



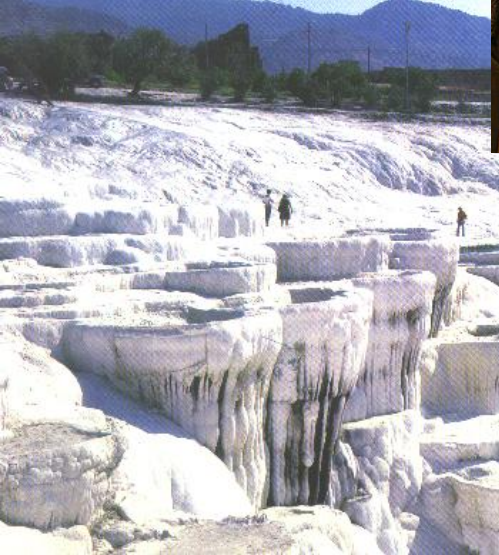
Elif Egeli Nisanci

Senior Vice President
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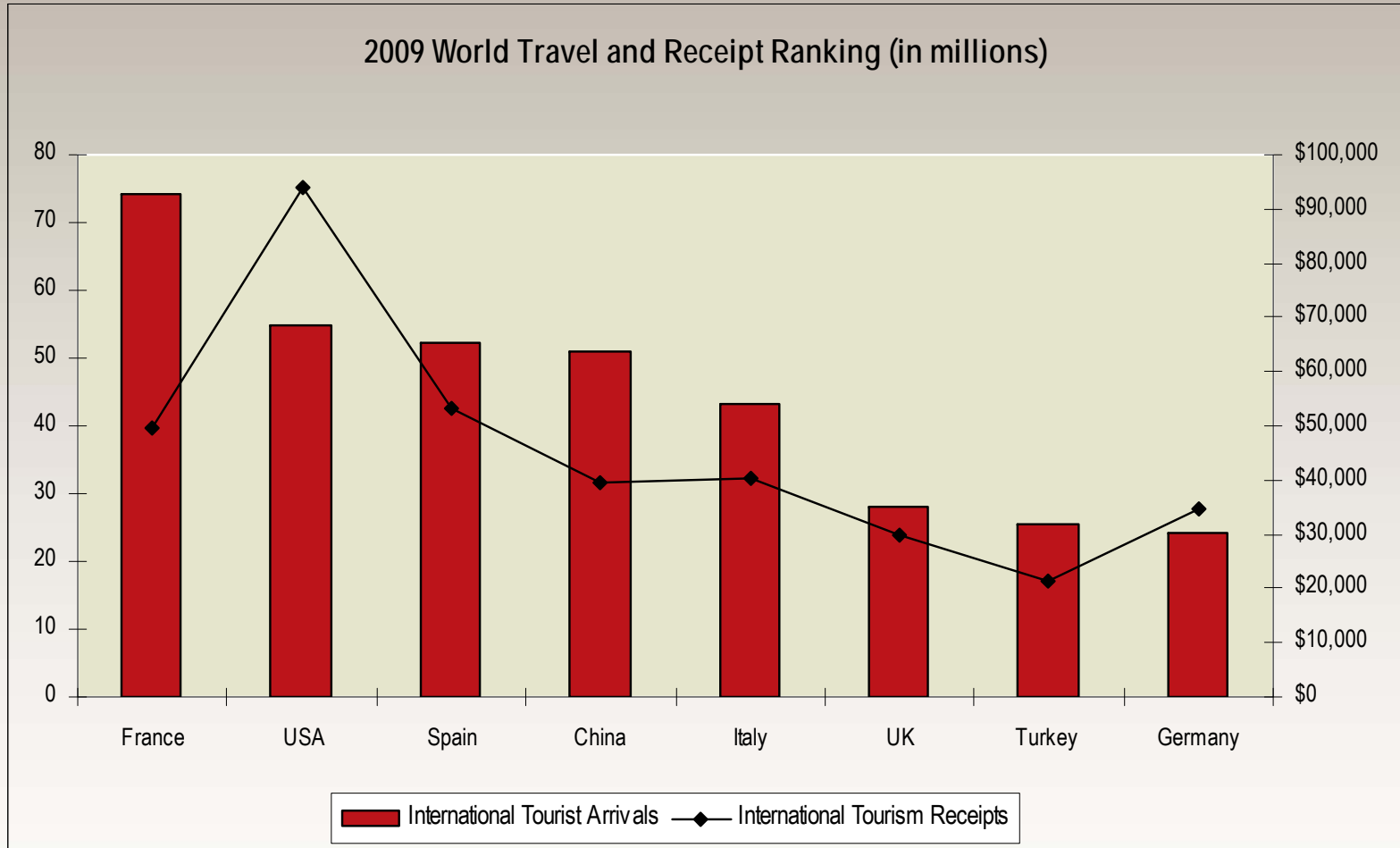
An Overview of the Hotel Market

Turkey





2009 World Travel and Receipt Ranking (in millions)



Source: Ministry of Culture and Tourism



Year	Number of Establishments	Number of Rooms
1970	292	15,243
1989	1,102	70,603
2000	1,824	156,367
2009	2,625	289,383
2009 - development licence	754	103,119
2010	2,958	n/a



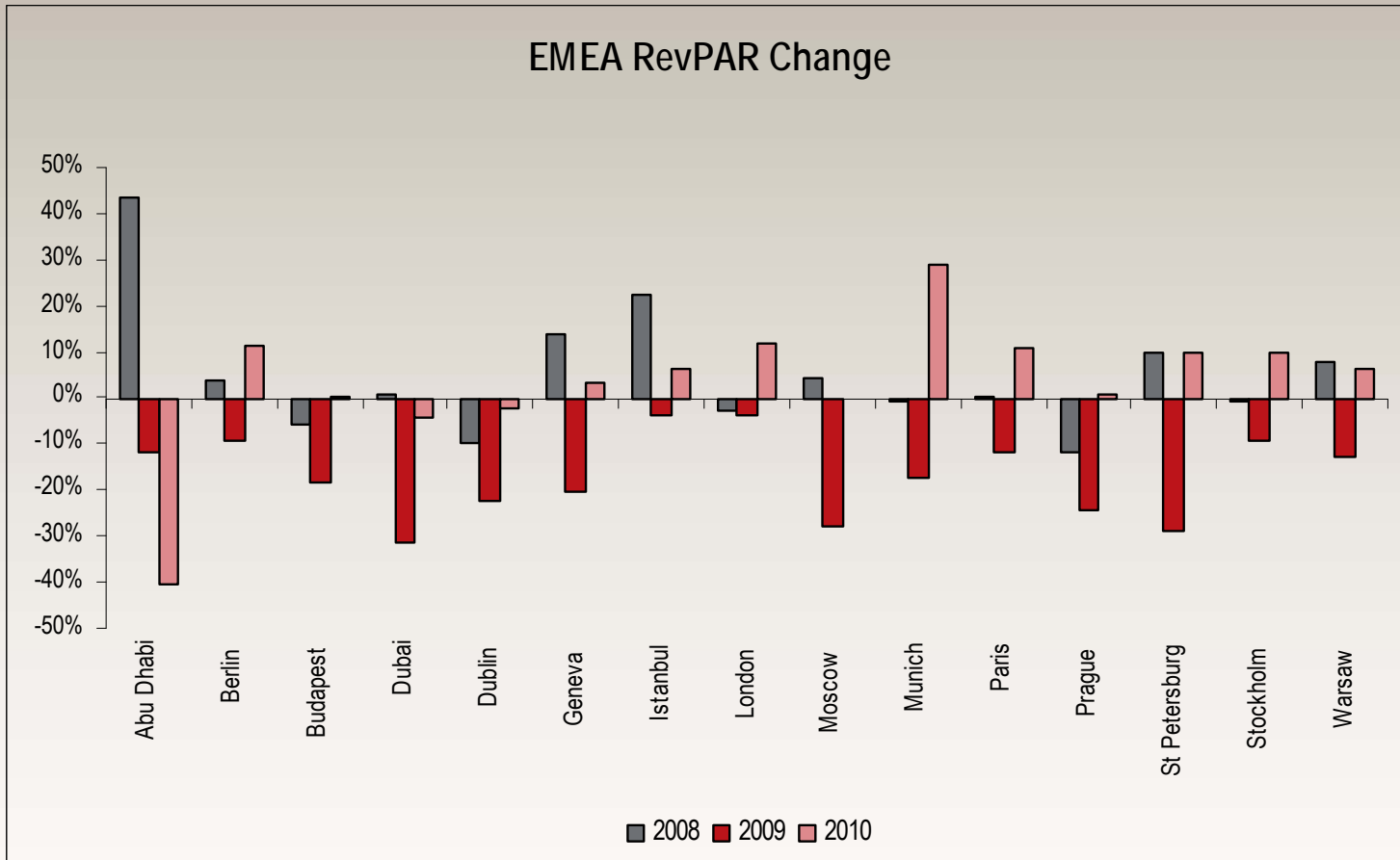
Visitors to Turkey Top 10 Countries - 2009



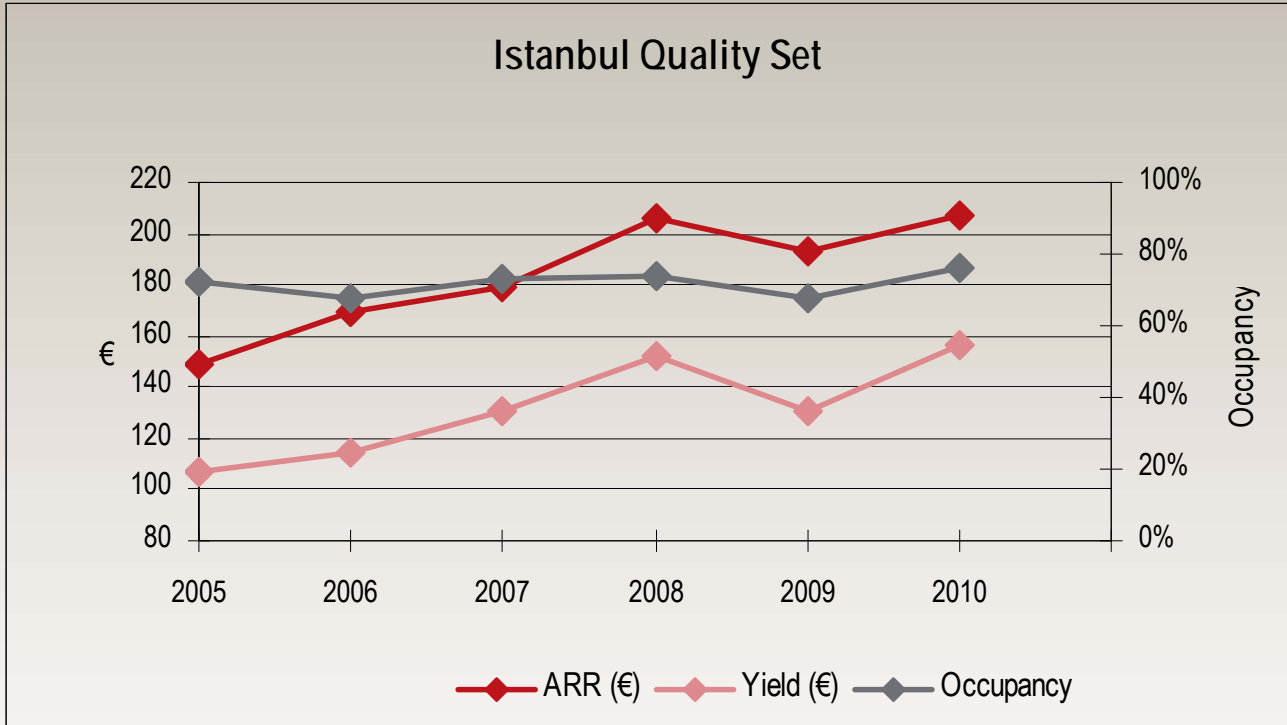
Source: Ministry of Culture and Tourism

2009	Establishments	Rooms	Percentage of Establishments	Percentage of Rooms	Percentage of Foreign Visitors
Antalya	663	136,065	25.3%	47.0%	30.5%
Mugla	378	40,559	14.4%	14.0%	10.4%
Istanbul	374	30,262	14.2%	10.5%	27.7%
Ankara	146	9,622	5.6%	3.3%	1.2%
Izmir	128	11,977	4.9%	4.1%	3.9%
Rest of Turkey	936	60,898	35.7%	21.0%	26.3%

Source: Ministry of Culture and Tourism



Source: HotelBenchmark Survey STR Global, data not consistent



Source: HotelBenchmark Survey STR Global, data not consistent



4 Novotel (Istanbul, Trabzon, Gaziantep, Kayseri) and 4 Ibis (Istanbul, Eskişehir, Kayseri, Gaziantep) in Turkey
1 pipeline in Beylikdüzü (Ibis)

Barceló

3 hotels in Turkey: Ankara, Istanbul and Antalya



12 in Istanbul, 1 in Antalya, 1 in Ankara, 1 in Izmir



FOUR SEASONS
Hotels and Resorts

2 hotels in Istanbul



2 hotels in Istanbul (Park Hyatt and Grand Hyatt - former Hyatt Regency)



8 Hilton hotels in Turkey (Adana, Ankara, 2 Istanbul, Izmir, Kayseri, Mersin, Dalaman), 1 Conrad in Istanbul, 2 Garden Inn (Kütahya, Konya), 1 Doubletree (Ankara)
Pipeline: 2 in Istanbul, 1 in Cappadocia, 1 in Bodrum, 1 in Bursa and a Hampton Inn in Bursa
15 Garden Inn projects in Istanbul, Izmir, Ankara, Kayseri, Diyarbakır, Erzurum, Izmit, Adana, Gaziantep, Samsun, Trabzon, Şanlıurfa and Manisa & other confidential projects



10 hotels in Turkey; Istanbul (Ceylan InterContinental Istanbul, Crowne Plaza Old City, Holiday Inn Şişli, Holiday Inn Airport, Holiday Inn Istanbul City, Crowne Plaza Harbiye), Ankara (Crowne Plaza), Antalya (Crowne Plaza), Izmir (Crowne Plaza), Bursa (Holiday Inn)
Pipeline; Istanbul (Crowne Plaza Bayrampaşa, Holiday Inn Express Bayrampaşa)



3 hotels in Turkey; Istanbul (Çırağan Palace), Antalya and Bodrum Barbaros Bay
2 Residences in Istanbul (Astoria & Bellevue)



6 hotels in Turkey: Ritz Carlton, Marriott, Courtyard by Marriott and Renaissance in Istanbul, Renaissance in Antalya, Renaissance in Erzurum
Pipeline: 1 in Şişli (Marriott), 1 in Zincirlikuyu (The Edition), 1 in Bayrampaşa (Marriott), 1 in Barbaros Blv.(Renaissance), 1 Ankara (JW Marriott)



2 hotels in Turkey; Istanbul and Izmir and 1 Pipeline: Ankara



4 hotels in Turkey (Radisson Ankara, Radisson Çeşme, Radisson Bosphorus and Radisson Blu Conference Centre in Istanbul) ;
Pipeline: Radisson Asia, Missoni Antalya



6 in Turkey: Sheraton: Ataköy, Maslak, Antalya Voyager, Ankara Convention Centre, Çeşme, W Istanbul
Pipeline: Le Meridien Etiler, Sheraton Bursa, Aloft Bursa and other confidential projects



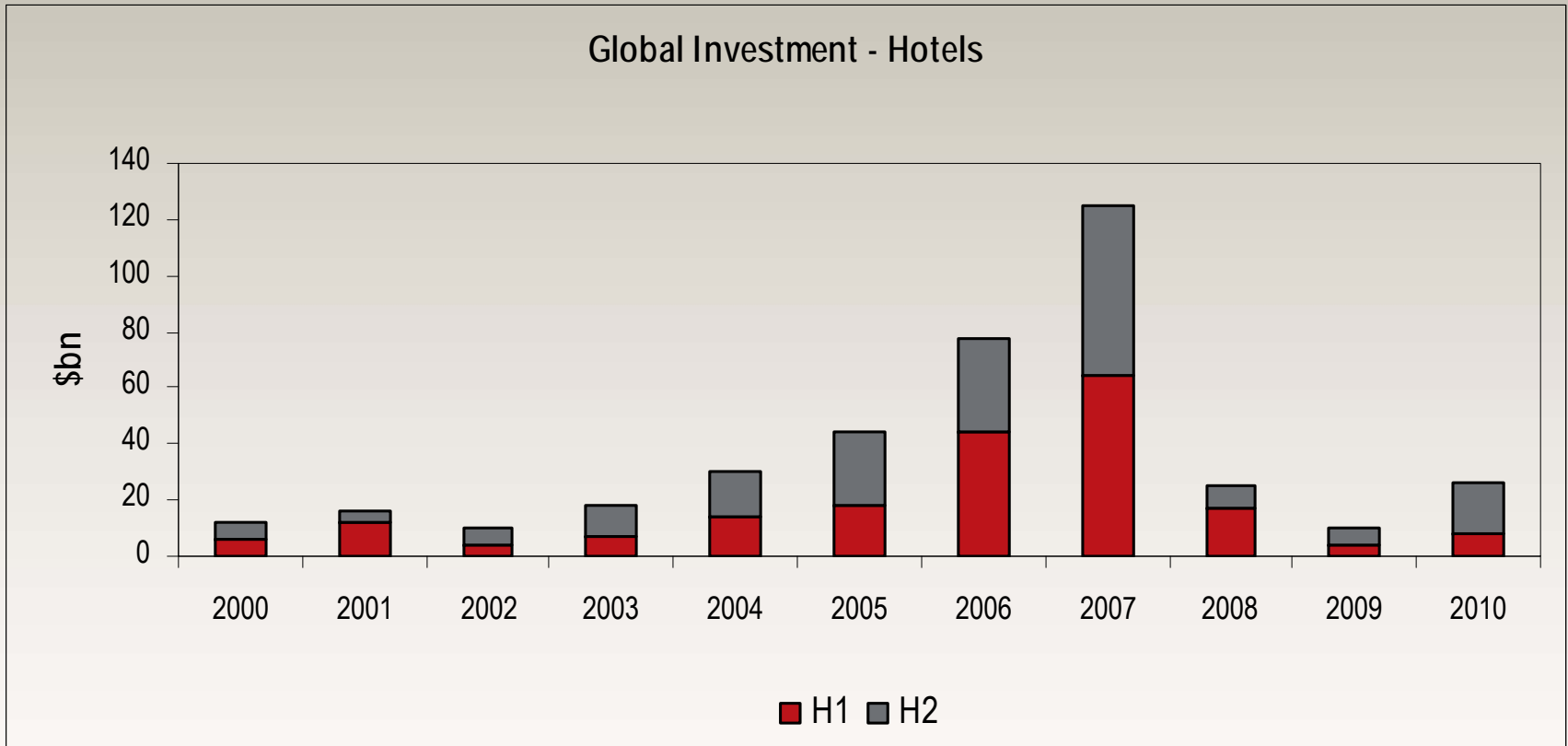
4 hotels in Turkey; Istanbul, Izmir, Ankara, and Göcek



9 hotels in Turkey: Ramada (Ankara, Istanbul City Centre, Istanbul Old City, Istanbul Kaya Plaza, Kahramanmaraş, Ankara Plaza, Antalya, Malatya) Wyndham Hawthorn suites: Bodrum
7 pipeline in Istanbul, 1 pipeline in Izmir and in Adana



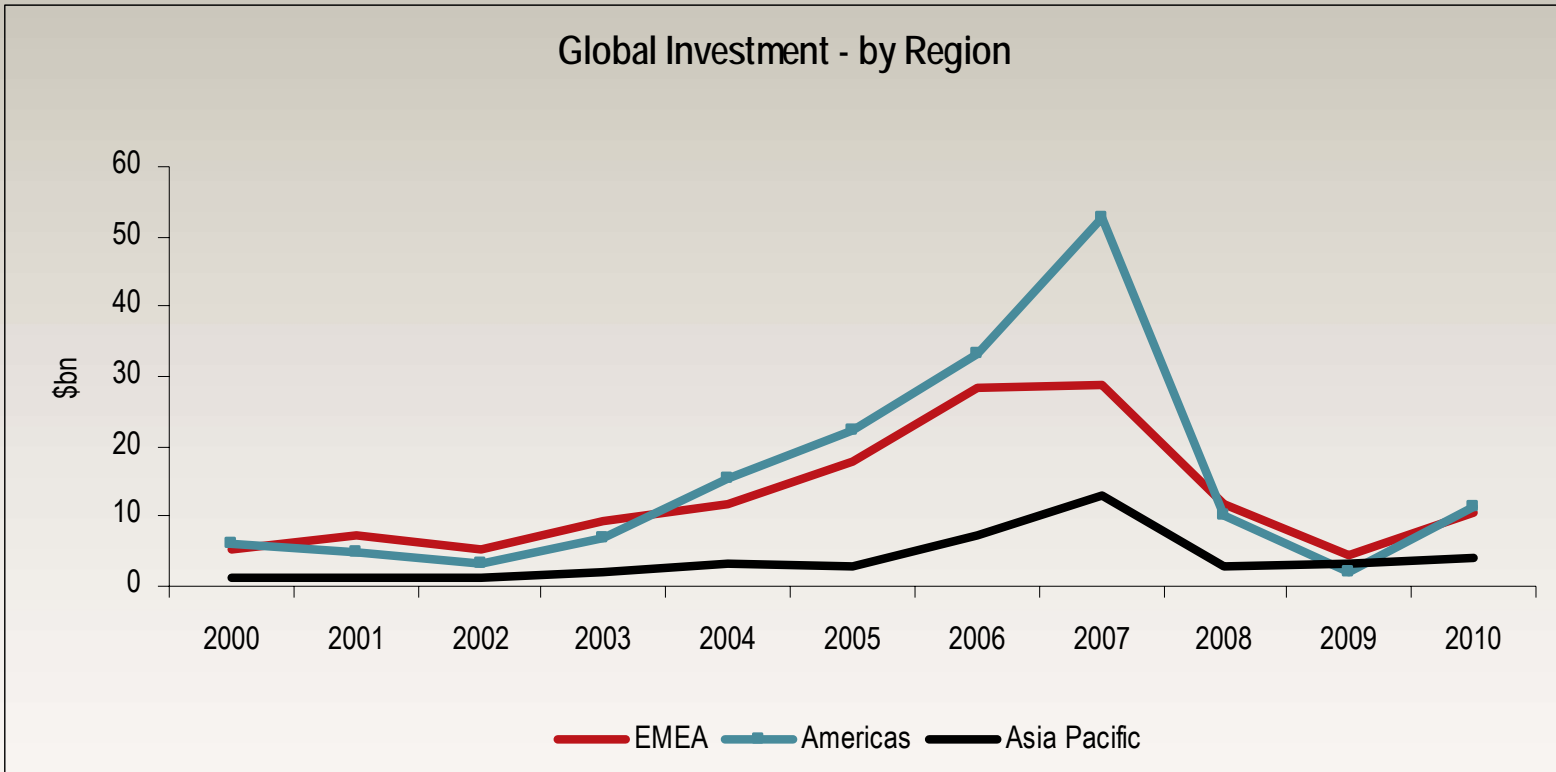
Global Investment - Hotels



Source: Jones Lang LaSalle Hotels



Global Investment - by Region



Source: Jones Lang LaSalle Hotels



TURKEY: SINGLE-ASSET HOTEL TRANSACTIONS (over €10 million)

DUE TO CONFIDENTIALITY WE ARE NOT ABLE TO
PROVIDE THIS SLIDE



<p>Strengths</p> <ul style="list-style-type: none">•Location•2,400 km of coastline•Workforce•Government backup•History•Ease of setting up a company	<p>Weaknesses</p> <ul style="list-style-type: none">•Low prices for resorts•Language
<p>Opportunities</p> <ul style="list-style-type: none">•Financial and global centre•Thermal Tourism•Golf Tourism•Mice•Marinas•Mid-market•Small hotels	<p>Threats</p> <ul style="list-style-type: none">•Alcohol law•Strong TL•Price gap•Legal

NOTES

Slide 3:

75 million population, over 20 cities with population more than 1 million
More than 40 countries within 4-hour flight time
20 ski centres, 14 golf courses, 40 marinas and 1,300 thermal springs

Slide 4:

In 2009, Turkey was 7th in international arrivals and 8th in international tourism receipts approximately 26 million visitors spending 21.25b USD
Same year France had 74.2 million visitors and USD receipts were 93.9b USD
In 1965 receipts in Turkey were 14m USD, in 1985 – 1.5b USD and 2000 – 7.6b USD

Slide 5:

Since 1970 establishments grew by 799% and rooms grew by 1,798%.
19% of the hotels and 36% of the rooms are 5-star and special license (most special license are 5-star quality but they are not meeting some structural requirements, ie: Four Seasons Sultanahmet does not have a pool, but nobody can argue they are 5-star!
During the first 11 months in 2010, 225 applications were made for tourism investment totalling more than 3 billion USD for 4,500 rooms. 171 of those applications were made for new development and 50% are in the cities other than Muğla, Istanbul, Antalya, Izmir and Ankara.

Slide 7:

Antalya has almost equal number of rooms to the rest of Turkey. However, as the region marketing itself as a more “economical” destination, the hotels are not able to receive the revenues they deserve, creating delays in their returns on investment. It also affects the quality of asset, food and service.

NOTES

Slide 8:

Istanbul RevPAR experienced the 2nd largest growth with 22.3%. In 2008 Istanbul experienced the smallest decline in 2009 together with London, close to 4%.

Slide 9:

Quality set: 14 international hotels, 4-5 star on the European side. Conrad, Four Seasons Bosphorus & Sultahahmet, Grand Hyatt, Hilton, Intercontinental, Kempinski, Moevenpick, Park Hyatt, Radisson Bosphorus, Ritz, Sheraton, Swissôtel, and W. Their RevPar (in €) grew by 20% in 2010. According to International Congress and Convention Association Istanbul was 17th in 2009, in terms of hosting global meetings. Istanbul hosted 80 events and Vienna, Number 1, hosted 160. Since 2000, the number of delegates increased from 9,987 to 83,043. According to local data, 847 events were held in Turkey totalling 2,933 days.

Slide 10:

First international brand that came to Turkey was Hilton in 1955. Turkey also has the first W in Europe, Istanbul is one of the 9 cities in the world with more than one Four Seasons, and we are going to have the first Missoni resort in Belek.

NOTES

Slide 11:

to give a few examples:

Brands aggressively looking for hotels in Istanbul: Mandarin Oriental, Jumeirah, Orient Express, Soho House, Morgans, MGM & Bellagio (without casino operations), and Rocco Forte

In resort areas: Aman, Banyan Tree, Capella, Viceroy, Nikki Beach and Franklyn

Luxury brands of existing chains: Raffles, Fairmont, Sofitel, Missoni

Brands opening soon: Shangri-La, Le Meridien (our Jones Lang LaSalle assisted Makyol in signing the deal), Edition and the Address

Some of the well-known Turkish brands:

Anemon, Dedeman, Divan, Gloria Golf & Resort, Green Park, IC Hotels, Kaya, Kervansaray, Limak, Lykia World, The Marmara, Martı, Paloma, Richmond, Rixos, Sürmeli, Titanic, and Voyage

We are involved in a few operator selection projects in resort areas and Istanbul and therefore we can clearly see the interest of the luxury operators.

NOTES

Slide 12:

In 2007 Global Investment volume in hotels was 125 billion USD, which was a 61% increase from the previous year. In 2008, this number fell to 25 billion USD and in 2009 further fell to 9.7 billion USD. In 2010, there was a 167% increase to 25.9 billion USD.

Slide 13:

(US\$ BN)	2007	2008	2009	2010
EMEA	28.7	11.9	4.3	10.4
Americas	52.8	10.1	2.1	11.3
Asia	13.0	2.8	3.3	3.9

Slide 14:

Our company was involved in sale and financing of Hyatt Regency to Doğuş
We were also involved in Yapı Kredi portfolio sale (two Four Seasons Hotels, Robinson Maris, Swissôtel Göcek)

Finally, we assisted in Carpe Diem sale.

Currently we are involved in five projects where we are carrying out valuation and feasibility studies mandated by foreign investors for JV structures, therefore we can determine that JV partnerships are one of the new investment trends.