HISTORY OF TURKISH TOURISM DEVELOPMENT

Presented by:
Mehmet Önkal CHA, ISHC
20 October 2011
THE WORLD
• International tourist arrivals up 6.7% over 2009
• Additional 22 million arrivals over former peak 2008

«Tourism’s quick recovery in 2010 confirms the sector’s resilience in the medium and long term, confirming that it is a key driver of growth and much needed employment in a changing economic setting»
<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>Forecast 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>+6.7%</td>
<td>+4% to 5%</td>
</tr>
<tr>
<td>Europe</td>
<td>+3.2%</td>
<td>+2% to 4%</td>
</tr>
<tr>
<td>Asia &amp; Pacific</td>
<td>+12.6%</td>
<td>+7% to 9%</td>
</tr>
<tr>
<td>Americas</td>
<td>+7.7%</td>
<td>+4% to 6%</td>
</tr>
<tr>
<td>Africa</td>
<td>+6.4%</td>
<td>+4% to 7%</td>
</tr>
<tr>
<td>Middle East</td>
<td>+13.9%</td>
<td>+7% to 10%</td>
</tr>
</tbody>
</table>
Interim Update, January-June 2011

«International tourism grew by almost 5% in the first half of 2011 totalling a new record of 440 million arrivals»

(Note: The above does not include July and August, the holiday months)
TURKEY
• Total area of 780,000 square kilometres
• Borders: Greece, Bulgaria, Georgia, Armenia, Iran, Iraq, Syria
• The only secular Islamic state in the World
• 74 million people
• 29 million under age 29
• Largest youth population in 27 European countries
• 26 million young, well-trained, motivated labour force
• 35 million internet and 62 million mobile phone users.
• Ranked 17th largest economy in the world
• Ranked 7th largest economy among 27 EU countries
• Fastest growing economy in Europe – GDP growth 8.8%
• Largest commercial vehicle producer in Europe
• 16th largest automotive manufacturer in the world
• 2nd largest steel producer in Europe
• 8th largest steel producer in the world
• Exports US$114 billion in 2010
• Access to the EU, Central Asia and the Middle East
TURKEY International Arrivals (millions) (Source: Ministry of Tourism)

2011 ISHC Annual Conference – Hospitality in a Changing World
<table>
<thead>
<tr>
<th></th>
<th>Country</th>
<th>Visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>France</td>
<td>76.8 million</td>
</tr>
<tr>
<td>2</td>
<td>USA</td>
<td>59.7 million</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>55.7 million</td>
</tr>
<tr>
<td>4</td>
<td>Spain</td>
<td>52.7 million</td>
</tr>
<tr>
<td>5</td>
<td>Italy</td>
<td>43.6 million</td>
</tr>
<tr>
<td>6</td>
<td>UK</td>
<td>28.1 million</td>
</tr>
<tr>
<td>7</td>
<td>Turkey</td>
<td>27.0 million</td>
</tr>
<tr>
<td>8</td>
<td>Germany</td>
<td>26.9 million</td>
</tr>
<tr>
<td>9</td>
<td>Malesia</td>
<td>24.6 million</td>
</tr>
<tr>
<td>10</td>
<td>Mexico</td>
<td>22.4 million</td>
</tr>
</tbody>
</table>
INCENTIVES

- Land Assignment to tourism investors (49 years B-O-T)
- Infrastructure (South Antalya Project)
- Resource Utilisation Support Fund (up to 40%)
- Investment Allowance
- Tax exemptions (VAT, Customs Duty, Stamp Duty, etc.)
- Tourism Loans and Credits
- Employment of Foreign Staff
- Reduced Utility Prices
- Communication Priority
TURKISH AIRLINES (THY)

- 176 planes
- 187 destinations (domestic and international)
- 29.1 million passengers (2010)

«Best Airline Europe»
«Best Airline Southern Europe»
«Best Seat in Premium Economy Class»
How did this happen?

- Pegasus Airlines
  - 39 planes
  - 49 destinations (domestic and international)
- Onur Air
  - 33 planes
  - 83 destinations (domestic and international; including charters)
- Anadolu Jet
  - 22 planes
  - 45 domestic destinations
- Atlasjet
  - 16 planes
  - 11 destinations (domestic and international)
- Borajet
  - 43 planes
  - 14 destinations (domestic and international)
- Sky Airlines
  - 14 planes
  - 37 destinations (domestic and international; including charters)
2011 ISHC Annual Conference – Hospitality in a Changing World
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<th>Nationality</th>
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<tbody>
<tr>
<td>Germany</td>
<td>15.3 million</td>
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<tr>
<td>C.I.S.</td>
<td>10.9 million</td>
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<td>UK</td>
<td>9.3 million</td>
</tr>
<tr>
<td>Iran</td>
<td>6.6 million</td>
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<tr>
<td>Bulgaria</td>
<td>5.0 million</td>
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<tr>
<td>Georgia</td>
<td>3.9 million</td>
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<tr>
<td>Netherlands</td>
<td>3.8 million</td>
</tr>
<tr>
<td>France</td>
<td>3.3 million</td>
</tr>
<tr>
<td>Italy</td>
<td>2.3 million</td>
</tr>
<tr>
<td>USA</td>
<td>2.2 million</td>
</tr>
<tr>
<td>Group</td>
<td>Operation</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Hilton Worldwide Family</td>
<td>18</td>
</tr>
<tr>
<td>InterContinental Hotel Group</td>
<td>14</td>
</tr>
<tr>
<td>Accor Hospitality</td>
<td>9</td>
</tr>
<tr>
<td>Marriott Hotels Resorts Suites</td>
<td>8</td>
</tr>
<tr>
<td>Wyndham Hotel Group</td>
<td>7</td>
</tr>
<tr>
<td>Starwood Hotels &amp; Resorts</td>
<td>6</td>
</tr>
<tr>
<td>Rezidor Hotel Group</td>
<td>4</td>
</tr>
<tr>
<td>Fairmont Raffles Hotels International</td>
<td>4</td>
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<tr>
<td>Kempinski Hotels &amp; Resorts</td>
<td>3</td>
</tr>
<tr>
<td>Hyatt Hotels Corporation</td>
<td>2</td>
</tr>
<tr>
<td>Mövenpick Hotels &amp; Resorts</td>
<td>2</td>
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<tr>
<td>Four Seasons Hotels &amp; Resorts</td>
<td>2</td>
</tr>
<tr>
<td>Jumeira</td>
<td>-</td>
</tr>
<tr>
<td>Shangri-La</td>
<td>-</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>79</strong></td>
</tr>
<tr>
<td>Group</td>
<td>Operation</td>
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<td>---------------------------</td>
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</tr>
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<tr>
<td>Dedeman Hotels &amp; Resorts</td>
<td>12</td>
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<tr>
<td>Rixos Hotels</td>
<td>9</td>
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<tr>
<td>Divan</td>
<td>8</td>
</tr>
<tr>
<td>The Marmara Collection</td>
<td>5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>49</strong></td>
</tr>
</tbody>
</table>
İSTANBUL
• The first Hilton in Europe opened in İstanbul in 1956.
• In 1975, Sheraton (now InterContinental) and InterContinental (now The Marmara) followed.

These were the first internationally branded hotels of İstanbul (and Turkey).
Turkey is one of the fastest growing hotel markets in Europe and has been a focus for development in the past few years.

Hotels in İstanbul enjoyed an almost 50 per cent profit growth during the first six months of this year (2011).

Source: TRI Hospitality Consulting.
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</tr>
<tr>
<td>Jumeira</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Shangri-La</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>36</strong></td>
<td><strong>24</strong></td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td>2010</td>
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</tr>
<tr>
<td>Occupancy</td>
<td>63.6%</td>
<td>72.7%</td>
</tr>
<tr>
<td>RevPAR</td>
<td>$125.80</td>
<td>$137.05</td>
</tr>
</tbody>
</table>

Note: Census 336     Sample: 35
İstanbul Atatürk International Airport (Europe)
- Air Passenger Traffic for 2010: 32 million
- Ranking 19\textsuperscript{th} in the World

Sabiha Gökçen Airport (Asia)
- Air Passenger Traffic for 2010: 11 million
• İstanbul = $10.2 billion
  (ranking 12\textsuperscript{th} in the highest earning cities in the World)
• Amsterdam = $9.9 billion
• Rome = $8.9 billion

Source: Mastercard Research
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THE END