APPLICATION DOCUMENTS AND GENERAL CONDITIONS FOR PUBLIC LAND ALLOCATION

The application for the allocation of the public land shall be done as real or corporate bodies or as a joint venture (as consortium or work-partnership).

The following information and documents are to be submitted together with an index list to the address of **Ministry of Culture and Tourism General Document Service ((Tourism Bureau AG Floor) İsmet İnönü Bulvarı No: 5 06100 Balgat – Ankara).** Annexes, date and number of the document shall be defined clearly in the index.

A) DOCUMENTS AND INFORMATION TO BE SUBMITTED BY THE INVESTORS:

1) **Letter of Application (Annex-1):**

2) **Statement and Its Enclosure of Investor Information Form (Annex-2-a, Annex-2-b):**

All the information about the requested public land and the proposed facility on this parcel shall be stated completely.

3) **Investment Time Table :**

The beginning and the completion phases of the investment about the preliminary permit period and final allocation period will be shown according to the articles of the "*Regulations of Public Land Allocation for Tourism Investments* " on the "Investment Time Table" in which an example given in the Annex-3 and Annex-4.

4) **Trade registered gazette or "those in the audience", approved by the Notary Public, which states last partnership structure of corporate bodies.**

5) **The Letter of Termless Performance Security:**

A Letter of Termless Performance Security shall be at an amount of 5% of the total investment cost calculated according to the unit costs of the construction. Unit costs of the construction have been determined by being taken into consideration the sort and class of the facility and given in related information sheet.

6) **Financial report prepared by a financial consultant or by institutions having an independent control authority:**

Investors applying as either real bodies, corporate bodies or joint ventures; shall submit a financial evaluation indicating industrial and commercial relations, tourism activities, assets, cash situation (financial possibilities), tax payments and participations and written as; **"It has been determined that ……..…… has its financial capacity to realize ……..% of the total investment cost of the facility applied in …..……..……..……. Province, …….…… Sub-province, ……..…….. Village/District, ……..…… Location, …….. Lot/Parcel with a capacity of …….. and type/class of……..by means of its equity capital"** prepared by a financial consultant or by institutions having an independent control authority, in order to prove their qualifications in terms of realization of the intended investments.

In case of the equity capital lower than the 50 %, the applications shall not be taken into the consideration.

7) **Letter of Commitment:**

An investor letter of commitment, approved by the Notary Public, with a statement of **"I agree and accept act in compliance with all the provisions of the '*Regulations of Public Land Allocation to Tourism Investments'* (2006/2) and special conditions determined in the information sheet relevant parcels"**.

8) **A work partnership or consortium contract, approved by the notary public, in case of joint ventures application:**

The pilot partner in partnership contracts, and coordinator partner in the consortium agreements is defined and a sample of the work-partnerships or the consortium contracts, approved by the notary public, shall be submitted to the Ministry. For all kinds of procedures, request or notifications of the Ministry, the addressed person is the pilot or the coordinator.

The notifications to the pilot partner in partnership contracts, and coordinator partner in the consortium agreements shall be accepted as the notifications to the joint ventures.

In the work partnership agreements and contracts, it shall be stated that the real and corporate bodies are to be responsible for realization of their commitment as cooperative and successively. On the other hand, in the consortium agreements and contracts, the real and corporate bodies shall clarify which part of the work they commit and they realize their commitment with the coordinator partner.

In case of the spoiling of the partnership, the pilot or the coordinator will continue to the allocation period, if the pilot or the coordinator proves that he will be able to complete the investment with the 50% of its own equity capital.

9) **Bank Deduction For The Specification:**

The bank deduction which the price of the "*Specifications For Allocation of Public Land To Tourism Investors* (2006/2)" have been paid to the **Ziraat Bank's Tourism Revenues Account Number 3483170-5001** at **T.C. Ziraat Bank- Ulus Heykel Branch,**

The applications for the allocation of public lands to the Ministry will be concluded within 2 (two) months of duration following the submission of all the information and documents to the Ministry. The duration may be extended by the Ministry in case it is required.

B) EVALUATION OF THE BID PROPOSALS:

The applications to the Ministry are evaluated in terms of both financial adequacy determined in the report of the financial consultant and experiences in the sector in accordance with the Article 11 of the "*Regulations of Public Land Allocation For Tourism Investments*" and the matters within the scope of the *Public Land Allocation Specification* by the Land Allocation Commision.

A negotiation for a direct contribution of investors to social and technical infrastructure shall be held in between the qualified investors for the parcels having several applications. The regulations and procedures for the negotiation are identified by the Land Allocation Commission and notified to the investors. "the Letter of Termless Performance Security" (according to the regulations and procedures for the negotiation) with a total amount of the first proposed contribution and a "Letter of Commitment", approved by the notary public, concerning the acceptance of these rules and procedures shall be submitted to the Ministry by the investors at the negotiation phase.

It is required that the investor shall submit a letter of termless performance security -for the difference between his proposal at the beginning of the negotiation and the one at the end of the negotiation- to the Ministry.

The preliminary permit shall be given to the investor meeting this liabilities by the Land Allocation Commision. The letters of termless performance security shall be returned to the investor whom the preliminary permit is not given. The letters of termless performance security could be taken by personally by the investor in 15 (fifteen) days following the evaluation of the allocation, if the investor requests. In case of not being taken personally, the letters of termless performance security will be returned by mail. However the Ministry is not responsible for the delays and losts in the mail.

If the investor, giving the highest offer, gives up his commitment or does not submit additional bid bond due to the causes except for compulsory or public-oriented ones, the letter of performance security taken in the application and the letter of performance security in order to join the negotiation shall be converted to cash and foreclosed to the treasury.

At this point, the Ministry offers to the second investor who proposed the maximum contribution for the social and technical infrastructure to submit the letter of termless performance security with the amount proposed for social and technical infrastructure at the end of the negotiation. After these liabilities are met, the preliminary permit could be given to the investor by the Land Allocation Commision.

If the second investor who proposed maximum contribution for social and technical infrastructure does not accept the offer of the Ministry, the land for the allocation shall be offered to the other investors in order, in case of accepting the contribution amunt proposed by the second investor.

It is requested from the investor who granted for the preliminary permit, to pay a contribution for social and technical infrastructure as cash to the account number of *DÖSIMM (Döner Sermaye Işletmesi Merkez Müdürlügü).* If it is paid, the letters of performance security shall be given back to the investor. If the amount is not paid due to the causes except for compulsory and public-oriented ones, the preliminary permit shalll be cancelled by the Ministry. The letters of performance security for the preliminary permit and for the negotiation shall be foreclosed to the treasury.

The parcels with only one application shall be evaluated and concluded by the Land Allocation Commission. In this situation, a direct contribution of the investor (determined by the commission) could be requested for social and technical infrastructure according to the properties of the project and the qualities of the region in which the investment to be operated.

At the end of the evaluation of the applications, the Ministry is free with regard to whether the allocation of the immovables in this Specification is realized or not.

In the event non-allocation of the parcels applied by the investors, the Land Allocation Commission may recommend one or more parcels of the lots announced for the allocation according to the investors who will have assistance for the development of the tourism.

C) THE LIABILITIES FOR PRELIMINARY PERMIT AND FINAL ALLOCATION PERIODS

The Period of Preliminary Permit

The investor is granted preliminary permit, not longer than a six-month term, for mapping and planning works, confirmation procedure and incorporating a tourism-oriented joint-stock company.

In order to validate the preliminary permit, within a one-month term following the registered notification date of the decision of preliminary permit to the investor;

a) The Letter of Termless Performance Security, at an amount of 5% (five percent) of the total investment cost,

b) The Letter of Commitment of Preliminary Permit approved by the Notary Public,

c) Work Schedule for preliminary permit (Annex-3)

have to be submitted to the Ministry by the investor.

Preliminary Permit begins on the submission date of the Letter of Performance Security, the Letter of Commitment and Work Schedule to the Ministry and then the Letter of Performance Security, submitted to the Ministry at the phase of application, is returned.

Unless these requirements are met, the request of the investor for preliminary permit is regarded as invalid and the Letters of Performance Security, submitted at the phase of application and the ones for the contribution to social and technical infrastructure, are foreclosed to the treasury.

Within the period of Preliminary Permit, the investor;

a) Prepares Land Use Maps and Implementation Plans of the subject areas of investment which does not have 1/1.000 scale Implementation Plans and submits them to the related institutions for approval. Realizes allotment, integration, relinquishment and similar operations of the immovable which is granted preliminary permit,

b) Prepares the tree survey plans for the immovables under the ownership of the Forest or the Treasury as the forest status, and submits to the related Forestry Administration for the approval before they shall be submitted to the Ministry along with the documents requested in the preliminary permit. (The permission of the related Forestry Administration is required for compulsive cut down of tree aimed at realization of the facility.)

c) Obtains current application drawings approved by the administration of Land Register and Surveying,

d) Incorporates a joint-stock company, which has registered tourism among its fields of activity, pursuant to the provisions of The Turkish Law of Commerce, dated 29.06.1956, no. 6762,

d.1- The incorporated joint-stock company has to have an amount of capital at least 50 % of the total investment cost of the immovable granted preliminary permit.
d.2- The share of real or corporate bodies in the joint-stock company, who are granted preliminary permit, cannot be below 51%.

e) Obtains *Tourism Investment Certificate* in accordance with the *Regulations on Certification and Qualifications of Tourism Facilities*,

f) Obtains necessary permissions in accordance with the *Regulations of Environmental Impact Assessment (EIA)*, within the areas where EIA Report has to be prepared,

g) Submits the site plan approved by the Municipality, which shall be the base of leasing cost calculations, together with the documents requested in preliminary permit, in the events that total investment cost is calculated by square meter,

h) Puts out the cost of contribution to social and technical infrastructure, proposed in the phase of negatiation and submitted as the letter of performance security to the Ministry, to the bank account to be determined by the Ministry.

Unless the investor meets the liabilities for the reasons except for compulsory od public-oriented in the period of preliminary permit, the preliminary permit shall be cancelled by the Ministry. The letter of performance security taken at the application and the letter of commitment taken at the negotiation will be converted to the cash and foreclosed to the treasury.

Unless the investor meets the requirements for the reasons compulsory or public-oriented, in the period of preliminary permit; in case of investor's request, preliminary permit is cancelled by the Ministry and the letters of performance security will be returned.

In this case, the public land to be discharged is evaluated by means of the announcement in accordance with the sentences of the *Regulations of Public Land Allocation For Tourism Investments*.

The Period of Final Allocation

The final allocation is realized by the decision of Land Allocation Commission for the investor, who have met the requirements of preliminary permit and submits the documents to the Ministry, indicating that the cost of contribution to social and technical infrastructure has been put out to the account determined by the Ministry and the letter of performance security for final allocation is returned.

In order to validate the final allocation, within a <u>one-month term</u> following the registered notification date of the decision of final allocation to the investor;

a) The Letter of Termless Performance Security, at an amount of 10% (ten percent) of the total investment cost,

b) The Letter of Commitment for Final Allocation Conditions approved by the Notary Public,

c) Work Schedule for the final allocation period (Annex-4)

have to be submitted to the Ministry by the investor.

The letter of performance security for preliminary permit is returned after submitting the letter of performance security for final allocation.

After submitting these documents to the Ministry; the easement, leasing or land rights are requested from the Ministry of Finance.

Except for the reasons compulsory or public-oriented, and which source from the administrative and judicial disputes acceptable by the Ministry; the allocation for the investor, who has not been able to meet the requirements for final allocation within the terms determined in the final allocation paper, is cancelled by the Ministry and the performance securities are foreclosed to the treasury. In this case, all sorts of buildings and facilities on the land are foreclosed to the treasury without charge. The investor cannot claim any right and charge for these items.

In this case, the public land to be discharged is evaluated by means of the announcement in accordance with the sentences of the *Regulations of Public Land Allocation For Tourism Investments*.

Buildings, facilities and outbuildings on the lands, where the allocation has been cancelled or allocation term has expired, are foreclosed to the treasury without charge. The investor cannot claim any right and charge for these items.

However, the terms are paused, in the events that there are compulsory or public-oriented reasons, which interfere the operations of development plan decisions and architectural project preparation; such as, EIA report or the determination of preservation sites, and which source from the administrative and judicial disputes acceptable by the Ministry, until the settlement of disputes. In this term the land rental shall not be taken and a period of time which is a period of the term paused shall be added.

Other Contributions:

1- The infrastructure constructions shall not commence until the projects belonging to the infrastructure facilities, which shall be realized by the investors or to which the investors shall contribute, are approved by the Ministry or related public institutions.

2- The investor shall take all the measures (including noise reduction) to prevent disturbance of the facilities in operation in neighbouring parcels during the construction.

3- Environmental pollution shall be avoided.

4- Investors to be granted for preliminary permit for infrastructure projects and implementations shall become members of the unions and/or companies incorparated/to be incorporated at the location. In addition, infrastructure companies might be requested by the Ministry from the investors for the areas in which incorporation of a union and/or company is not stipulated in the specification.

5- At phase of the evaluation of the allocation applications, during preliminary permit and financial allocation periods, in the event of the realization of facility becoming impossible due to disputes emerging from the related local administrations and the public institutions (plan approval, land ownership disputes, construction and housing license problems and/or determination as an area of conservation) the investor shall commit not to request any indemnity. The Ministry shall not be responsible to the investor, except for returning of the bond to the investor.

6- The utilization fee (the easement, land rights, lease) for the first year subject land allocation shall be determined as per the Article “The Fee for the Land Allocation” of “The *Regulations on Allocation of Public Land to the Tourism Investments.*” For buildings, Article “The Fee for the Allocation of Buildings” shall be applied. The date of issuance of the tourism investment certificate, capacity and unit costs determined by the General Directorate of Turkish Development Bank Inc. Co. for the respective year shall be taken into consideration for the determination of said fee. However, said annual leasing cost shall be redetermined for the subsequent years by the Ministry of Finance.

Regarding the immovables under the ownership of the Special Provincial Administration, Municipalities or Village Corporate Bodies; The Ministry shall determine the investor and notify the related administration. The investor shall execute the subsequent processes with the related administration. Thereafter, issues related with lease and payment terms, the amounts of the performance security and matters determined

by the Ministry related with the facility shall be determined in the lease contract to be signed between the firm and the related administration. The shares to be taken from the annual income at the rates defined in this specification shall be paid to the related administration.

7- All annual payments and shares to be collected from the annual income for the allocated land shall be paid in times as stated in the principles and fundamentals of the agreement to be signed with the Ministry of Finance.

8- If there are buildings on the parcel or parcels subject to the allocation and if they are used as such in; the easement fee (rent) in proportion as 5% of the total investment cost to be calculated by means of unit costs determined for the year which the final allocation will be realized in accordance with the the Article "The Fee for the Allocation of Buildings" of "The *Regulations on Allocation of Public Land to the Tourism Investments*" shall be paid to the Ministry of Finance. However, "b" Clause of the Article "The Fee for the Allocation of Buildings" shall not be applied. Moreover; the endorsement share of 2% shall be paid, after the facility begins to operate (granted for the Tourism Management Certificate).

If the buildings on the parcel or parcels subject to the allocation are destroyed; the easement fee (rent) -in proportion as 0,5% of the total investment cost to be calculated by means of unit costs determined for the year which the final allocation will be realized in accordance with the the Article "The Fee for the Land Allocation" of "The *Regulations on Allocation of Public Land to the Tourism Investments*"- shall be paid to the Ministry of Finance, and the endorsement share of 1% shall be paid after the facility begins to operate (granted for the Tourism Management Certificate). In addition, debris prices of the buildings on the allocation area shall be paid to the related administration by the investor.

9- On annulment of the preliminary permit or allocation due to lack of conformity with the conditions (preliminary permit, final allocation and agreement conditions) defined by the Ministry, the allocated public land (together with all constructed items, notwithstanding their phase) shall be foreclosed to the treasury without the need of a court sentence or official notification. The phase of the construction is required to be defined by the courts, by the Ministry of Culture and Tourism or the Ministry of Finance.

All materials that are not used in the construction but stored on the land shall be returned to the investor providing that the transfer costs are paid by the investor. The investor cannot claim any indemnity or other rights from the Ministry and the performance security is foreclosed to the treasury.

10- Following the preliminary permit; companies, granted for the allocation and share holders of the incorporation to be established as required by the *Regulations of Public Land Allocation For Tourism Investments*, shall not be entitled to transfer their shares or the allocation to third parties unless approved by the Ministry. In the event of transfers of shares to third parties without approval of the Ministry, preliminary permit/final allocation is annulled.

11- Land use decisions and capacity might be changed by plan revisions made in accordance with "Coastal Law" No.3621 amended by Law No.3830 and Relevant Implementation Regulations. In this case the changes of leasing amounts connected to the letter of performance security are reevaluated. Following the plan revisions; the land may become unsuitable to establish a facility under these conditions, transactions are fulfilled in line with the provisions of article 5.

12- In thermal tourism facilities; the provisions of the *"Regulations of Utilization Rights and Operation Procedures and Provision of Thermal Waters Within Tourism Areas and Centers"* published in the Official Gazette dated 31.12.1993 and No.21805 shall be taken into consideration.

13- In case of the allocation to be realized in the area forest status, in accordance with the provisions of the "Forestry Law" No. 6831, 3 % of the investment cost is collected for once by five equal instalments and in a five-year period, beginning from the third year of the allocation date, and foreclosed to the budget in accordance with the provisions of *Law on The Regulations of Private Income and Appropriations and Amendments To Some Laws and Decree Laws*, dated 14.07.2004, No. 5217. In addition, whenever sort, class or capacity of the facility is changed, this cost is foreclosed to the budget in proportion with the unit costs in the date of the final permits.

14- For the matters that are not defined in this specification, the provisions of "The *Regulations on Allocation of Public Land to the Tourism Investments*" shall be taken into consideration. In case of being the matters that are not defined in the regulation aforesaid, the decisions of the Land Allocation Commision shall be taken into consideration.

ANNEX-1

LETTER OF APPLICATION

To : MINISTRY OF CULTURE AND TOURISM
General Directorate of Investments and Establishments

ANKARA

The aplication file prepared for the parcel that have been announced to the public with **the Specifications for Public Land Allocation Conditions to Potential Investors (2006/2)** by your Ministry is submitted within the annex.

Date

Seal

Signature

ANNEX-2a

STATEMENT

To : MINISTRY OF CULTURE AND TOURISM
General Directorate of Investments and Establishments

ANKARA

I (We), the undersigned, hereby declare that I (We) have read, agreed and based our application upon the conditions on the general guidelines stipulated in the Specifications for Public Land Allocation Conditions to Potential Investors (2006/2) and special conditions determined for the subject lands of allocation, provided by your General Directorate and prepared in connection with the announcements published in the press and Official Gazette for public land allocation to the potential investors by your Ministry, and I (we) further affirm that I (we) shall accept the Preliminary Permit and Final Allocation Conditions to be designated by the Ministry.

NAME, FAMILY NAME
SIGNATURE, DATE
(SEAL OF THE FIRM)

LEGAL ADDRESSES (Give Full Address) :
(The Ministry will immediately be informed of any changes in address)

TELEPHONE:……FAX:……E-MAIL:……

PUBLIC LAND APPLIED FOR :

PROVINCE :.....
SUB PROVINCE :……
VILLAGE / NEIGHBOURHOOD :……
LOCATION :……
LOT / PARCEL NO :……

TYPE OF INVESTMENT TO BE DEVELOPED :
CATEGORY OF THE INVESTMENT :……
CLASS OF THE INVESTMENT :……
CAPACITY OF THE INVESTMENT :……

TOTAL INVESTMENT COST :……YTL

A) Equity Ratio : .....%
B) Estimated Foreign Capital Ratio : ……%

ENCLOSURES

1) Number of Files:…….
(every single document in the files has to be submitted in the order of the article "A" in the 9 and 10. page.)

2) Supplementary Form of the Entrepreneur to Statement

ANNEX-2b

SUPPLEMENTARY FORM OF THE ENTREPRENEUR TO STATEMENT

1. Applicant :

Real Persons :

a) Name Of Person (s)
b) Equity Share (s)

Legal Persons :

a) Company Name
b) Capital Distribution
(Shareholders and shares to be given
and Commercial Register Gazette to be enclosed)

2. Information on Loans: (Foreign Credits, Incitement Credits, Other Mid-And Long-Term Credits)

a) Name and origin of the creditor: ……
b) Type, amount and currency of the credit: ……
c) Interest rate: …….
d) Table of redemption (installments, interest, total payment and grace period)

3. Operator's name, country and explanation if the management of the faclity is to be contracted :
……

4. Brief explanation about the experience of the applicant In the applied tourism business or having another tourism applications. Explanation : ……..

5. Possibilities of organizing personnel training programs or employing trained personnel. Explanation : …….

6. Any International experience of the applicant in other investment sectors and any possibility of using these experiences in tourism business. Explanation ……

7. Explanation on past land allocatlion if any, and explanation of the development phases of the project : …….

8. Any connection with foreign financial sources about the project. Explanation If any :……..
……

ANNEX-3

INVESTMENT TIME TABLE
(PRELIMINARY PERMIT PERIOD)

DESCRIPTION OF WORK	200.. YEAR												200.. YEAR											
	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December
APPROVAL OF 1/5.000 SCALE MASTER PLAN																								
APPROVAL OF 1/1.000 SCALE IMPLEMENTATION PLAN																								
COMPLETION OF ESTABLISHING JOINT STOCK COMPANY																								
PREPARATION OF TREE SURVEY PLAN (FOR FOREST LAND)																								
PREPARATION APPLICATION DRAWING																								
RECEPTION OF THE ENVIRONMENT IMPACT ASSESSMENT REPORT																								
RECEPTION OF THE TOURISM INVESTMENT CERTIFICATE																								

NOTE : Preliminary Permit Period shall be ted two months after the last application date. ting and completion months of works shall be marked on the table by shading.

ANNEX-4

INVESTMENT TIME TABLE
(FINAL ALLOCATION PERIOD)

NAME OF FIRM :
ALLOCATION SITE OF THE LAND :
SORT AND CLASS OF FACILITY :
CAPACITY :

DESCRIPTION OF WORK	200.. YEAR												200.. YEAR											
	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December
RECEPTION OF FINAL ALLOCATION																								
RECEPTION OF CONSTRUCTION LICENCE																								
EXCAVATION WORKS																								
COMPLETION OF SUB-FOUNDATION MANTEL BASE																								
TING MASONRY WORK																								
COMPLETION OF 15% OF MASONRY WORK																								
COMPLETION OF FINAL CONSTRUCTION																								
ENVIRONMENTAL ARRANGEMENTS																								
COMPLETION OF FURNISHING/DECORATION																								
RECEPTION OF WORK OPEN LICENCE																								
RECEPTION OF TOURISM OPERATION CERTIFICATE																								

NOTE : ting and comletion months of Works shall be marked on the time table by shading.

ANNEX- 5

LETTER OF TERMLESS PERFORMANCE SECURITY

To : MINISTRY OF CULTURE AND TOURISM
General Directorate of Investments and Establishments

ANKARA

Our Bank guarantees the amount of termless performance security that is ……YTL (only ……YTL) which ……. having pledged to realize the facility situated in ……. City, ……. Province, ……. Village/Neighbourhood, …….. Location, on Lot no. …….., Parcel no. ……. and having the capacity of ……. announced in the Specifications For Public Land Allocation Conditions To Potential Investors (2006/2) by your Ministry have to submit in accordance with the articles of aforesaid specification. Unless ……. implements the aforesaid its statement as per the articles of the related law, contract, specification partly or completely, We, as the titre of the authorized and responsible representative in the name of the Bank, declare and pledge that we shall remonstrate regardless of taking permission of the authorized and aforesaid person/firm and we shall pay the amount written above in cash and completely with its legal interest together belong to the days from the request date to the payment date on your first written request regardless of considering any disagreement to appear between the aforesaid person/firm and your General Directorate and legal consequences of this disagreement.

This letter of performance security is definite and termless.