4,109,167)
Other Reserves	54,696,807	54,696,807	54,696,807	54,696,807
Reserves on Retained Earnings	20,888,561	20,888,561	24,871,819	33,301,617
Accumulated Earnings	305,113,357	330,152,935	359,803,698	613,321,225
Net Profit / (Loss) for the Period	25,039,578	58,634,016	291,947,325	41,250,316
TOTAL LIABILITIES AND EQUITY	**1,254,791,303**	**1,351,959,334**	**1,785,492,929**	**1,792,006,992**

* *Accumulated Other Comprehensive Income or Expenses that will Be Reclassified ,in Profit or Loss*

Company's Financial Statements

The financial statements of the Company submitted as of 31 December 2013, 2014, 2015 and 30 June 2016 have been prepared according to the Turkish Financial Reporting Standards (TFRS) and Turkish Accounting Standards (TAS), and have undergone independent audit.

Akiş GYO Income Statement (TL)	2013	2014	2015	2016 / 6
Revenue	70,957,837	91,584,244	89,825,706	37,246,966
Cost of the Sales (-)	(29,235,630)	(44,051,449)	(29,511,213)	(12,501,940)
Gross profit / (loss)	**41,722,207**	**47,532,795**	**60,314,493**	**24,745,026**
General Management Expenses (-)	(18,155,327)	(11,719,641)	(15,828,730)	(11,990,069)
Marketing Expenses (-)	(1,369,665)	(1,302,257)	(952,559)	(404,929)
Other Real Operating Incomes	5,397,173	3,974,501	30,791,602	11,389,730
Other Operating Expenses (-)	(4,542,723)	(3,166,055)	(25,953,853)	(9,999,067)
Real Operating Profit / (Loss)	**23,051,665**	**35,319,343**	**48,370,953**	**13,740,691**
Shares from the Profits/Losses of the Investments (*)	(5,148,533)	-	11,475,167	6,393,478
Income from Investment Activities	88,902,339	66,896,252	319,618,913	30,765,590
Expense from Investment Activities	(14,143,472)	(1,801,450)	(2,420,550)	-
Operating Profit/(Loss) before Financing Cost	**92,661,999**	**100,414,145**	**377,044,483**	**50,899,759**
Financial Incomes	21,823,515	56,303,606	27,516,795	26,134,497
Financing Expenses	(88,439,178)	(97,998,457)	(112,469,607)	(35,721,257)
Profit / (Loss) before Tax	**26,046,336**	**58,719,294**	**292,091,671**	**41,312,999**
Tax Expense for the Period	(77,074)	(85,278)	(144,346)	(62,683)
Deferred Tax Income/(Cost)	(929,684)	-	-	-
Net Profit for the Period	**25,039,578**	**58,634,016**	**291,947,325**	**41,250,316**
Other Comprehensive Income/(Cost)	18,034	7,474	5,013,399	(3,157,020)
Total Comprehensive Income	**25,057,612**	**58,641,490**	**296,960,724**	**38,093,296**

(*) Share of Investments Profits/ Losses Accounted by Using the Equity

Chapter 2

Valuation Approach

Company Valuation and Approach Methods

Basically 3 approaches are used in valuation of the companies. These approaches are as follows:

- Asset-based Approach
- Market Approach
- Income (Discount) Approach

Within each approach, company's value can be determined with different valuation methods. Each of these valuation methods used may contain its own specific calculation procedures to determine the company's value.

Asset-based Approach

Asset-based approach in company valuations has similar qualities with the cost approach used for different asset types. Asset-based approach is based on the replacement principle, so value of an asset shall not be higher than the cost of renewing all of the parts constituting that asset.

In application of the asset-based approach, a balance sheet calculated over the market value of all tangible and intangible assets and liabilities or over another suitable current value is used instead of a cost-based balance sheet. Here, taxes may also be required to be considered. If market or liquidation values are applied, sale costs and the other expenses must also be considered.

Market Approach

Market approach compares the companies subject to valuation with the sold companies of similar quality in the market, company property rights and real estates. The most frequently used three methods among the data sources used in the market approach is the public stock markets where the property rights of the companies of similar quality are purchased and sold, markets where the companies are block sold and the transactions made before regarding the ownership of the company subject to valuation.

In the market approach, comparisons made with the companies of similar quality must have a reasonable basis. These companies of similar quality must be in the same sector with the company subject to valuation or in a sector depending on the same economic variables. This comparison has to be made meaningfully, and must not be misleading.

Income (Discount) Approach

Income approach appreciates the value of a company's company ownership right or its securities by calculating the current value of its future revenues. The two most frequently used income approach methods are direct income discount and discounted cash flow analysis (and/or dividend) method. Discount rate must be suitable for the income definition used.

In direct income discount, a representative income level is divided into a discount rate for the purpose of converting the income into value or multiplied with an income multiplier. In theory, income may be in the form of several different income and cash flow definitions. In practice, on the other hand, income measured is generally income before or after tax.

In the discounted cash flow analysis method, cash flows are estimated separately for each future period. These cash flows are converted into value by applying a discount rate by making use of the current value techniques. Several cash flow definitions may be used. In practice, generally net cash flow is used.

Method or Methods Used in the Valuation Study

In the valuation study, particularly because the income is generated from long-term agreements and consists of foreseeable income, "discounted cash flows analysis" method representing the "***income approach***", "market value" method representing the "***market approach***" and "net book value" method representing the "***asset approach***" have been used.

Asset Approach

Net Book Value (Equity Value)

Net book value generally means the value found by deducting the net payables from the assets' book value and adding to it the other cash equivalent assets. In other words, it is the amount outstanding after deducting the payables from the assets in the balance sheet. Because the balance sheet is based on the accounting books, it is called so. Due to the ease of accessibility to the balance sheets, net book value is mentioned frequently in practice.

This approach does not consider the potential incomes of the business to be obtained and the value to be created in the future. However, by approaching to the business' possible liquidation value or cost of restoring, it makes an estimation on the company's value.

In our studies, the equity amounts stated in the financial statements of the companies dated 30.06.2016 that were prepared as per the CMB regulations, in accordance with the TAS/TFRS and that undergone independent audit.

As per the TAS/TFRS applications, it is assumed that the required provisions are allocated for all balance sheet items in the scope of these standards, that the required adjustments were made by AKİŞ GYO and SAF GYO managements, and that these adjustments are audited by the independent auditors in the scope of Turkish Audit Standards. Furthermore, it has been stated in the footnotes to the audited financial statements that the fair values of the real estates for investment purpose were determined by the listed real estate appraisers and within the framework of the principles set by the CMB, that the fair value adjustments were made and shown in the Companies' financial statements.

Net book values of Akiş GYO and SAF GYO according to their balance sheets issued as of 30.06.2016 as per the TAS/TFRS terms and undergone independent audit are as follows;

30.06.2016	SAF GYO (TL)
Current Assets	77,579,630
Fixed Assets	1,950,975,084
Total Assets	**2,028,554,714**
Short Term Liabilities	170,266,695
Long Term Liabilities	519,840,092
Total Liabilities	**690,106,787**
Net Book Value	**1,338,447,927**

30,06,2016	Akiş GYO (TL)
Current Assets	145,350,798
Fixed Assets	1,646,656,194
Total Assets	**1,792,006,992**
Short Term Liabilities	273,300,187
Long Term Liabilities	458,848,654
Total Liabilities	**732,148,841**
Net Book Value	**1,059,858,151**

As of 30.06.2016, net book value of SAF GYO was determined to be **1,338,447,927 TL,** while net book value of Akiş GYO was determined to be **1,059,858,151 TL**.

Asset Approach Results
Net Book Value Method
Merger and Change Rates

(*) Amount of the capital to be increased after the merger shall be distributed to the shareholders of the transferred partnership other than the transferee partnership, at the rate of their shares.

Therefore, from SAF GYO's issued capital of 886,601,669 TL Akiş GYO's share of 174,752,783 TL was deducted, and the capital to be increased has been calculated according to the remaining share of 711,848,886 TL.

(**) While calculating Akiş GYO's share rate in SAF GYO, below formula has been used:

=174,752,783 TL / 886,601,669 TL

While calculating the shareholder rate, no rounding off has been made. The value found has been progressed by 5 digits after the dot for the purpose of indication.

Equity Value Forming the Basis of the Merger

Akiş GYO's share rate in SAF GYO is 19.71%. Therefore, while determining the equity value of SAF GYO forming the basis of the merger, an adjustment has been made because Akiş GYO holds 19.71% of SAF GYO's shares. The share of 19.71% is the shareholding rate, and it has been differentiated from SAF GYO's equity value. After the adjustment, SAF GYO's equity forming the basis of the merger has been calculated as 1,074,634,415 TL.

Net Book Value Method	Transferee Akiş GYO	Transferred SAF GYO
Issued Capital	200,000,000 (C)	886,601,669 (D)*
Equity Value	1,059,858,151	1,338,447,927
Akiş GYO's shares in SAF GYO	19.71041%**	(263,813,512)
Value Forming the Basis of the Merger	**1,059,858,151 (A)**	**1,074,634,415 (B)**

Merger and Change Rates

While calculating the value forming the basis of the merger that is to create the basis for the merger rate in the below table, Net Book Value method has been used for both companies.

Net Book Value Method						
Merger Rate	=	1,059,858,151 (A) / 2,134,492,566 (A+B)	=	49.65%		
Capital after the Merger	=	200,000,000 (C) / 49.65%	=	402,788,347		
Capital to Be Increased	=	402,788,347	-	200,000,000	=	202,788,347
Change Rate	=	202,788,347 / 711,848,886 (D)	=	0.28488		

According to this method, when the stated values and capital forming the basis of the merger are taken into consideration, **merger rate, capital to be increased and change rate** have been determined respectively as **49.65%, 202,788,347 TL** and **0.28488**.

According to the Net Book Value Method, **capital** of Akiş GYO shall increase to **402,788,347 TL** after the merger.

Market Approach

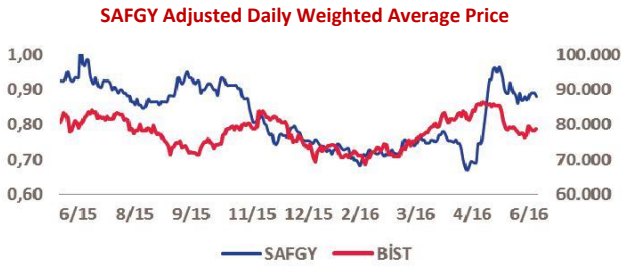
Market Value Method

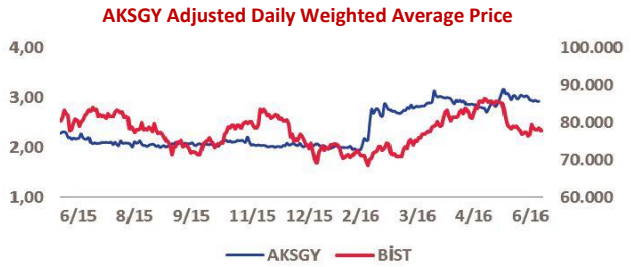
Akiş GYO (AKSGY) and SAF GYO (SAFGY) that are parties to the merger are subject to the CMB regulations and Capital Market legislation, and their shares were started to be traded at the stock exchange respectively on 9 January 2013 and 2 March 2007. As of the valuation date, rates Akiş GYO and SAF GYO's shares in actual circulation are respectively 24.28% and 44.8%.

Market value is calculated by multiplying the unit price of the shares created in BİST with the total number of the shares. The factors such as the movements in the market, news on the companies and the companies' free float rates affect the market value. Accordingly, market value reflecting the company value may vary from one company to the other.

Because SAF GYO made profit distribution in the amount of 0.124 TL on 30 October 2015 and of 0.226 TL on 29 April 2016; Akiş GYO made profit distribution in the amount of 0.150 TL on 18 April 2016, arithmetic average of the '*adjusted daily weighted average share prices"* has been used in the share price calculations.

Akiş GYO and SAF GYO's company values were calculated in accordance with the arithmetic averages of the "*adjusted daily weighted average share prices*" for the last 12 months and last 1 month starting from (and including) 1 June 2016, which is the date that the merger announcement was made.





Average Market Value (TL)	AKSGY	SAFGY
Average for the Last 1 Month	573,495,238	714,305,411
Average for the Last 12 Months	461,784,375	735,494,960

Merger and change rates have been calculated separately over the adjusted weighted average market values for the last 1 month and 12 months. Values forming the basis of the merger calculated according to each average have been presented in the following pages.

Market Approach Results
Market Value Method
Merger and Change Rates

(*) Amount of the capital to be increased after the merger shall be distributed to the shareholders of the transferred partnership other than the transferee partnership, at the rate of their shares.

Therefore, from SAF GYO's issued capital of 886,601,669 TL Akiş GYO's share of 174,752,783 TL was deducted, and the capital to be increased has been calculated according to the remaining share of 711,848,886 TL.

(**) While calculating Akiş GYO's share rate in SAF GYO, below formula has been used:

174,752, 783 TL / 886,601,669 TL

and while calculating the shareholding rate, no rounding off has been made. The value found has been progressed by 5 digits after the dot for the purpose of indication.

Equity Value Forming the Basis of the Merger (Averages for the Last 1 Month)

Akiş GYO's share rate in SAF GYO is 19.71%. Therefore, while determining the equity value of SAF GYO forming the basis of the merger, an adjustment has been made because Akiş GYO holds 19.71% of SAF GYO's shares. The share of 19.71% is the shareholding rate, and it has been differentiated from SAF GYO's equity value. After the adjustment, SAF GYO's equity forming the basis of the merger has been calculated as 573,512,919 TL.

Market Value (Average for the Last 1 Month)	Transferee Akiş GYO	Transferred SAF GYO
Issued Capital	200,000,000 (C)	886,601,669 (D) *
Equity Value	573,495,238	714,305,411
Akiş GYO's shares in SAF GYO	19.71041% **	(140,792,492)
Value Forming the Basis of the Merger	**573,495,238 (A)**	**573,512,919 (B)**

Merger and Change Rates

In the below table, while calculating the merger rate, "Adjusted Weighted Average Market Value" Method for the last 1 month has been used for both companies.

Market Value Method (Average for the Last 1 Month)						
Merger Rate	=	573,495,238 (A) 1,147,008,157 (A+B)	=	50.00%		
Capital after the Merger	=	200,000,000 (C) 50.00%	=	400,006,166		
Capital to Be Increased	=	400,006,166	-	200,000,000	=	200,006,166
Change Rate	=	200,006,166 711,848,886 (D)	=	0.28097		

According to this method, when the stated values and capital forming the basis of the merger are taken into consideration, **merger rate, capital to be increased and change rate** have been determined respectively as **50.00%, 200,006,166 TL** and **0.28097**.

According to the Method of "Adjusted Weighted Average Market Value" for the last 1 month, **capital** of Akiş GYO shall increase to **400,006,166 TL** after the merger.

Market Approach Results
Market Value Method
Merger and Change Rates

(*) Amount of the capital to be increased after the merger shall be distributed to the shareholders of the transferred partnership other than the transferee partnership, at the rate of their shares.

Therefore, from SAF GYO's issued capital of 886,601,669 TL Akiş GYO's share of 174,752,783 TL was deducted, and the capital to be increased has been calculated according to the remaining share of 711,848,886 TL.

(**) While calculating Akiş GYO's share rate in SAF GYO, the formula below has been used:

174,752, 783 TL / 886,601,669 TL

While calculating the shareholding rate, no rounding off has been made. The value found has been progressed by 5 digits after the dot for the purpose of indication.

Equity Value Forming the Basis of the Merger (Averages for the Last 12 Months)

Akiş GYO's share rate in SAF GYO is 19.71%. Therefore, while determining the equity value of SAF GYO forming the basis of the merger, an adjustment has been made because Akiş GYO holds 19.71% of SAF GYO's shares. The share of 19.71% that is the shareholding rate, and it has been differentiated from SAF GYO's equity value. After the adjustment, SAF GYO's equity forming the basis of the merger has been calculated as 590,525,922 TL.

Market Value (Average for the Last 6 Months)	Transferee Akiş GYO	Transferred SAF GYO
Issued Capital	200,000,000 (C)	886,601,669 (D) *
Equity Value	461,784,375	735,494,960
Akiş GYO's shares in SAF GYO	19.71041% **	(144,969,038)
Value Forming the Basis of the Merger	**461,784,375 (A)**	**590,525,922 (B)**

Merger and Change Rates

In the table below, while calculating the merger rate, "Adjusted Weighted Average Market Value" Method for the last 12 month has been used for both companies.

Market Value Method (Average for the Last 12 Months)						
Merger Rate	=	461,784,375 (A) 1,052,310,297 (A+B)	=	43.88%		
Capital after the Merger	=	200,000,000 (C) 43.88%	=	455,758,295		
Capital to Be Increased	=	455,758,295	-	200,000,000	=	255,758,295
Change Rate	=	255,758,295 711,848,886 (D)	=	0.35929		

According to this method, when the stated values and capital forming the basis of the merger are taken into consideration, **merger rate, capital to be increased and change rate** have been determined respectively as **43.88%, 255,758,295 TL** and **0.35929**.

According to the Method of "Adjusted Weighted Average Market Value" for the last 12 month, **capital** of Akiş GYO shall increase to **455,758,295 TL** after the merger.

Market Approach Results
Market Value Method
Merger and Change Rates

Final Merger and Change Rate Calculated According to the Market Value Method

Merger rate of the companies has been calculated separately according to the adjusted weighted average market values for the last 1 month and 12 months.

According to the Market Value method, by equally weighting the merger rates calculated separately, capital after the merger, capital to be increased and change rate have been determined.

Valuation Method	Market Value	Market Value	BDO Analysis
Valuation Period	**For 1 Month**	**For 12 Months**	**Weighted**
Merger Rate	50.00%	43.88%	**46.94%**
Capital after the Merger	400,006,166	455,758,295	**426,066,135**
Change Rate	0.28197	0.35929	**0.31758**
Capital to Be Increased	200,006,166	255,758,295	**226,066,135**
Method Weight	**50%**	**50%**	**100%**

According to the market value method, **merger rate, capital to be increased and change rate** have been determined respectively as **46.94%, 226,066,135 TL** and **0.31758**.

According to the Market Value Method, **capital** of Akiş GYO shall increase to **426,066,135 TL** after the merger.

Market Approach

Market Multipliers Method

In the market multipliers method, market multipliers calculated over the data of the company subject to valuation and of the similar companies are taken as basis. By adjusting the market multipliers found according to the financial performance of the company valuated, company's value is found.

The commonly used multiplier used in comparison of the company values of the real estate investment trusts with the value of the company subject to the valuation is the rate of Market Value / Net Book Value (MV/BV). Because since the independent section sale revenues are included in the income statement upon construction completion in the real estate investment trusts, development of the sale revenues and therefore, net profit creation fluctuate depending on the construction completion in the projects developed by the companies, and particularly in the real estate investment trusts operating by developing projects and making sales, it is misleading to assess the company's performance according to the development of the sale revenues (MV/Sales) and net profit (MV/Net Profit). On the other hand, the net book value based on the reports of the independent real estate appraisers constitutes a sounder and more stable basis in determination of its value arising from the real estate portfolio.

Because both companies that are parties to the merger operate in the same sector, therefore the companies to be taken as precedents are the same and equities are used as the precedent multiplier parameter due to the companies' sector, merger and change rates to be calculated by using the "market multipliers method" representing the "***market approach***" are the same as the merger and change rates calculated according to the net book value method.

Therefore, our report does not include "market multipliers method".

Income Approach

Discounted Cash Flows Method

In the discounted cash flow analysis method, cash flows generated from the activities are commonly taken as basis. Cash flows generated from the activities are reached by deducting the cost of good/service sold and management and sale expenses from the company's sale revenue. Because the cash flow dealt here is the cash flow that concerns all capital providers of the company (both its lenders and partners), the company's weighted average capital cost is used as the rate of discount.

Because the cash flows generated from activities are to give the company's value entirely, by deducting from this value the company's entire payables' value, value of the company's partners' equity (or the share certificates representing it) can be found. As can also be understood from the functioning mechanism, this method is considered to be a very useful model in comparing the values of the companies with different capital structures.

Assumptions and calculations used while determining the value of the companies according to the DCF method are as follows:

Discount Rate

In our study, Weighted Average Capital Cost (WACC) calculated separately for the companies that are parties to the merger was used as the discount rate in the scope of the Financial Assets Pricing Model (CAPM). In calculation of the weighted average capital cost, by using the below formula:

ke cost of equity
Rf risk-free interest rate
Rm market risk premium
β market correlation (beta)
Ru company-specific risk premium

$$k_e = R_f + (R_m \times \beta) + R_u$$

Equity cost calculated as 13.68 for Akiş GYO and 13.18 for SAF GYO was taken as basis. As the risk-free interest rate used in the formula, the average of the last-6 month yield of USD Eurobond with 2040 due date issued by the Treasury of the Republic of Turkey has been used. As the market risk premium, the rate of 9.28% (*) published by Aswath Damodaran has been considered. Company-specific risk premium was considered as 4.5% for both companies by BDO specialists. Beta used as the indicator of the systematical risk has been calculated by us by taking the average of the betas for the last 1, 3, 6 and 12 months, because the companies are traded at the stock exchange.

Weighted average capital cost has been calculated by using the below formula:

ke cost of equity
D financial liabilities
kd after-tax cost of borrowing
kw weighted average capital cost
E equity
Lt total liabilities and equity

$$k_w = (D / L_t \times k_d) + (E / L_t \times k_e)$$

By weighting the borrowing cost and equity cost by considering the share of the payables and equity in the Company's financing. As borrowing costs, weighted average costs of the credits used by the companies are taken as basis. Under these assumptions, calculation parameters regarding the companies' weighted average capital cost in the projection period have been summarized below:

(*)http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html

Income Approach

Discounted Cash Flows Method (continued)

Period	Akis Beta	SAF Beta
For 12 Months	0.4908	0.5964
For 6 Months	0.4470	0.5319
For 3 Months	0.3447	0.1085
For 1 Month	0.2421	0.0756
Average Beta	**0.3812**	**0.3281**

Discount Rate	Akis GYO
Risk-free interest rate **(Rf)**	5.64%
Market risk premium **(Rm)**	9.28%
Beta (ß)	0.3812
Company-specific risk premium	4.50%
Equity Cost	**13.68%**
Leverage Ratio	39.55%
Borrowing Cost	5.45%
Weighted Average Cost of Capital (AOSM)	**10.42%**

Discount Rate	SAF GYO
Risk-free interest rate **(Rf)**	5.64%
Market risk premium **(Rm)**	9.28%
Beta (ß)	0.3281
Company-specific risk premium	4.50%
Equity Cost	**13.18%**
Leverage Ratio	32.17%
Borrowing Cost	4.82%
Weighted Average Cost of Capital (AOSM)	**10.49%**

Currency Used in the Projections

US Dollars (USD) has been used as currency in the projections. After the final value is calculated, values in TL have been reached by using the Republic of Turkey Central Bank buying rate of exchange on 30.06.2016.

Period Covered by the Projection

The projections covers the years 2016/6-2022, and the final value has been calculated by increasing the free cash flow to be obtained in 2022 with 3% that is the rental increase rate in the Companies' lease contracts.

Corporate Tax and Deductible VAT

The Company is exempt from the Corporate Tax as per the paragraph 4-d, article 8 of the Corporate Tax Law. Despite the fact that the real estate investment trusts' earnings are subject to withholding tax as per the paragraph 6-a, article 94 of the Income Tax Law, withholding tax rate was determined as "0" with the Council of Ministers Decree no. 93/5148.

Therefore, no tax has been calculated over the Company's income in the projection period.

As of the Valuation Date, deferred VAT within SAF GYO's records has been assumed to be discounted until 2018, and the discounted VAT calculated as of the years has been converted into USD with an estimated average rate for the relevant period.

Income Approach
Discounted Cash Flows – SAF GYO

Sales

Akasya Shopping Mall came into operation in March 2014. Agreements acted between the Company and its lessees have been checked, and an increase by 3% is anticipated for the rentals as of the years. Within 2016, with the expectation that the American Central Bank (FED) is to initiate liquidity contractionary applications and to increase the interest rates, a higher increase than expected was observed in the exchange rate of dollar. Because the rental payments are in USD in Akasya Shopping Mall, increased exchange rate of dollar compels the lessees majority of whose earnings is in Turkish Liras. Then, Akasya Shopping Mall took some measures such as fixing the exchange rates for rental payments. Its effect has been included in the projections as exchange rate fixing effect. Rental fixing effect is expected to be 6.75% as of 2017 and to reduce to 5% by the end of the projection period. When calculating the projection incomes, concerned exchange rate fixing effect has been taken into consideration, and it has been calculated by taking the relevant discounts into consideration.
The Company obtains rental revenue from ATM, Kiosk and Wireless Tower etc. installed in various locations within the Shopping Mall as well. These incomes are expected to be 2% of the shopping mall store rental incomes throughout the projection period.

The Company's two other immovables than Akasya Shopping Mall (Fecir Business Center and Gebze Factory Building) are expected to be sold in 2016 and 2017. The Company obtains rental income from these two immovable properties. Annual rental income of Fecir Business Center is almost 700 thousand USD, and annual rental income of the factory in Gebze leased to SCA Yıldız Kağıt ve Kişisel Bakım Üretim A.Ş. is almost 2 million USD. Sale prices of Fecir Business Center and Gebze Factory building are expected to be respectively 7.7 million USD and 27.4 million USD.

Furthermore, the residence stocks within the Company's portfolio are planned to be sold in 2016 and 2017.

The Company's estimates sales within the projection period are as follows:

SALES (USD)	2014	2015	2016 / 6	2016/6	2017	2018	2019	2020	2021	2022
Rental Revenues	**48,558,558**	**63,572,946**	**32,218,794**	**29,265,981**	**60,761,326**	**63,105,582**	**65,654,637**	**67,746,913**	**69,774,344**	**71,817,245**
-Akasya SM Rental Revenue	*47.163.958*	*61,286,028*	*31,018,640*	*28,488,105*	*58,587,670*	*60,849,169*	*63,309,945*	*65,318,874*	*67,259,818*	*69,258,438*
-Turnover Share&Valet-Kiosk-Advertising Revenues	*406.033*	*1,149,967*	*645,122*	*394,526*	*812,724*	*837,105*	*862,218*	*888,085*	*914,728*	*942,169*
-ATM Rental Revenues	*200,096*	-	-	-	*207,818*	*214,053*	*220,474*	*227,088*	*233,901*	*240,918*
-General Expense Contribution	*538.085*	*705,980*	*335,877*	*335,211*	*707,935*	*747,499*	*791,306*	*828,862*	*868,201*	*863,936*
-Social Facility Rental Revenue	*117.403*	*330,705*	*169,961*	-	*346,777*	*357,181*	*367,896*	*378,933*	*390,301*	*402,010*
-Other Rental Revenue	*132,984*	*100,265*	*49,193*	*48,139*	*98,402*	*100,575*	*102,797*	*105,070*	*107,395*	*109,774*
Sales Revenues	**222,208,685**	**10,810,808**	**213,953**	**8,184,011**	**34,260,430**	-	-	-	-	-
-Stock Flat Sales	*222,208,685*	*10,810,808*	*213,953*	*422,874*	*6,820,430*	-	-	-	-	-
-Business Center and Factory Building Sale	-	-	-	*7,761,137*	*27,440,000*	-	-	-	-	-
Total Net Sales	**270,767,243**	**74,383,754**	**32,432,748**	**37,449,992**	**95,021,756**	**63,105,582**	**65,654,637**	**67,746,913**	**69,774,344**	**71,817,245**

Income Approach
Discounted Cash Flows – SAF GYO (continued)

Operating Expenses

Company's expenses are classified under 7 headings as shopping mall operation and management expenses, shopping mall marketing expenses, GYO management expenses, repair-maintenance expenses, real estate expenses, land registry charges and environmental arrangement & refurbishment and contracting expenses.

When calculating the GYO general management expenses and Shopping Mall operation expenses, the USA inflation has been taken into consideration between the years 2017 - 2022 and it was increased by 2% in average. The marketing expenses has been increased by 3% in average, taking the advertising, promotion expenses budget planned as of years as basis. Annual average increase has been foreseen to be 2.3% for the real estate expenses. Based on the agreements acted between the Company and its lessees, the operation and management expenses are not reflected to the lessees.

The budget allocated for environmental arrangement, refurbishment and contracting expenses in 2016 and 2017 is respectively 2 million and 6.7 million USD.

Marketing and refurbishment expenses, on the other hand, has been estimated in the projection period by considering the advertising, promotion expenses and Shopping Mall refurbishment expense budget planned by the Company Management as of the years.

Expenses within the projection period calculated as a result of the interviews with the Company Management are as follows:

Operating and Investment Expenses (USD)	2014	2015	2016 / 6	2016/6	2017	2018	2019	2020	2021	2022
Akasya Shopping Mall Operating Expense	8,297,859	8,307,277	4,121,821	4,149,359	8,526,143	8,707,333	8,895,622	9,086,634	9,263,820	9,444,810
Akasya Shopping Mall Marketing Expense	8,891,243	4,379,673	1,574,602	1,500,000	4,000,000	3,000,000	3,090,000	3,182,700	3,278,181	3,376,526
Kent Etabı Residence Repair-Maintenance Expenses	-	481,911	78,251	82,796	156,836	149,608	143,299	-	-	-
General Management Expenses	1,847,251	3,068,056	1,858,816	958,834	1,997,480	2,036,543	2,078,990	2,124,004	2,166,011	2,208,859
Real Estate Expenses	436,891	1,095,029	510,599	507,652	994,145	1,017,563	1,041,898	1,066,584	1,089,484	1,112,876
Land Registry Charges	1,277,068	1,048,606	466,212	1,193,788	782,387	345,351	119,266	-	-	-
Environmental Arrangement, Refurbishment and Contracting Expenses	7,900,380	9,538	96,034	1,987,105	9,152,398	-	-	-	-	-
Total Operating and Investment Expenses	**28,650,691**	**18,390,091**	**8,706,335**	**10,379,534**	**25,609,390**	**15,256,399**	**15,369,075**	**15,459,922**	**15,797,496**	**16,143,071**
Profit Expected to Be Obtained from Activities	**242,116,552**	**55,993,663**	**23,726,412**	**27,070,458**	**69,412,366**	**47,849,183**	**50,285,562**	**52,286,990**	**53,976,848**	**55,674,174**

Working Capital

Working capital need has been calculated from the differences between the period-end current assets and short-term liabilities within the projection period, over the turnover rates realized in the past period. Company's receivable collection period, debt repayment period and inventory turnover rate within the projection period have been calculated as 40 days, 35 days and 20 days respectively. The company's operating cycle is expected to be 25 days that is almost 30 days.

Income Approach Results
Discounted Cash Flows – SAF GYO (continued)

Projection Cash Flows

SAF GYO's cash flows for the projection period are as follows:

DCF Analysis (USD)	2016/6	2017	2018	2019	2020	2021	2022
Net Sales	37,449,992	95,021,756	63,105,582	65,654,637	67,746,913	69,774,344	71,817,245
Operating Expenses (-)	(10,379,534)	(25,609,390)	(15,256,399)	(15,369,075)	(15,459,922)	(15,797,496)	(16,143,071)
Net Profit for the Period	27,070,458	69,412,366	47,849,183	50,285,562	52,286,990	53,976,848	55,674,174
Working Capital (+/-)	4,865,307	1,580,463	6,316,443	129,604	806,135	(274,071)	88,536
VAT to be Deducted	4,475,976	12,280,684	5,615,081	-	-	-	-
Free Cash Flows	36,411,741	83,273,514	59,780,707	50,415,165	53,093,125	53,702,778	55,762,710
Discount Rate	1,05	1,16	1,28	1,42	1,57	1,73	1,91
Discounted Cash Flows	**34,639,980**	**71,699,389**	**46,584,559**	**35,556,132**	**33,889,408**	**31,023,788**	**29,155,086**

Current Value of the Discounted Cash Flows	297,000,086
Current Value of the Cash Flows after 2022	421,371,295
Market Value of the Company	**718,371,381**
Cash Assets (+)	5,743,276
Financial Liabilities (-)	(225,521,005)
Market Value of the Company's Equity (USD)	**498,593,652**
USD/TL Exchange Rate on 30.06.2016	2.8936
Market Value of the Company's Equity (TL)	**1,442,730,591**

Under the assumptions and expectations explained, SAF GYO's value calculated as of **30.06.2016** according to the discounted cash flows analysis method is **1,442,730,591 TL.**

Sensitivity Analysis

Value of the company obtained as a result of our studies according to the changes in the long term growth rate and weighted average capital cost (WACC) is between **1,255,272,811 TL** and **1,686,665,680 TL**.

		Long-term Growth Rate		
Sensitivity Analysis		2,50%	3,00%	3,50%
WACC	10,02%	1,480,546,343	1,576,235,322	1,686,665,680
	10,52%	1,360,893,013	1,442,730,591	1,536,273,996
	11,02%	1,255,272,811	1,325,860,780	1,405,871,556

Income Approach
Discounted Cash Flows – Akiş GYO

Sales

Akiş GYO operates Akbatı Shopping Mall under its property, and obtains rental income from there. Agreements acted between the Company and its lessees have been checked, and an increase by 3% is anticipated as of the years. Within 2016, with the expectation that the American Central Bank (FED) is to increase the interest rates, a higher increase than expected was observed in the exchange rate of dollar. Because the rental payments are in USD in Akbatı Shopping Mall, increased exchange rate of dollar compels the lessees majority of whose earnings is in Turkish Liras. Then, Akbatı Shopping Mall took some measures such as fixing the exchange rates for rental payments. Exchange rate fixing effect is expected to be 5.9% in average within the projection period.

Furthermore, Akiş GYO shall develop real estates for commercial purpose on the lands of sizes varying between 900 and 2800m2 on Bağdat Street. Total construction area of the 4 investments on Bağdat Street is expected to be approximately 29 thousand m2. Total leasable area of the projects to be developed in this region is expected to be around 15 thousand m². The project shall be designed according to the retail sector's need. For the real estate on Bağdat Street, plot 3206, lot 14, a lease agreement was signed with Beymen Mağazacılık A.Ş..

The Company has a residence project in Beykoz that is ongoing as of the report date and expected to be completed by the end of the projection period. Furthermore, Çerkezköy land owned by the Company is planned to be sold by the end of the year.

Distribution of the rental income from the existing investments, rental incomes to be obtained from the ongoing investments and the incomes expected from residence and land sales is as follows:

SALES (USD)	2014	2015	2016/6	2016/6	2017	2018	2019	2020	2021	2022
Rental Revenues	**31,741,975**	**30,447,384**	**12,497,481**	**12,234,279**	**28,546,578**	**36,640,953**	**39,235,440**	**40,750,781**	**42,209,678**	**44,317,138**
Akbatı SM Rental Revenue	*24,880,716*	*23,894,563*	*12,034,234*	*12,234,279*	*24,713,244*	*25,625,919*	*26,629,918*	*27,428,816*	*28,251,680*	*29,212,781*
Bağdat Street Project Rental Revenues	-	-	-	-	*3,833,333*	*11,015,034*	*12,605,522*	*13,321,966*	*13,957,998*	*15,104,356*
Akal Rental Revenues	*6,861,260*	*6,552,821*	*463,247*	-	-	-	-	-	-	-
Sales Revenues	**11,651,270**	**27,318,602**	**70,083,357**	**27,143,690**	**17,323,260**	**60,268,750**	**29,507,462**	**4,593,750**	**-**	**-**
Çerkezköy Land Sales	-	-	*43,545,186*	*17,102,213*	-	-	-	-	-	-
Çamlıca Land Sales	-	-	*26,281,157*	-	-	-	-	-	-	-
Bağdat Street Project Residence Sales	-	-	-	*9,204,300*	*13,088,700*	-	-	-	-	-
Akbatı&Akkoza Project Residence Sales	*5,651,270*	*1,068,602*	*257,014*	*837,177*	-	-	-	-	-	-
Beykoz Project Residence Sales	-	-	-	-	*4,234,560*	*60,268,750*	*29,507,462*	*4,593,750*	-	-
Land Sales	*6,000,000*	*26,250,000*	-	-	-	-	-	-	-	-
Total Net Sales	**43,393,246**	**57,765,986**	**82,580,838**	**39,377,969**	**45,869,838**	**96,909,703**	**68,742,902**	**45,344,531**	**42,209,678**	**44,317,138**

Income Approach
Discounted Cash Flows – Akiş GYO (continued)

Operating Expenses and Construction Costs

Expenses of the Company have been examined separately as construction costs as of the aforementioned periods, Akbatı SM's operating expenses, GYO management expenses, Bağdat Street commercial project operating expenses.

Distribution of the projects and operating expenses within the projection period has been estimated as follows:

Operating and Investment Expenses (USD)	2014	2015	2016 / 6	2016 / 6	2017	2018	2019	2020	2021	2022
Operating Expenses	**15,822,569**	**14,121,453**	**8,084,357**	**6,093,485**	**11,892,943**	**12,171,452**	**12,460,213**	**12,750,723**	**13,020,255**	**13,318,403**
Akbatı Shopping Mall Operating Expenses	*9,040,866*	*7,680,453*	*3,808,978*	*3,286,181*	*6,798,150*	*6,958,217*	*7,124,755*	*7,293,501*	*7,450,164*	*7,622,714*
General Management and Marketing Expenses	*5,874,884*	*5,578,366*	*2,590,922*	*2,471,967*	*5,094,793*	*5,213,235*	*5,335,458*	*5,457,222*	*5,570,091*	*5,695,689*
Land Registry&Charge Expenses	*906,819*	*862,634*	*1,684,457*	*335,338*	-	-	-	-	-	-
Investment Expenses	**42,806,113**	**22,432,515**	**9,526,208**	**15,763,188**	**19,319,901**	**11,000,000**	**9,900,000**	**-**	**-**	**-**
Bağdat Street Project Investment Expenses	*42,806,113*	*3,982,775*	*4,698,009*	*8,982,194*	*12,150,000*	-	-	-	-	-
Other Investment and Infrastructure Expenses	-	-	*1,500,000*	*1,000,000*	-	-	-	-	-	-
Beykoz Project Investment Expenses	-	*18,449,739*	*3,328,199*	*6,780,994*	*7,169,901*	*11,000,000*	*9,900,000*	-	-	-
Total Operating and Investment Expenses	**58,628,682**	**36,553,968**	**17,610,565**	**20,856,673**	**31,212,844**	**23,171,452**	**22,360,213**	**12,750,723**	**13,020,255**	**13,318,403**
Profit Expected to Be Obtained from Activities	**(15,235,436)**	**21,212,019**	**64,970,273**	**16,521,296**	**14,656,994**	**73,738,251**	**46,382,690**	**32,593,809**	**29,189,422**	**30,998,735**

Working Capital

Working capital of the company has been calculated by taking into consideration the completion, selling and collection periods of the projects. It has been assumed that the receivable collection period will gradually reduce in parallel with the completion of the projects and the debt repayment period will also gradually reduce in parallel with the completion of the construction costs, and the inventory turnover rate will reduce upon the sale of the residences built. Under these assumptions, working capital has been calculated from the change between the company's current assets and short-term liabilities.

Income Approach Results
Discounted Cash Flows – Akiş GYO (continued)

Projection Cash Flows

Akiş GYO's cash flows for the projection period are as follows:

DCF Analysis (USD)	2016/6	2017	2018	2019	2020	2021	2022
Net Sales	39,377,969	45,869,838	96,909,703	68,742,902	45,344,531	42,209,678	44,317,138
Operating Expenses (-)	(22,856,673)	(31,212,844)	(23,171,452)	(22,360,213)	(12,750,723)	(13,020,255)	(13,318,403)
Profit Obtained from Activities	16,521,296	14,656,994	73,738,251	46,382,690	32,593,809	29,189,422	30,998,735
Working Capital (+/-)	(7,205,390)	(10,677,517)	31,789,048	27,838,026	14,371,487	(12,922,680)	(1,197,368)
Free Cash Flows	9,315,906	3,979,477	105,527,299	74,220,715	46,965,295	16,266,743	29,801,367
Discount Rate	1.05	1.16	1.28	1.41	1.56	1.73	1.90
Discounted Cash Flows	**8,865,344**	**3,429,552**	**82,360,168**	**52,458,817**	**30,061,550**	**9,429,222**	**15,644,166**

Current Value of the Discounted Cash Flows	212,527,687
Current Value of the Cash Flows after 2022	228,111,489
Market Value of the Company	**440,639,176**
Cash Assets (+)	29,665,673
Financial Liabilities (-)	(244,917,153)
Subsidiary Share Value (SAF GYO) (+)	98,274,830
Market Value of the Company's Equity (USD)	**323,662,525**
USD/TL Exchange Rate on 30.06.2016	2,8936
Market Value of the Company's Equity (TL)	**936,549,884**

Under the assumptions and expectations explained, Akiş GYO's value calculated as of **30.06.2016** according to the discounted cash flows analysis method is **936,549,884 TL.**

Sensitivity Analysis

Value of the company obtained as a result of our studies according to the changes in the long term growth rate and weighted average capital cost (WACC) is between **831,883,312 TL** and **1,072,343,095 TL**.

		Long-term Growth Rate		
Sensitivity Analysis		2,50%	3,00%	3,50%
	9,94%	959,640,730	1,011,921,985	1,072,343,095
WACC	10,44%	891,892,342	936,549,884	987,658,149
	10,94%	831,883,312	870,359,872	914,019,947

Income Approach Results
Discounted Cash Flows Method
Merger and Change Rates

Equity Value Forming the Basis of the Merger

While determining the equity value of SAF GYO forming the basis of the merger, an adjustment has been made because Akiş GYO holds 19.71% of SAF GYO's shares, and by calculating the share of 19.71%, it was differentiated from SAF GYO's equity value. According to the aforementioned adjustment, SAF GYO's equity forming the basis of the merger has been calculated as 1,158,362,543 TL.

Discounted Cash Flows	Transferee Akiş GYO	Transferred SAF GYO
Issued Capital	200,000,000 (C)	886,601,669 (D)*
Equity Value	936,549,884	1,442,730,591
Akiş GYO's shares in SAF GYO	19.71041%**	(284,368,048)
Value Forming the Basis of the Merger	**936,549,884 (A)**	**1,158,362,543 (B)**

(*) Amount of the capital to be increased after the merger shall be distributed to the shareholders of the transferred partnership other than the transferee partnership, at the rate of their shares.

Therefore, from SAF GYO's issued capital of 886,601,669 TL Akiş GYO's share of 174,752,783 TL was deducted, and the capital to be increased has been calculated according to the remaining share of 711,848,886 TL.

(**) While calculating Akiş GYO's share rate in SAF GYO, below formula has been used:

174,752, 783 TL / 886,601,669 TL

and while calculating the shareholding rate, no rounding off has been made. The value found has been progressed by 5 digits after the dot for the purpose of indication.

Merger and Change Rates

In the below table, while calculating the merger rate, discounted cash flows analysis method has been used for both companies.

Discounted Cash Flows Method						
Merger Rate	=	936,549,884 (A) / 2,094,912,427 (A+B)	=	44.71%		
Capital after the Merger	=	200,000,000-(C). 44,71%	=	447,368,040		
Capital to Be Increased	=	447,368,040	-	200,000,000	=	247,368,040
Change Rate	=	247,368,040 / 711,848,886 (D)	=	0.34750		

According to this method, when the stated values and capital forming the basis of the merger are taken into consideration, **merger rate, capital to be increased and change rate** have been determined respectively as **44.71%, 247,368,040 TL** and **0.34750**.

According to the discounted cash flows analysis method, **capital** of Akiş GYO shall increase to **447,368,040 TL** after the merger.

Chapter 3

Valuation Results

Method Selected and Its Justification

As regulated in the CMB Merger and Demerger Communiqué (II-23-2), merger rate, change rate in the merger of SAF GYO and Akiş GYO and amount of the capital increase as a result of the merger have been calculated by using three different valuation methods accepted according to the international valuation standards.

In order to determine the merger rate, change rate and amount of the capital to be reached as a result of the merger, the three following valuation methods, which are accepted by the international valuation standards, have been used: "the discounted cash flows analysis" method representing the "***income approach***", "market value" method representing the "***market approach***" and "net book value" method representing the "***asset approach***" have been used. While calculating the change rate, these three methods have been taken into consideration by weighting.

Discounted cash flows method has been given the weight of 50%. SAF GYO and AKİŞ GYO obtain majority of their income from long-term lease contracts as rental revenue, therefore this method is thought to be more convenient in reflecting the revenues and costs of the ongoing projects to the company's value. The other two methods have been weighted equally at the rate of 25%.

Valuation Approach	Asset Approach	Market Approach	Income Approach	BDO Analysis
30.06.2016	Net Book Value	Market Value	DCF Method	Weighted
Merger Rate	49.65%	46.94%	44.71%	**46.50%**
Capital after the Merger	402,788,347	426,066,135	447,368,040	**430,091,850**
Change Rate	0.28488	0.31758	0.34750	**0.32323**
Capital to Be Increased	202,788,347	226,066,135	247,368,040	**230,091,850**
Method Weight	**25.0%**	**25.0%**	**50.0%**	**100%**

As stated in the table above, calculated merger rate, change rate and amount of the capital to be increased are respectively **46.50%**, **0.32323% and 230,091,850 TL**.

Accordingly, **capital** of Akiş GYO shall increase to **430,091,850 TL** after the merger.

The "merger rate" and "change rate" calculated by using these three methods along with the weighting approach used are considered to be fair and reasonable.