

ELITE PARK

ISTANBUL

15th December 2006

1- AND 2-BED CITY APARTMENTS FROM
ONLY €53,400

41% DISCOUNT
TO MARKET VALUE

145% PROFIT
ESTIMATED IN
JUST 2 YEARS

30% CAPITAL GROWTH

NO VAT



The Property
investment
people

Introduction

You've heard from us that Istanbul has enormous investment potential. We have heard from you that you want one and two bed apartments. The good news is that these are also highly sought after in the local market. The even better news is that we have sourced some for you.

We have a fantastic relationship with the local developer Demo Insaat, and they have negotiated to obtain planning permission for one and two beds in Elite Park. This is a relatively straightforward process as the change is internal - the superstructure is already built.

Demo Insaat specialise in high quality apartments in up-and-coming areas, and they have offered us a great deal. 1-bedroom apartments from €53,400, and 2-bedroom apartments from €63,000, in the Elite Park development in the western coastal suburb of Beylikduzu. These prices represent an average discount of 41% to market value.

We think this is a great deal in a city where mortgages will shortly become available (legislation is currently going through parliament). Istanbul will have a massive first-time-buyer market eager to buy these smaller size apartments. Also, the demographics in Istanbul show a large percentage of young people, who will be looking to buy their first home. Therefore your onward sale will be to the local market, which, as we've seen shows no sign of letting up.

Read on for more details.

Deal Summary

Key Points

- 41% below market value
- Lack of supply
- Local mortgages soon available
- 1- and 2-bedroom apartments available from €53,400
- From €530 per m²
- All white goods included
- 25 mins from airport
- 40 mins from city centre
- 3km from beach

GREAT LOCATION (PAGE 4)

Elite Park is 30km west of central Istanbul in the coastal suburb of Beylikduzu. Close to Ataturk International Airport with fast transport links to the city centre, it is also close to the beach and has great amenities.

ABOUT THE DEVELOPER (PAGE 5)

Working once again with our trusted partners Demo Insaat, Elite Park has 1- and 2-bedroom apartments, built and finished to a high standard. With a combined 50 year's experience, Demo Insaat have built and sold more than 1000 residential units with a further 1000 currently under construction.

PRICING STRUCTURE AND FLOORPLANS (PAGE 6 - 7)

We are offering 1-bedroom apartments with floor area sizes of 89m² and 90m² and 2-bedroom apartments of 119m² or 126m². All apartments come with kitchen and bathroom fitted and all white goods included. Prices start at €53,400 and the development is due for completion in December 2008.

TECHNICAL SPECIFICATIONS (PAGE 8)

Detailed specifications for interior and exterior.

UNDER MARKET VALUE (PAGE 9)

The benefits of buying under market value.

PRICE COMPARABLES (PAGE 10)

Comparables show the current market value to be €1,019. With prices starting at €600 per m² for a 1-bedroom flat, Elite Park is 41% below market value.

PROFIT FORECAST (PAGE 11)

Istanbul currently has a housing deficit of 250,000 units¹ and in recent years capital growth of around 30% p.a. has been achieved². With the imminent availability of mortgages for the first time, due to a change in legislation, demand has already started to increase. Some experts predict that this is set to rocket growth up to an estimated 80% per year.

PAYMENT TIMETABLE AND ADDITIONAL COSTS (PAGE 12)

30% after 1 month; 30% after 4 months; 30% after 7 months; 10% on completion (December 2008). Also a breakdown of additional costs and their payment schedule.

EXIT STRATEGY (PAGE 13)

With demand so high, selling on to the local market after completion is a strong option. Alternatively, holding on to the investment can bring large capital gains and exemption from capital gains tax (after 4 years).

TAX (PAGE 14)

A summary of the taxes you are liable for when purchasing property in Turkey.

CURRENCY (PAGE 14)

Apartments are physically purchased in New Turkish Lira, although their price is fixed in Euros to minimise your currency exposure.

LAWYERS (PAGE 15)

We have found a great, independent, English speaking lawyer to help you through your purchase. Legal fees and closing costs are paid 50% upfront and 50% on completion.

¹ Aksam newspaper March 17th, 2006

² <http://www.atlasistanbul.com>

Elite Park

GREAT LOCATION

The Elite Park development is situated on the European side of the Bosphorous, in the Beylikduzu district of Istanbul, around 30km west of the city centre. It is a young, family oriented suburb with fantastic amenities. It is close to a shopping and cinema complex, several supermarkets and it has a weekly, traditional open market right next door. The development is on a hillside which means it benefits from sea views and cool breezes. In the same area, there are prestigious villas overlooking a nearby lake for upwards of 1 million Euros¹.

Elite Park has excellent transport links. Ataturk International Airport is just a 25 minute drive away, and a new, high-speed train/metro link being put into place will connect Beylikduzu and Istanbul city centre and the underground system. It's also a centre of learning with 2 universities within 3km of each other and is within 3 kms of Tuyap, Turkey's biggest exhibition and business centre.

The area is currently undergoing much improvement. These projects include a green parkland corridor which will reach from directly outside Elite Park all the way down to the Marmara Sea, about 3km away. This is a vibrant seaside area with many popular beaches, bars and cafes. There are also designated family and private beaches where, if you prefer to stay away from the crowds, you can pay to use. The nearby sailing marina is also being upgraded, which is a long term project, including a planned fast sea bus service from there to Istanbul's centre.



There is a real sense of community in Beylikduzu. It is well served by a good transport infrastructure which is being upgraded and added to, and local amenities are excellent. These factors, and the availability of affordable accommodation, are attracting an increasing number of the local population to the area. These are predominately families and young professionals looking to move to this up-and-coming suburb, as well as rural-urban migrants from other parts of the country moving to Istanbul.

¹ http://www.alkent2000.com.tr/en_index.html

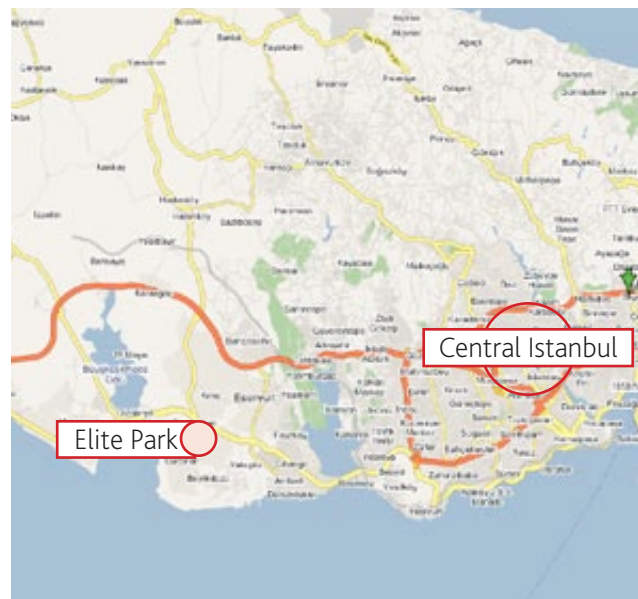


LOCATION

Ataturk International Airport is 13km away with daily flights from the UK, flight time approx 4 hours. British Airways fly there from Heathrow and Turkish Airways fly from Stansted and Manchester.

The new Metro line will be 1km from the development and will link Beylikduzu with the airport and the centre of Istanbul and its underground system.

Excellent amenities within easy reach – supermarkets, leisure facilities and parkland, as well as close proximity to the beach.



Elite Park

ABOUT THE DEVELOPER

Demo Insaat are highly reputable developers and are constructing Elite Park to western standards. With 50 years' industry experience, this dynamic and reliable firm specialises in developing property in the popular, emerging areas of Istanbul. To date it has built more than 1,000 residential units in Istanbul, with a further 1,000 under construction¹.

We have worked with Demo Insaat previously on developments at Tasdelen, the Dome and Parkorman. On our scouting visit to Istanbul to view Elite Park, the Managing Director, took us to one of their completed developments, Mutlu Homes, which is on an adjacent site to Elite Park. Mutlu Homes comprises 400 units built to a high standard, every single one of which is already sold to the local market. They have a knack for building quality developments in areas where demand is high – we found this reassuring to say the least.

We like developers who are hands on and who are prepared to go that little bit further to deliver quality. An example of this – in Turkey the requirement for apartment blocks is for just one lift to be installed. Demo always install two per building which demonstrates a commitment to delivering over and above the norm.

Elite Park will also benefit from a 10 year structural guarantee from the developer. To find out more about Demo Insaat and its track record, visit the company's website www.demoinsaat.com.

ABOUT THE DEVELOPMENT

Historically, housing stock in Istanbul has tended to consist of traditional family home-size 3-bedroom apartments, but changing demographics have meant that smaller apartments are increasingly in demand. Turkey has a population of 70 million, of which 70% are younger than 35 years old². Istanbul holds more than 15% of this population within its geographic boundaries and has a similarly young demographic. Increasing numbers of young professionals require smaller first homes as they leave the family home. Additionally, there is a constant influx of people from outside the city moving to live and work there.

Mortgages will shortly become widely available for the first time in Turkey³ which means local demand and buying power will be strong – there is a potentially huge first-time buyers' market looking to buy 1- and 2-bedroom apartments.

¹ <http://www.demoinsaat.com>

² http://www.ezoptravel.com/ezopnew/package_tours/did_u_know.html

³ <http://www.tcmb.gov.tr/yeni/announce/2005/IMFloi241105/IMFniyetENGkasim05.pdf> Para24

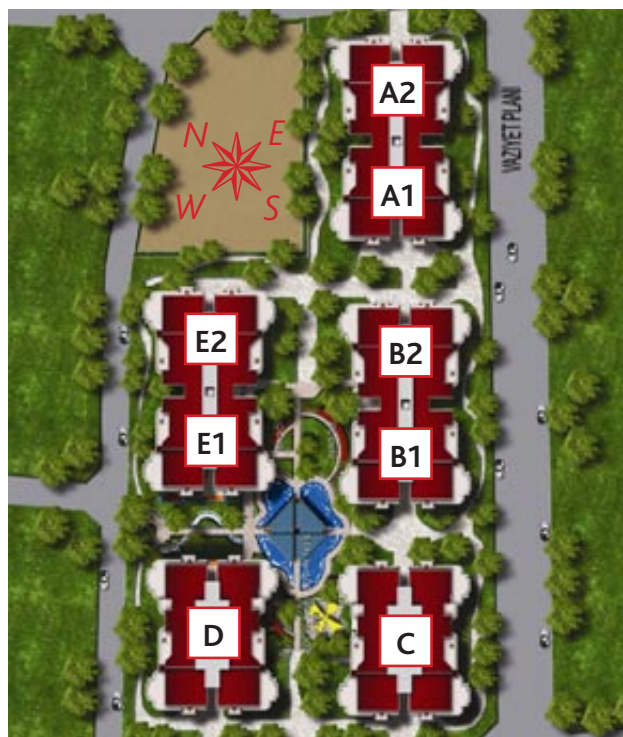
Elite Park apartments will have 1-bedroom, 1-bathroom and 2-bedrooms, 1-bathroom, and will be built to high quality specifications and a western finish. **All white goods are also included.** The 1-bedroom will be available in either 89m² or 90m² floor area, and the 2-bedroom will be available in either 119m² or 126m².

The development will have a swimming pool, underground parking, 24 hour security, a fitness centre and children's pool. The development is already underway and is almost a third of the way through the build. It is due for completion in December 2008.

INCREASING BUILD COSTS

The cost of raw building materials in Turkey has risen over the last 6 months and at the same time the Turkish Lira has also fallen substantially. While the drop in the Lira does not significantly impact us as investors (see page 14 for details on this), the cost of building has risen by about 40% thereby reducing developer's profit margins and their ability to heavily discount deals.

However Demo Insaat understand the needs of their targeted market. They will include all kitchen fittings and appliances as standard, an understandably desirable bonus for young, first time buyers.



Elite Park

APARTMENT INCREMENTAL PRICING

1-BEDROOM APARTMENTS

- 1-beds are 89m² or 90m²
- Kitchen and bathroom fittings **including white goods**
- High quality finish using premium Turkish ceramics
- 1-beds available from €53,400 (approx £36,800)

Prices for Elite Park apartments will increase as follows:

	€ per m ²	89m ² Apt	90m ² Apt
First 20 :	€600	€53,400	€54,000
Next 20 :	€625	€55,625	€56,250
Next 20 :	€650	€57,850	€58,500
Remainder:	€700	€62,300	€63,000

2-BEDROOM APARTMENTS

- 2-beds are 119m², 126m² or 131m²
- Kitchen and bathroom fittings **including white goods**
- High quality finish using premium Turkish ceramics
- 2-beds available from €63,070 (approx £43,500)

Prices for Elite Park apartments will increase as follows:

	€ per m ²	119m ² Apt*	126m ² Apt	131m ² Apt†
First 20 :	€530	€63,070	€66,780	€69,430
Next 20 :	€560	€66,640	€70,560	€73,360
Next 20 :	€590	€70,210	€74,340	€77,290
Remainder:	€620	€73,780	€78,120	€81,220

SOLD

SOLD

• available floors 1, 2, 6, 7, 8, 9

† available floors 3, 4, 5.

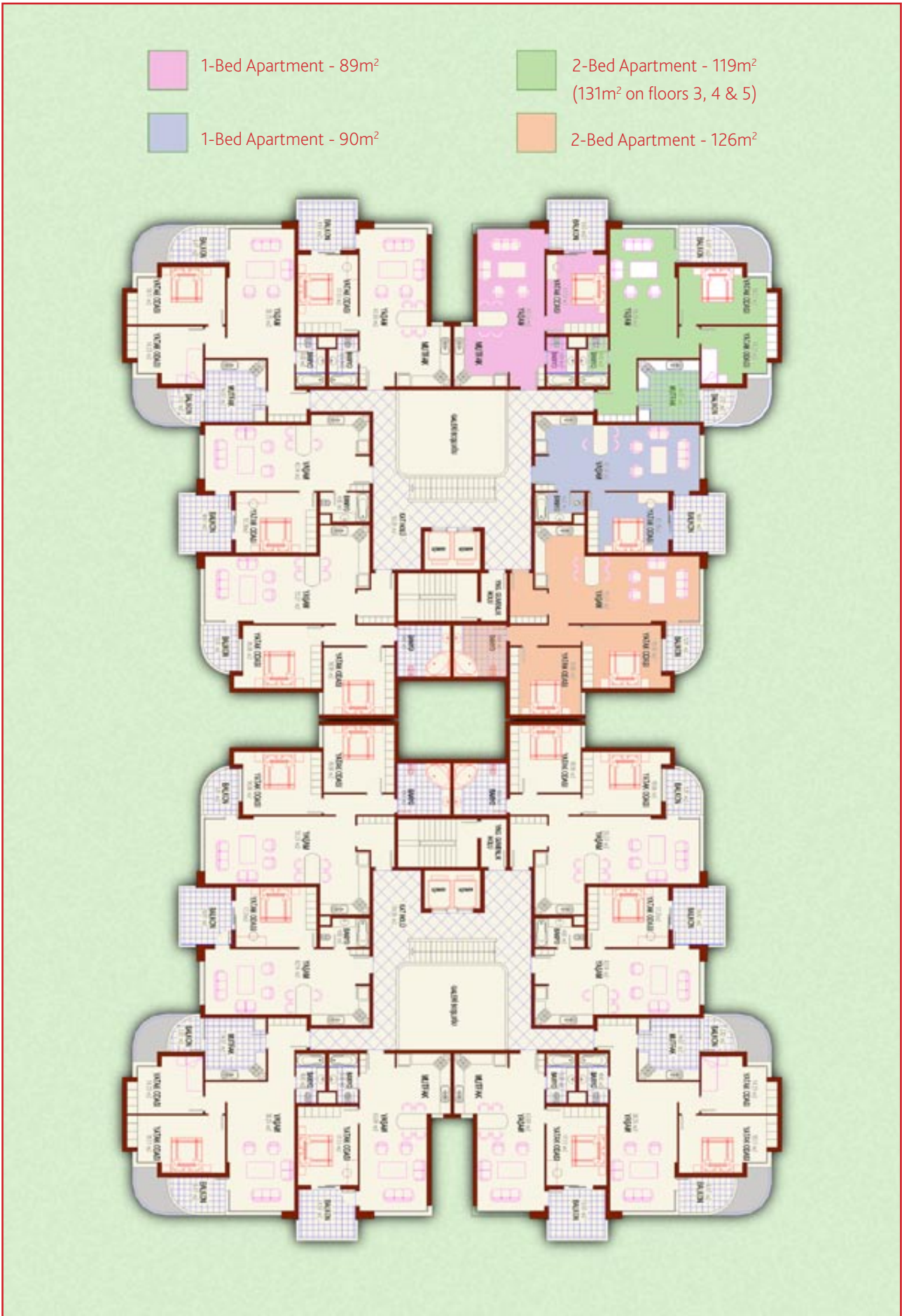
DIFFERENCES IN PRICING

You may have noticed that the per square metre price is more expensive than our 3-bedroom apartments in the same Elite Park development. This is because the bulk of the expense when building is laying foundations and structure, and putting in utilities – water and sewage infrastructure and power, wiring etc. This means smaller apartments cost the developer more per square metre. Therefore the 1-bedroom apartments are the most expensive per square metre, followed by the 2-bedroom and then the 3-bedroom.

PROPOSED APARTMENT LAYOUT



PROPOSED APARTMENT BLOCK LAYOUT



Elite Park

TECHNICAL SPECIFICATIONS



BUILD STANDARD

An Elite Park apartment comes with a 10 year structural guarantee. The buildings are constructed to western regulations using top grade material only. Like all new buildings in Istanbul, the Elite Park development has been designed to withstand earthquakes. These apartments are aimed at first time buyers and so **all white goods** are included in the price to aid onward sales.

CONSTRUCTION AND EXTERIOR

GENERAL INFORMATION ON THE COMPLEX:

- Outdoor swimming pool and children's pool/playground
- Indoor parking
- Two lifts in every block
- A central water tank and pressure tank
- Entrance and stairs in premium marble
- Natural gas heating system in each unit, with panel radiators

FOUNDATION:

- Iron structure with buttress throughout the whole foundation of reinforced concrete.
- C-25 breezeblocks and plaster used in the construction of the exterior

WALLS AND CEILINGS:

- Several layers of plastic based exterior paint on exterior walls
- Base coat over the gypsum plaster on interior walls and plastic paint on interior ceilings
- Coving throughout
- Interior walls made of bricks
- Insulation on interior and exterior walls
- Insulated bricks covered with ceramic boards, roof tiles fixed with cement mortar

BALCONIES AND TERRACE:

- Ege or Toprak brand ceramic floor tiles with border tiles
- Several layers of plastic based exterior paint on balcony walls
- Masonry and polished metal railing in balconies

INTERIOR

WINDOWS:

- Premium windows, TSE certified PVC in white, with double-glazing

DOORS:

- The exterior door in steel with security lock, with three or five anchor points
- American Panel interior doors

FLOORING:

- 8 mm parquet floor combined with wooden skirting board in bedrooms and living room
- Ege or Toprak brand ceramic floor tiles combined with border tiles and wall tiles in bathrooms
- Ege or Toprak brand ceramic floor tiles combined with border tiles and wall paint in the remaining interior parts

KITCHEN:

- Fitted kitchen with hanging and lower cupboards of decorative laminate
- Laminate worktop
- Stainless steel sink
- Ege or Toprak brand ceramic floor tiles combined with border tiles and wall tiles
- **Electrolux fan assisted cooker with gas and electric hob and extractor hood**
- **AEG dishwasher**
- **AEG washing machine**
- **AEG fridge**

BATHROOM:

- Laminate bathroom cupboards
- ECA brand armature
- Vitra brand water closet
- Fixtures including towel rail, shaving mirror, toilet roll holder, soap dish etc

The Financials



UNDER MARKET VALUE

Buying below market value is one of our “four principles” of property investment. But how can you tell if the discount you have been offered is genuine?

One of the reasons we can bring you such great discounts in Istanbul is that some developers prefer to work on a debt-free financial model. Mid-size developers in Turkey are risk averse and to avoid being prone to interest rate fluctuations they tend not to borrow development finance from banks, preferring to make lower profits. In order, therefore, to maximise their building and land-buying activities in a booming market, they often choose to sell the initial 30–50% of the development at a large discount to investors. This is great news for investors as there are massive benefits from buying property well below market value.

So when a developer tells us that his development prices are a certain percentage below market value, we are always prepared to investigate no matter how far fetched it sounds. We know that developers’ financial models in Istanbul allow for large discounts, but that said, we always verify the discount on offer by aggressively comparing the price against those of similar property types within the same region. This provides us with a true picture of the local market and allows us to confidently, and truthfully, relay the discounts that we are able to secure for you as investors.

THE THREE KEY BENEFITS FROM BUYING PROPERTY UNDER MARKET VALUE.

1 By securing properties at a discounted price to market value, you lock in instant equity. This means you make your money when you buy and capital growth becomes a bonus rather than the only thing you rely on to make profit.

2 It also covers your downside – the market would have to drop by the full amount of your discount before you would begin to lose money. In a burgeoning market like Istanbul this is highly unlikely.

3 Buying at a large discount also acts as a leveraging tool. Capital growth is incurred on the market value of your property, not on the discounted price of purchase. You could look at it as having your equity work as hard as it would with a 50% LTV mortgage – but without the repayments!



For example: If you bought a property worth €100,000 for €100,000 and it realised 15% growth, then you could sell it for €115,000 and would make 15% profit on your initial capital. If you had bought the same property discounted at only €50,000, then you could still sell it for €115,000 this time making a massive 130% profit! This example also demonstrates the leveraging effect that occurs – The growth in the market works twice as hard on your initial capital, making a 30% profit instead of only 15%.

The Financials



PRICE COMPARABLES

All property in Istanbul is priced based on its size, in terms of price per square metre. To ascertain the discount on offer for the Elite Park apartments we can compare the prices of other 1-bedroom and 2-bedroom apartments within the local vicinity to give us an average value.

However property is not always that simple. Because of the type of people who traditionally buy property in Turkey, there is a huge abundance of 3-bedroom apartments in the area¹. Smaller 1- and 2-bedroom properties in the Beylikduzu area are more of a new concept, therefore there are fewer flats to make comparisons with.

1-Bed Comparables					
Project Name	Location	Price (€)	Size (m ²)	Bed/Bath	Price per m ²
Vista Residenza ¹	Beylikduzu	73,700	60	1+1	1,228
Palmiye konaklari ²	Beylikduzu	73,500	85	1+1	865
Bizimkent ³	Beylikduzu	52,000	54	1+1	963
				Average	1,019
Elite Park 1-Beds	Beylikduzu	53,400	89	1+1	600
				Discount	41%

¹ www.gulinsaat.com.tr ² www.muscan.com.tr ³ <http://www.milliyetemlak.com/Ilan.aspx?IlanNo=89034>

These comparables show the average market value of 1-bed apartments in the area to be €1,019m². From only €600m², Elite Park 1-beds are discounted 41% below that. In fact Vista Residenza, just a short walk down the road, has 1-bedroom apartments priced at €1,228m². That's over 104% more expensive than the price of our first 20 apartments – a saving of over €20,000!

2-Bed Comparables					
Project Name	Location	Price (€)	Size (m ²)	Bed/Bath	Price per m ²
Ginza Residence ¹	Beylikduzu	121,000	120	2+1	1,008
Palmiye konaklari ²	Beylikduzu	105,000	120	2+1	875
Eksioglu Akkent Selale Evleri ³	Beylikduzu	80,000	105	2+1	762
VIP Residence ⁴	Beylikduzu	98,700	120	2+1	823
				Average	882
Elite Park 2-Beds	Beylikduzu	63,070	119	2+1	530
				Discount	40%

¹ www.ginzaresidence.com Tel: 0212 8737425 ² www.muscan.com.tr Tel: 0212 8808000
³ <http://www.eksiogluholding.com> Tel: 90 212 872 59 50 ⁴ Tel: 90 212 855 18 59

These comparables show the Elite Park 2-bed apartments. You'll see that with prices starting from just €530 per m², this represents a more than 40% discount to the local market, a saving of over €40,000.

RENTAL POTENTIAL

Beylikduzu is very much a residential area and although there is a growing rental market, locals prefer to buy properties rather than rent. If you did decide to hang on to your property and rent it out to supplement the profit made by the capital growth, then rental yields would be in the region of 3-5%².



¹ <http://www.atlasistanbul.com>
² <http://www.atlasistanbul.com>

The Financials

PROFIT FORECAST

Can you imagine buying in London without a mortgage?

One of the main reasons behind the increased interest of foreign investors in the residential market is the pending introduction of a mortgage system in Turkey. Since the purchasing power in Turkey is relatively insufficient, the current housing credit system addresses only a very small income group. The examples of Greece and Spain, which resemble Turkey in various aspects, show that the implementation of the mortgage system adds to the purchasing power because it is spread over a very long term and in return causes a substantial increase in the prices of residential buildings¹.

In order to understand the potential use of the mortgage system in Turkey and the positive impact it will have on your profit, it is sufficient to highlight the facts that the residential demand in Istanbul is currently undersupplied by approximately 250,000 units per year². The planned mortgage system will allow people to purchase houses on long term credits with maturities of 20, 30 or 40 years and with instalments that are no higher than the rental rates of the houses.

Young couples and first time buyers will substantially benefit from the introduction of mortgages and the availability of new, modern 1-bed and 2-bed apartments such as at Elite Park will appeal greatly to them. This means your potential profits by buying in early are impressive.

Our comparables indicate a 1-bed Elite Park apartment to be 41% under market value. Therefore, assuming only a cautious 20% capital growth, **you could more than double your money over the next two years.**



The following table represents how a 1-bed property bought for €53,400 could increase in value over a 5 year period:

Forecasted Property Growth							
Cap Growth	Purchase price	Estimated market price	Year 1	Year 2	Year 3	Year 4	Year 5
10%	€53,400	€90,691	€99,760	€109,736	€120,710	€132,781	€146,059
20%	€53,400	€90,691	€108,829	€130,595	€156,714	€188,057	€225,668
30%	€53,400	€90,691	€117,898	€153,268	€199,248	€259,023	-
40%	€53,400	€90,691	€126,967	€177,754	€248,856	-	-

Forecasted property appreciation excluding transaction costs and tax over 5 years, assuming variable rates of capital growth per annum and assuming a €53,400 purchase

Translated into profit, the next table indicates the percentage return on investment that the property growth will have on your initial capital. As demonstrated, buying under market value has a significant effect, with both the instant equity it provides on purchase and the leveraging effect it has on growth.

Forecasted Return On Investment							
Cap Growth	Purchase price	Estimated market price	Year 1	Year 2	Year 3	Year 4	Year 5
10%	€53,400	€90,691	87%	105%	126%	149%	174%
20%	€53,400	€90,691	104%	145%	193%	252%	323%
30%	€53,400	€90,691	121%	187%	273%	385%	-
40%	€53,400	€90,691	138%	233%	366%	-	-

Forecasted profit gained excluding transaction costs and tax over 5 years, assuming variable rates of capital growth per annum

Timing is crucial to such a highly profitable property deal and we believe Istanbul currently represents a rare window of profit opportunity for investors.

Translated into profit this would equate to 145% in just over 2 years!

1 http://www.colliers.com/Content/Repositories/Base/Markets/Istanbul/English/Market_Report/PDFs/ColliersResco_Turkey_2005_Real_Estate_Market_Review.pdf

2 Aksam newspaper March 17th, 2006

The Financials

PAYMENT TIMETABLE

Timing	What for?	Amount
Immediately	Reservation fee	£3,500 *
15 days after reservation	1 st payment – Exchange of contracts	30% of purchase price †
15 days after reservation	(See table below)	50% of total Additional costs
3 months after exchange of contracts	2 nd Payment	30% of purchase price
6 months after exchange of contracts	3 rd Payment	30% of purchase price
On completion	(See table below)	50% of total Additional costs
On completion	4 th and final Payment - Handover of keys and title	10% of purchase price

* This includes the non-refundable fee of £2,000

† Minus £1,500 already paid as part of reservation fee

This payment schedule does not include currency transfer costs. All payments other than your initial reservation fee of £3,500 will need to be made directly in Turkish currency (YTL), although the price is fixed in Euros.

ADDITIONAL COSTS EXAMPLE

	1-bed @ €53,400	2-bed @ €63,070
Stamp tax (1.5%)	€801	€946
Habitation licence (1%)	€534	€631
Notary	€100	€100
Title Application Fee	€90	€90
Utilities:		
Natural gas	€250	€250
Electricity	€250	€250
Water	€100	€100
Insurance	€100	€100
Legal	€650	€750
VAT on legal fees (18%)	€117	€135
Total	€2,992	€3,352
Ongoing*	€65	€65
*Monthly Maintenance – starting on completion		



As with any property purchase in the UK there are some additional fees aside from the purchase price which have to be met. The same is true when you buy property in Turkey.

The independent English speaking lawyer we recommend will manage all of these payments as and when they are needed on behalf of Investors. To ensure they have the necessary monies in place you will need to provide 50% of these costs up front. The remaining 50% will be due on completion.

The Financials



EXIT STRATEGY

There are many factors that affect the local residential demand in Istanbul. These include: closeness to transportation junctions, closeness to destinations where large holdings plan to invest, closeness to existing or planned shopping malls and closeness to office and production facilities and of course, affordability.

Elite Park meets all of these demands and provides an investor with an excellent exit strategy by selling to the local population. The great thing about buying offplan in Istanbul is that you get a nice balance between investor ownership and local ownership as the developer only sells approximately 30% of his properties at offplan discount. This 30% is predominantly, (but not exclusively), bought by overseas investors. Locals want a property which is built and ready to move into – they cannot afford to tie up their money for long periods of time and live elsewhere while the development gets built.

With this in mind, once the development completes there is usually very high demand from locals for apartments within it. As an investor this offers an obvious exit point for an Elite Park investment. You make a substantial amount of equity on purchase due to the market discount secured by us. Then there should be significant growth on the market value of that property over the 2 years the development will take to complete. This allows you to potentially sell on at slightly below the market value at the time, passing on a proportion of your discount to the local buyer to encourage a quick sale, and still make hefty profit.

Alternatively you may wish to hang on to your property for a number of years after purchase and really maximise returns generated from the expected capital growth.

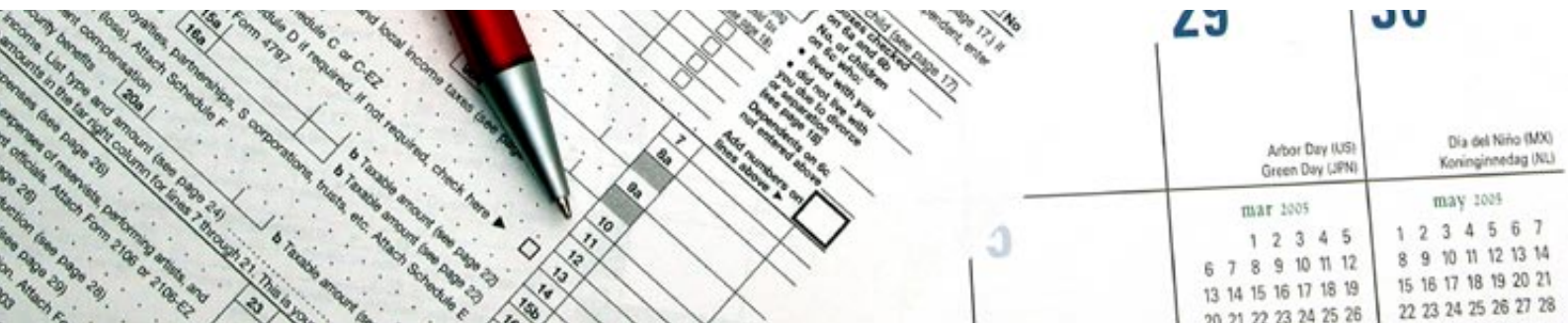
Mortgages will soon be available for both locals and overseas purchasers so it should be possible, and prudent, to refinance after completion. However, with the likely high interest rates of an immature mortgage market and the low rental demand in the area, a relatively low Loan to Value mortgage is advisable. This will help you stay cash-flow positive but still give you additional leverage.

In addition, it is worth noting that any capital gains from a sale of property, is tax exempt after holding the property for 4 years, making such an investment very advantageous.

Elite Park meets all of these demands and provides an investor with an excellent exit strategy by selling to the local population.



The Financials



Tax

“The additional costs associated with a property purchase such as legal fees, notary charges and property tax work out to be less than half of the Spanish equivalent at 5% of purchase price versus 10% of purchase price.”¹

Channel 4

As with all tax systems, the rules in Turkey are complex and you are strongly advised to seek professional advice from a tax specialist. However, here is a guide as to what you can expect.²

CAPITAL GAINS TAX

Capital gains tax in Turkey, whether for an individual or a company, is treated as part of general income tax. Personal income tax varies from 15-40%. Basic corporate income tax levied on business profits is 30% in Turkey, but there are plans for 2006 to reduce this to 20%.

Currently, if you hold on to a property for 4 or more years after the date of purchase, you are not required to pay income tax on capital gains at all.

VALUE ADDED TAX (VAT)

VAT (KDV in Turkish) fall within 2 price brackets. 1% is due on property less than 149m², 18% due on property of 150m² or over.

STAMP TAX

Stamp duty applies to a wide range of documents, including contracts, notes payable, capital contributions and letters of guarantee. Stamp duty is levied as a percentage of the value of the document at rates ranging from 0.15% to 0.75%. Stamp tax is payable by the parties who sign a document. Each and every signed copy of the agreement is separately subject to stamp tax.

PROPERTY TAX

Property taxes are paid each year on the tax values of land and buildings at rates varying from 0.1% to 0.6%. In the case of the sale of property, a 1.5% levy is paid on the sales value by both the buyer and the seller. The rates are applied twice for property located in the Metropolitan Municipality areas.

Buildings and land owned in Turkey are subject to real estate tax at the following rates:

- Residences: 0.1%
- Other buildings: 0.2%
- Land: 0.1%

DOUBLE TAXATION TREATIES

Turkey has signed bilateral tax agreements with 60 countries, including the UK, which means you will not be required to pay income tax on capital gains twice.

UK TAX SPECIALIST

If you would like to speak with a UK accountant in regards to your tax position, we use Charles Randall at Tayler Bradshaw and find him highly knowledgeable. His number is 01799 525407.

¹ Sarah Vaughan, “Turkey has all the Trimmings”, available at www.channel4.com/4homes/buyingabroad/countryguides/guide_turkey_06.html

² See All About Turkey at <http://www.allaboutturkey.com/tax.htm>. Primary source reports from Foreign Economic Relations Board (DEIK) and Price Waterhouse Coopers.

Currency

We recognise that the Turkish Lira has historically been prone to fluctuation and that it is prudent to consider this if making any property investment. However, while Istanbul remains a seller’s market, the seller will always opt for the strongest currency. If the strongest currency is the Euro the seller will sell in Euros and investors are not affected. If the strongest currency is the Turkish Lira then investors will also be fine because when converting back into Euros the strong Lira will increase the returns.

The only time currency becomes a risk for investors would be if the market conditions became a buyer’s market and if the Lira devalued against the Euro – if this were a likely scenario then you would not be investing in Istanbul in the first place. In the current market of under-supply, Istanbul will remain a seller’s market for years to come.

Lawyers

Lawyers representing our clients in any foreign country must be able to accomplish the following:

- Act with power-of-attorney for the investor
- Guide through the conveyancing process until completion
- Provide a good level of service especially around busy times, such as completion, keeping the investor up to date with what stage they are at
- Provide an English speaking key contact who can respond to enquiries within 48 hours by email or phone
- Provide English translations of contracts and key documents
- Included within fees the cost of all notarisaton, apostils, postage, tax registration and other legal paperwork that will need to be done in Turkey
- Provide receipts for all disbursements or out-of-hand expenses

With this in mind, we interviewed and spoke with over ten Turkish legal firms and chose local Istanbul firm ENTA A.S., headed by Nursen Kose, as by far the best firm to represent our investors. Nursen is an experienced lawyer who has dealt with many foreign property investors before and who speaks excellent English.

When speaking to some of their UK client references (available on request), we had some outstanding feedback:

“Documentation provided to us was perfect”

“Thorough attention to detail”

“Took time to explain queries”

“Was impressed that she did not just do what we wanted, but rather argued back from a legal prospective and added significant value to the solidity of the deal”

“Phenomenal in getting things done, and moving documentation...”

“Proactively chased me to make sure all necessary steps were in place”

We’ve negotiated an excellent deal for you with ENTA too. Their discounted fees for our investors range from €650 - €850 (plus 18% VAT) depending on the size of your apartment purchase. This is payable 50% upfront and 50% at completion.



We believe this represents tremendous value for money, as their service offer is wide ranging and actually exceeds our criteria in many ways. If you’d like to use Nursen Kose, please drop an email to her at nursen.kose@entaturk.com or call her on 00 90 212 292 89 00.

ADDITIONAL COSTS

In addition to these local Turkish legal costs, there will be a number of other closing costs including Stamp Tax, Habitation Licence, Gas/Electricity/Water Connection and Insurance. Again payable 50% upfront and 50% at completion. A full closing cost breakdown will be sent with your sales contract (see page 13 for a guide).

To set up the Power of Attorney arrangement (saving you multiple trips to Turkey), there will be other legal costs to bear here in the UK such as having your power of attorney apostilled. This is estimated to be in the region of £150.

