

DEVELOPMENT
CAPITAL
MANAGEMENT

INVESTMENT PROPOSAL
BANYAN TREE LUXURY VILLA AND
HOTEL DEVELOPMENT
GOLTURKBUKU, BODRUM

April 2008



BANYAN TREE VILLAS, APARTMENTS AND HOTEL, GÖLTÜRKBÜKÜ BODRUM

Banyan Tree Bodrum represents an opportunity to acquire a luxury residential villa, apartment and hotel project situated in Turkey's premier coastal resort.

The Bodrum peninsula is one of the most attractive areas within Turkey with an enviable climate, beautiful coastal scenery and sophisticated night life, attracting 2.5 million visitors a year. Villas and apartments in the area of Goltukbuku, in the north of the Bodrum peninsula are particularly sought after by wealthy local and international buyers.

"With stylish secluded resorts and a jet-set crowd to rival Capri or St Tropez, the Bodrum peninsula is in a different league from the rest of Turkey's busy Aegean coast On summer days the smart set glides in on yachts and the occasional seaplane, and on summer nights the shoreline becomes a buzzing party venue " (Conde Nast Traveller June 2007)

Tourism infrastructure and transportation around the site is well developed, with Bodrum-Milas International Airport located within 45 minute transfer time of the site, providing direct access for Turkish and international visitors.

The Banyan Tree Bodrum site is located amongst low-rise villa developments and commands fine views. The region benefits from a Mediterranean climate with the warm and dry weather of the summer season lasting until the end of October, and over 300 sunny days a year.

Banyan Tree Hotels and Resorts, the premium hotel resort and residence and spa operator, have selected the development for their first offering in Turkey and are committed to provide the required residence management and interior design services.





INVESTMENT SUMMARY

Project Overview:

- Total Gross Area: 185,175 sqm
- Total Net Land Area: 130,000 sqm
- Construction Area: 60,664 sqm
- Sellable Residential Area: 38,354 sqm
- Sellable Hotel Area: 11,170 sqm
- Social Area: 7,000 sqm
- Technical Area: 4,140 sqm

Site Usage:

- Total of 247 dwelling units and 60,664 sqm of total built area.
- 98 Luxury Villas with sizes 170-400 sqm with their own private pool and garden.
- 74 Luxury Hotel Villas with sizes 150-210 sqm with their own private pool and garden.
- 75 apartments with sizes 75-190 sqm with access to shared pool facilities.
- World class destination Spa Facility of 4,000 sqm.
- Front of House, Back of House, and Social facilities.

Project Status:

- Site acquired by the Fund's wholly owned Turkish subsidiaries (OSMANLI YAPI 1 INS.TUR.SAN. VE TIC. A.S., and OSMANLI YAPI 4 INS. TUR.SAN. VE TIC.A.S.) in April 2006, with a further 2 parcels totaling 18,350 sqm acquired in 2006/2007 to provide a contiguous area of 185,175 sqm.
- Clear unencumbered freehold legal title acquired for the entire site which represents the last contiguous piece of land suitable for large scale resort development in Golturkbuku.
- Master Plan completed by WATG.
- Architectural designs completed by renowned local architects YPU.
- All Zoning applications fully completed in relation to 6 of the Fund's parcels (166,825 sqm), and at an advanced stage for the remaining 2 (18,350 sqm).
- According to the current 1/1,000 scale-zoning plan, various parcels are zoned as "tourism area or secondary residential area" with the construction permits of 0.20 and 0.30. The building coverage ratios vary between 0.10 and 0.15.
- According to the zoning plan notes, for whole buildings the maximum height will be 6.5m consisting of two floors. Basement floors can be constructed and are not required to be included in calculations of density.
- All architectural design plans, engineering, mechanical and technical plans, and geological surveys have been submitted. The award of the final construction permit will be handled by the selected construction company.
- Sales offices have been constructed in both Golturkuku and Istanbul.
- Selection of construction company pending outcome of sales process.

Benefits of Banyan Tree Partnership:

- Management agreement and interior design services agreement executed with Banyan Tree Hotels & Resorts, a leading manager of premium resorts, hotels, residences and spas in the Asia Pacific which has received over 300 awards and accolades including Conde Naste Traveller's Favourite Overseas Spa Hotel.
- The Golturkbuku, Bodrum site was chosen by Banyan after an extensive search and selection process conducted in the region.
- Banyan Tree branded residences will be the first luxury spa and residence development of its kind in southern Turkey.
- Banyan Tree will manage the resort, residences and spa and also provide the interior design concept which will include its signature pool villas and multi-award winning spa.
- Banyan Tree's involvement and global reputation is expected to significantly enhance the sales prices that can be achieved for the development.

FINANCIAL INFORMATION

Key Financial Assumptions:

- Land Cost: \$65 million
- Financing:
 - Acquisition Finance: 50% of the initial acquisition cost
 - Development Finance: 75% of the construction cost on a revolving credit facility
- Domestic Sales: 50%
- International Sales Payment Structure: 30% down payment; 70% at the completion
- Targeted investment period: 36 months
- Construction period: 19 months
- Sales period: 30 months (straight line sales success assumed)
- VAT: 18%
- Corporate Tax: 20%
- Sales Costs: 4%

Hotel Operation Assumptions:

- Assets: Spa, Restaurant, Meeting Room, Front of House and Back of House
- Occupancy: 50%
- ADR: \$900
- Total Room Nights Available: 300
- Number of Hotel Units: 74
- Hotel villas sold with 6 year rental guarantees of 6%
- Exit: Sell at the end of year 6 at 5x EBITDA i.e. \$18m (operating profit \$7m, net profit \$3.6m after servicing shortfall in rental guarantee)

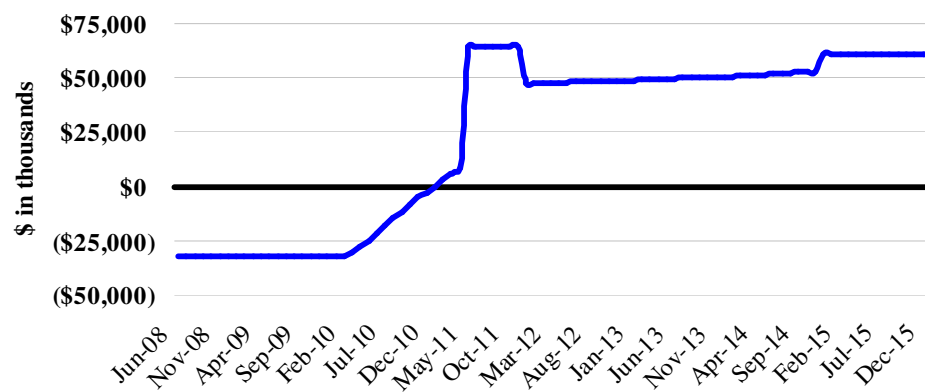
IRR Sensitivity Analysis:

		Sales Price per sqm		
		\$5,000	\$6,000	\$7,000
Built	\$1,200	31.9%	49.3%	65.0%
Costs	\$1,300	28.6%	46.5%	61.7%
per sqm	\$1,400	25.3%	44.1%	59.2%

ROI Sensitivity Analysis:

		Sales Price per sqm		
		\$5,000	\$6,000	\$7,000
Built	\$1,200	130.2%	194.3%	250.6%
Costs	\$1,300	117.2%	186.1%	241.4%
per sqm	\$1,400	104.2%	178.4%	234.2%

Cumulative Cash Position:



KEY SELLING POINTS

Advanced Project Status

- Master plan and architectural design work is completed
- Zoning applications are fully completed
- Ready to commence the construction and off plan sales
- Sales offices constructed in both Golturkbuku and Istanbul
- Reservations already received for first phase of 16 villas

Strong Sales Proposition

- Positioned in an elite coastal location, with excellent tourist infrastructure
- Proximity to the airport and ease of transportation
- All buildings have a panoramic sea view
- Established location for wealthy Turkish purchasers of second homes
- Banyan Tree branding and proximity to several proposed golf projects driving demand from international purchasers (particularly UK, Russia, Germany, France, Holland, Italy and Scandinavia)
- Significant growth in foreign tourist arrivals in Turkey – 9.6% year on year increase January 2008 and annualized increase of 17% in 2007

Shortage of developable plots in the Golturkbuku Region

- Last contiguous piece of land suitable for large scale resort development in Golturkbuku

Support, Market Know-How

- Key local officials and contacts supporting the project

MARKET COMPARABLES

Market Comparables:

Project Name	Types of Building	Developer	Unit size (m2)	Unit Sales Price per m2 (USD)
Göltürkbükü				
Bakraz	Villas	Koleksiyon Mobilya	200	5,300
Bitez				
Aktur Sarnıç	Apartments	Yapı Endüstrisi	95 / 110	3,158 / 4,091
Yalıkavak				
Gundogan Tekfen	Villas	Tekfen İnşaat	NA	3,750 / 6,500

PROPOSED COMPONENTS OF THE BANYAN TREE BODRUM PROJECT

Residential Villas



Residential Apartments and Landscape



FINANCIAL SUMMARY

Project Name	Bodrum Golturkbuku
Ownership	100%
Start of Construction	October 08
Construction Period (months)	19
Delay in Construction (months)	0
Sales Start	November 08
Sales Period (months)	24
Delay in Sales (months)	6
Construction Area	60,599.1
Sellable Area	50,296.7
Costs / sqm	\$1,300.0
Total Construction Costs	\$78,778.8
Sales / sqm	\$6,000.0
Sales	\$301,780.2
Domestic Sales	50%
Land Investment	\$65,000
End of Construction	May 10
End of Sales Period	May 11

Bodrum Golturkbuku

USD '000

		Total
Domestic Sales		\$150,890
International Sales Deposits	30%	\$45,267
International Final Payment	70%	\$105,623
Hotel Net Revenue		\$20,539
Total Construction Costs		(\$78,779)
Net Proceeds Before Interest and Taxes		\$243,541
VAT Paid	18.0%	\$14,180
VAT Received	18.0%	(\$54,320)
Accumulated VAT		
Net VAT Payable		(\$40,140)
Interest Expense		(\$2,891)
Real Estate Registration Tax	1.5%	(\$4,527)
Stamp Tax	0.75%	(\$2,263)
Sales Costs	4.0%	(\$6,036)
Net Revenue before Land Costs		\$187,683
Land Cost Allocation		(\$65,000)
Profit Before Corporate Tax		\$122,683
Accumulated PBT (For Corp Tax Purposes)		
Accrued Corporate Tax	20.0%	(\$24,717)
Net Profit		\$97,966

Cash Flow to Investor

Net Revenue	\$162,966
Corporate Tax	(\$24,717)
After Tax Revenue	\$138,248
Investment	(\$65,000)
Debt (Paydown) / Draw	\$959
Net Cash Flow Before Carry	\$74,208
Carry	(\$13,734)
Net Cash Flow	\$60,474
Cumulative Cash Flow	

Net Cash to Investor	\$60,474
Maximum Cash Requirement	\$32,500
IRR	46.5 %