This document is drawn up in compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and there is no information the omission of which is likely to affect the import of such information. The Directors, whose names are set out on page 12, accept responsibility for the contents of this document accordingly, including individual and collective responsibility for compliance with the AIM Rules. **Prospective investors should also carefully consider the section of this document entitled "Risk Factors".**

A copy of this document has been delivered to the Registrar of Companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission (the "**Commission**") has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order, 1958 to the issue of Shares in the Fund. It must be distinctly understood that, in giving these consents, neither the Registrar of Companies in Jersey nor the Commission takes any responsibility for the financial soundness of the Fund or for the correctness of any statements made, or opinions expressed, with regard to it.

The Fund is governed by the Collective Investment Funds (Jersey) Law, 1988 as amended (the "**Funds Law**") and the subordinate legislation made thereunder. The Fund, the Manager, the Administrator, the Custodian and the Registrar have obtained permits under Article 7 of the Funds Law from the Commission to operate as functionaries within the island. The Commission is protected by the Funds Law against liability arising from the discharge of its functions under the Funds Law.

Application will be made for all of the Shares to be issued pursuant to the Placing and as otherwise described in this document to be admitted to trading on AIM, a market operated by the London Stock Exchange. It is expected that admission will become effective and that dealings in the Shares will commence on or around 28 December 2005.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with larger or more established companies tends to be attached. AIM securities are not admitted to the Official List of the UK Listing Authority ("UKLA"). A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with his or her own independent financial adviser. Neither the UKLA nor the London Stock Exchange have examined or approved the contents of this document.

THE OTTOMAN FUND LIMITED

(an investment company incorporated in Jersey with registration number 91945)

ADMISSION TO TRADING ON AIM
Placing of 150,000,000 Shares by Numis Securities Limited at £1.00 per share

MANAGER AND PROMOTER
DEVELOPMENT CAPITAL MANAGEMENT (JERSEY) LIMITED

NOMINATED ADVISER AND BROKER
NUMIS SECURITIES LIMITED

Numis is regulated in the United Kingdom by the Financial Services Authority and is acting exclusively for the Company and no-one else in connection with the Placing and Admission. Numis will not regard any other person as its customer or be responsible to any other person for providing the protection afforded to customers of Numis nor for providing advice in relation to the transactions and arrangements detailed in this document. Numis is not making any representation or warranty, express or implied, as to the contents of this document.

No public offering of the Shares in any jurisdiction is being made. No action has been taken or will be taken in any jurisdiction that would permit a public offer of the Shares in any such jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document. Persons into whose possession this document comes are required by the Fund to inform themselves about, and to observe any restriction as to, the Placing and the distribution of this document.

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, Placing Shares in any jurisdiction in which such an offer or solicitation is unlawful and this document is not for distribution in or into the Prohibited Territories. This document should not be copied or distributed by recipients and, in particular, should not be distributed by any means, including electronic transmission, to persons with addresses in any of the Prohibited Territories or to any citizens, residents or nationals thereof, or to any corporation, partnership or other entity created or organised under the laws thereof. Any such distribution could result in violation of the laws of such countries.

The minimum consideration which may be paid under the Placing by any person for Shares is £20,000.

21 December 2005

CONTENTS

IMPORTANT NOTICE

Investors should take independent advice and should carefully consider the section of this document headed "Risk Factors" before making any decision to purchase Shares. Turkey should be regarded as an emerging market and the Shares accordingly subject to emerging market risks.

Investment in Shares will involve significant risks due to gearing and the inherent illiquidity of the underlying investments and should be viewed as long term. Shares may not be suitable for all recipients or be appropriate for their personal circumstances. You should carefully consider in the light of your financial resources whether investing in the Fund is suitable for you. An investment in Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise (which may be equal to the whole amount invested).

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY U.S. STATE SECURITIES LAWS. THE SHARES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS THE SHARES ARE REGISTERED UNDER THE 1933 ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT IS AVAILABLE. THE FUND HAS NOT REGISTERED AND WILL NOT REGISTER UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT").

The Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any U.S. state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document. Any representation to the contrary is unlawful. The Shares will be offered and sold in the United States (i) to qualified institutional buyers within the meaning of Rule 144A under the 1933 Act ("QIBs") that are also qualified purchasers within the meaning of Section 2(a)(51) of the 1940 Act ("QPs") or to "accredited investors" as defined in Regulation D under the 1933 Act ("Accredited Investors") that are also QPs and (ii) in accordance with any applicable laws of any U.S. state. The Shares will also be contemporaneously offered and sold outside the United States to non-U.S. Persons pursuant to the requirements of Regulation S under the 1933 Act ("Regulation S"). The Shares cannot be offered, resold, pledged or otherwise transferred in the United States or to U.S. Persons except in accordance with the restrictions and procedures set forth in Part VIII of this document entitled *"Terms and Conditions of the Placing"*.

NOTICE TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

The Articles contain provisions designed to restrict the holding of Shares by persons, including US Persons, where in the opinion of the Directors such a holding could cause or be likely to cause the Fund some legal, regulatory, pecuniary, tax or material administrative disadvantage.

Numis has been appointed as nominated adviser and broker to the Company. In accordance with the AIM Rules, Numis has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. No liability whatsoever is accepted by Numis for the accuracy of any information or opinions contained in this document or for the omissions of any material information, for which it is not responsible.

Unless otherwise stated, an exchange rate of Turkish lira 1.35 to US$1 has been used in this document.

KEY INFORMATION

The following information is a summary of the key features of the Fund and should be read in conjunction with the full text of this document. In particular, the attention of investors is drawn to the section of this document headed "Risk Factors".

The Fund

- The Fund offers the opportunity to participate in the Turkish property market through an AIM listed vehicle.
- The Fund's focus will be on new-build residential developments in the major cities and coastal destinations, aimed at both the local and tourist markets. The Fund's investment scope will also include land purchase and joint venture projects (which could include golf course projects) with local and other partners (including banks).
- The objective of the Fund is to provide Shareholders with long-term capital appreciation.

Investment policy

- The Fund will provide early stage wholesale financing to developers in return for a profit share on the sale of units in the development. The Fund will be actively involved in the process relating to the sale of properties by developers "off-plan" (i.e. properties will be sold before they are built).
- Early stage wholesale financing offers the potential for significant returns (while also affording a degree of protection against any future downturn in capital values).

The opportunity

- The Manager believes that there are substantial returns to be achieved through exposure to new-build residential developments in Turkey.
- The economic and political climate in Turkey has improved and there are prospects for greater prosperity and stability in the longer term, helped by IMF restraints, potential further westernisation and the commencement of negotiations for EU entry.
- The residential market in Istanbul and other major conurbations has grown in strength and is expected to be supported by (i) the continuing demand for new stock as a result of an expected increase in the population and greater prosperity; and (ii) the expected emergence of a local mortgage market.
- The second home/holiday market in Turkey (both for local and foreign buyers) is also strong and, in the view of the Manager, is competing well against other similar destinations (Spain, Portugal, Croatia etc.) where prices tend to be higher and undeveloped premium front-line sites are rarer.
- Profit margins in Turkey are generally substantial for developers due to relatively low labour and material costs and the relatively limited availability of undeveloped land in desirable locations. The Manager believes that the Fund will be able to negotiate profit sharing arrangements with developers which are based on substantial discounts to the current "as-if built" market values of units.

Turkey

Economy

- Following the 2001 currency crisis, Turkey has largely regained its economic balance. GDP growth has averaged 7.5% over the last three years and reached a higher than expected 8.9% in 2004. In the fourth quarter of 2004, 10% of the workforce were unemployed. Year on year inflation fell back to 8.6% in January 2004, as compared to 45% in January 2002.

- A new IMF facility was signed in May 2005 and the currency has advanced 30.4% against the US Dollar in the three years to the end of 2004, with the lira rebalanced earlier this year. Interest rates have fallen sharply from 44% to 14% since the end of 2002.

Politics

- The centre right government of the Justice and Development Party (AKP) was elected in 2002. A largely secular approach has been followed so far and most commentators are of the opinion that the AKP's term in office has been successful.
- Talks on EU accession began in October 2005. In light of the recent "no" votes in Europe, the Manager believes that these talks are likely to be eventful and will take a minimum of ten years. In the Manager's view, the move to a more stable economy and Turkey's increasing westernisation should prove to be of greater significance to the investor than EU membership.

The Turkish residential property market

Local housing

- The local housing industry is emerging from recession. Population growth, an improvement in relative economic prosperity and government-led initiatives suggest an improvement in the prospects of the industry. A number of factors together point to a buoyant local housing market:
    - **Population growth** – the domestic population of Turkey has, over the period from 1990 to 2003, grown at 1.8% per annum, nearly three times the rate of that in western Europe. 50% of the population is now under the age of 25, which the Manager believes will create considerable demand for housing. It is estimated by the Manager that in order to keep pace with population growth, some 600,000 new homes will be needed every year in the country as a whole. With ten million people living in Istanbul alone, the Manager believes that approximately 250,000 of these homes will be required in the city each year.
    - **New mortgage market** – in Turkey, around 65% of the population own (rather than rent) their home (broadly comparable with the position in the UK). However, only 3% of Turkey's population has a residential loan, representing just 0.3% of GDP. This compares with 40% on average in the EU, 50% in the USA and nearly 55% in the UK. Legislation is expected in 2006 which would introduce a mortgage market to Turkey for the first time. Over the longer term, this should support further demand for housing.
    - **Increasing wealth and belief in property investment** – increased prosperity in the population is creating general demand for better quality housing, particularly in and around Istanbul where detached villas can achieve prices in excess of US$1 million. Property is a preferred asset class for local investment due to the historically high levels of inflation. Although the inflation rate has now been significantly reduced, the local population still has a high level of interest in property ownership and investment.
    - **State ownership of land** – for historical reasons, the Turkish state owns or controls approximately 50% of the land in Turkey. This limits and slows the supply of development land.
    - **Earthquake risk** – some 90% of the country is subject to earthquake tremors. The 1999 earthquake in the Marmara/Istanbul region caused considerable devastation and the construction industry responded by moving more new buildings out of the city, particularly towards the north of the city and the Black Sea. Much of the older housing stock would not meet EU construction standards to withstand earthquakes.

This increases the demand for new-build safer housing from those who can afford to move.

- **Illegal build** – much of the construction work in and around Istanbul has been carried out illegally (the so called "Gecekondu" build). Indeed, it is estimated that some 600,000 properties in Istanbul at the end of 2003 failed to meet regulatory requirements and had therefore been built illegally. This represents around 60% of the housing stock in Istanbul. The Government is working on a programme to replace illegal properties with legitimate dwellings.

Tourist and local second home market

- Turkey received a total of 17.5m foreign visitors in 2004, a 25% increase on 2003. The growth in tourism has continued strongly in 2005, with visitor numbers up 25.9% in the first seven months of the year (compared to visitor numbers during the first seven months of 2004), helped by a revival of interest from US citizens.
- In 2004, western Europe (the UK, Germany and the Netherlands in particular), accounted for approximately 60% of all visitors, whilst tourists from Russia, Iran and Bulgaria featured significantly. It is also estimated that Turkey receives visits from over three million ex-patriots each year.
- The total tourist revenue in 2004 was US$15.9bn, of which US$12.1bn is estimated to have come from foreign tourists and US$3.8bn from ex-patriot Turks.
- The Manager anticipates continued growth in the tourist industry in Turkey due to the combination of dry, hot summers and the wide availability of cheap flights. The Manager also believes that Turkey offers good value for money, as compared to certain other more established locations.
- Demand for second homes on the Turkish coastal resorts is also provided by Turkish buyers.

Initial Investment

Alanya development

- Alanya is one of the most popular coastal resort areas, particularly amongst German, Dutch and Austrian buyers.
- The Manager has entered into a Right of Financing Agreement with Oktay Inşaat, a development company based in Mersin on the Turkish Mediterranean coast. This agreement, which will be transferred to the Fund on Admission, secures the right to finance a development of four apartment blocks in Alanya. The apartment blocks are scheduled for completion in August 2006. Some apartments are already sold, leaving 117 apartments (approximately 15,000 square metres) to be developed, which development will be financed by the Fund.
- The aggregate financing to be provided by the Fund (through a Finance Subsidiary) under this agreement will be up to approximately €11.2 million (equivalent to €740 per square metre). The financing will be payable in two instalments, both of which will be provided by the Fund out of equity. 60% (€6.6 million) will be advanced on signing of a loan agreement and the remaining 40% (€4.6 million) will, if required, be advanced one month after completion of the apartments. Following drawdown of the Fund's first instalment of €6.6 million, the proceeds of the sale of apartments will be used in substitution for the Fund's subsequent financing obligations, such that the Fund may not be required to finance the remaining €4.6 million commitment.
- The Property Adviser has estimated that the apartments to be financed under the development would achieve, at current market prices, a sale price of approximately €1,050 per square metre. Compared to the €740 per square metre committed by the Fund, this represents an approximate discount to the estimated "as-if-built" market value of 30%.

- Under the terms of the Right of Financing Agreement, the Fund will receive the first 23% of sales proceeds received on the sale of apartments above €740 per square metre. Any further sales proceeds will be split such that the Fund receives 35% and the developer 65%.
- Based on the total funding by the Fund of approximately €11.2 million under the Right of Financing Agreement, were the apartments to be sold over a period of 18 months for an aggregate price of €1,050 per square metre, this would generate an IRR for the Fund (before tax) of 40%. This statement is based on the Assumptions and should not be taken as an indication that the apartments will be sold at the stated price or at all.
- Investors should note that references in the above section to the "as-if-built" market value are based on the opinion of the Property Adviser as to estimated sale price based on comparable properties in current market conditions. There can be no guarantee that the actual value of properties once completed will be the same as the "as-if-built" market value.

Other developments

- The Manager has had discussions with developers of a number of other Turkish developments where the developers would, in principle, be willing to enter into financing arrangements with the Fund. These include negotiations relating to the first phase of a large scale local housing development outside Istanbul.
- The Manager has entered into a Memorandum of Understanding with Doğa Gayrimenkul ("Doğa"), a developer involved in both the Istanbul and coastal markets. Doğa was established by three entrepreneurs with civil engineering and architectural backgrounds and is in the process of developing three high quality residential developments in and around Istanbul. Under the Memorandum of Understanding, the Manager and Doğa have agreed in principle terms on which the Fund and Doğa will co-operate on the financing of developments.
- The Manager has also entered into a Memorandum of Understanding with an owner of land on the Asian side of Istanbul. Under the Memorandum of Understanding, the Manager and the land owner have agreed in principle terms on which the Fund and the land owner will co-operate on the financing of developments.

The Manager

- The Fund will be managed by Development Capital Management (Jersey) Limited, part of the DCM Group. The DCM Group is a specialist real estate fund manager with offices in Jersey, the UK (London), Bulgaria (Sofia) and Turkey (Istanbul). The DCM Group currently has approximately £100 million of assets under management. Funds managed by the Manager have options over or have exchanged contracts in respect of properties with "as-if-built" values totalling approximately £190 million as at 30 September 2005.
- The Manager manages:
    - The Black Sea Property Fund Limited, which raised £50 million at launch for investment in the Bulgarian residential property market. This fund is now 40% committed for investment. The net present value of the fund per share announced on 28 October 2005 was 27.4p compared with an issue price of 20p per share, representing a 37% increase; and
    - The Off-plan Fund Limited, which has a market capitalisation of approximately £9.8m and which invests in UK off-plan residential property. The unaudited net asset value of this fund (based on "Red Book" value of property contracts yet to complete) as at 30 September 2005 was £1.27p per share, a 27% increase on the initial issue price of 100p per share in December 2003.

- It is also intended that the Manager will manage an environmental fund which is currently being established.
- The Manager has established a subsidiary and team of staff in Istanbul to advise on the management of the Fund. This team is headed by Ertan Sevinç. For further information, see Part IV.

Advisers

- The Fund has appointed DTZ Pamir & Soyuer as Property Adviser to provide general advice on the implementation of the Fund's investment policy. DTZ will also provide valuations of proposed investments and on investments held by the Fund.
- Prime Capital Group, a financial advisory group based in Istanbul, will assist the Manager in the analysis of financings proposed for the Fund.

Features of the Fund

- **Gearing** – the Fund will be "naturally" geared because it will benefit from a share of profits on the sale of properties at their Open Market Value in return for providing initial financing of only a percentage (expected to be 20% – 60%) of this value. This gearing, which may be substantial, both increases the risks of investment and enhances potential returns (see the section of this document entitled "Risk Factors").
- **Borrowings** – the Fund may also be geared by standby borrowing facilities to the extent that loans are drawn down to enable it to provide the balance of its funding commitments where properties are not sold prior to completion. Such borrowings will be limited to no more than 100% of the Fund's net asset value (at the time of borrowing).
- **Life** – the Fund will have a life of ten years plus up to two further years for the planned closing out of its financing commitments. The life of the Fund may be extended by special resolution of holders of the Shares (requiring a two-thirds majority of those voting).
- **Reinvestment and distributions** – the net returns made by the Fund will be available for reinvestment. The Board will, however, consider the distribution of capital profits on the Shares after the first three years of the Fund's life. Following the end of the tenth year of the Fund's life, net returns will be distributed to Shareholders as determined by the Board.

Listing and valuations

- The Fund will apply for admission to trading of the Shares on AIM.
- The Fund will produce half-yearly and annual accounts to International Financial Reporting Standards. The net asset value of the Shares will be calculated and announced quarterly.

Initial expenses and option

- The Fund will pay the Manager a structuring fee equal to 1.5% of the gross proceeds of the Placing in return for structuring advice provided in connection with the Fund's launch and the benefit of the Alanya Right of Financing Agreement.
- Numis, as placing agent, will receive an option to subscribe for Shares of an amount equal to 1.25% of the issued share capital of the Company on Admission, exercisable, in whole or in part, from the first anniversary of Admission at an exercise price of 100p per Share. The option will expire four years from the first anniversary of Admission.
- The Manager has agreed to meet all of the costs of the launch of the Fund including the costs of Admission and legal, taxation, property consultancy and accountancy advice (but excluding the Manager's structuring fee and placing commission payable to Numis of 4% of the value of Placing Shares issued in the Placing at the Placing Price) in return for a payment from the Fund of an amount equal to 2% of the gross proceeds of the Placing.

Management fees

- The Manager will receive a management fee quarterly in advance of 2% per annum of the amount subscribed on the issue of Shares in the Placing plus returns from financing (above the relevant amount advanced by the Fund) retained by the Fund for further financing.
- The Manager will also be paid a performance fee of 20% of the returns generated by the Fund on each property development in excess of a 10% compound per annum hurdle up to returns of 100%, and 30% of any returns generated in excess of this amount. Interim payments of performance fee will be made during the life of the Fund based on returns from each development. Only 80% of the performance fee calculated will be paid to the Manager with the balance held in an escrow account (unless otherwise agreed between the Manager and the Fund) pending the calculation of the overall returns of the Fund at the end of the planned ten year life.

Risks

The following is a non-exhaustive summary of certain of the risks relating to the Fund which should be read in conjunction with the section of this document headed "Risk Factors".

- Turkey has many characteristics of an emerging market and should be regarded as carrying the associated risks of political and economic instability.
- The returns on the Shares will be subject to the risks associated with the development of real estate projects. These risks include the risk that the developer of a site may become insolvent and be unable to complete the project, the risk that a development is significantly delayed or costs exceed budget due to unforeseen factors, the risk of unforeseen construction constraints (including geological and archaeological factors), the risk of title disputes, legal disputes with neighbouring land owners and legal disputes with architects, project managers and suppliers, the risk that building methods or materials prove to be defective and the risk of fraud on the part of service providers or suppliers used.
- Movements in the rate of exchange between sterling and (i) the US dollar and (ii) the euro could have an adverse effect on returns to investors. The Fund will not hedge the exchange rate risk on its investments between sterling, the dollar and the euro.
- The Turkish legal system may not afford the Fund the same level of certainty in relation to issues such as title to property-related rights as may be achieved in more developed markets. Enforcement of legal rights in Turkey may prove expensive and difficult to achieve.
- **Investors' attention is specifically drawn to the section of this document headed "Risk Factors".**

The Placing

- £150 million is being raised by the Fund. The Placing Price is £1 per Share.
- The minimum subscription which may be paid under the Placing by any person (other than a Director) for Shares is £20,000.
- No public offer of the Shares is being made for which a prospectus is required to be produced.
- The Fund will pay placing commissions to Numis of 4% of the Placing Price of each Share issued in the Placing.
- The Manager will invest a total of £1 million in the Placing.

PLACING STATISTICS

Placing Price	100p
Number of Shares available	150,000,000
Number of Shares in issue following the Placing	150,000,000
Market capitalisation at the Placing Price	£150,000,000

EXPECTED TIMETABLE

Closing Date for commitments under the Placing	21 December 2005
Dealings in the Shares expected to commence on AIM and CREST accounts credited on or around	28 December 2005
Certificates in respect of Shares in certificated form expected to be despatched by	week commencing 2 January 2006

DIRECTORS, MANAGER AND ADVISERS

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(all non-executive)

Sir Timothy Daunt (Chairman)
Musa Erden
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Roger Maddock
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RISK FACTORS

SHARES

Investment in the Fund will involve risks due to its gearing and the inherent illiquidity of its underlying assets and should be viewed as long term. In particular, prospective investors should consider the following factors before making any decision to purchase Shares, and should consult their stockbrokers, bank manager, solicitor, accountant or other independent financial adviser before investing.

General

An investment in the Fund is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio. Investors should not consider investing in the Shares unless they already have a diversified investment portfolio.

Share price volatility and liquidity

Investors should recognise that the price of securities and the income from them can go down as well as up. The price performance of the Shares is expected to represent an amplification of any upward or downward market movement affecting the value of the Fund's investments, due to the effect of gearing described under the heading "Gearing" in Part I below.

Investors should note that the real estate developments proposed to be financed by the Fund represent an illiquid investment since there is no established market for trading of investment property finance contracts.

Investors will have no right to redeem Shares. Prior to the end of the Fund's planned life, the only way to realise Shares will be by sale in the market.

The price at which the Shares may trade and the price which investors may realise for their Shares will be influenced by a large number of factors, some specific to the Fund and some which may affect quoted companies generally. These factors could include the performance of the Fund's operations, large purchases or sales of Shares, liquidity (or absence of liquidity) in the Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. The value of the Shares will therefore fluctuate and may not reflect their underlying asset value.

Possible adverse economic conditions and emerging market risk

The financial operations of the Fund may be adversely affected by general economic conditions, by conditions within the Turkish property market or by the particular financial condition of the developers and other parties doing business with the Fund. The returns that are likely to be achieved on an investment in a fund which has its assets invested solely in Turkey will be materially affected by the political and economic climate in Turkey. In particular, changes in the rates of inflation and interest may affect the Fund's income and capital value or the value of an underlying investment property.

A deterioration in the western European economies can be expected to have an adverse effect on the amount of money spent on tourism and accordingly on tourist/second home property prices in Turkey.

Turkey has many characteristics of an emerging market and should be regarded as carrying the associated risks of political and economic instability.

With any investment in a foreign country there exists the risk of adverse political or regulatory developments including but not limited to nationalisation, confiscation without fair compensation, terrorism, war or currency restrictions. The latter may be imposed to prevent capital flight and may make it difficult or impossible to exchange or repatriate foreign currency.

A cessation of talks for EU accession could have an adverse effect on the Fund.

Islamic impact

Investments by the Fund in real estate developments in Turkey may be affected by a perceived increase in fundamentalism amongst Muslims in the region, sympathy for which has increased following the invasion of Iraq by the allied forces. There is currently a tension in the country between Muslim fundamentalists and the secular urban elite, which includes the powerful military. Investors should note that such political and religious difficulties may potentially affect the European Union's treatment of the country and have a bearing on its path to accession and may adversely affect Turkey's economic development and stability generally.

Kurdish issue

Investors should be aware that the problems associated with the Kurdish separatist insurgency, which was begun in 1982 by the Kurdistan Workers' Party (PKK), remain an unresolved political and security threat. The PKK operates both within Turkey and from bases in Northern Iraq. To date, more than 30,000 lives have been lost as a result of the insurgency, which has required heavy police and army involvement. The 'war' is reported to have cost the Government some US$8 billion to date. Following the capture of the PKK leader in 1999, the level of violence has subsided and cease-fires have been implemented, albeit on a sporadic basis. However, the grievances of Turkey's large Kurdish population have yet to be satisfied and investments by the Fund may be affected if the remaining issues are mishandled and/or violence increases.

Corruption in Turkey

Corruption is perceived as a problem in Turkey. Corrupt practices may have an adverse impact on property developments in respect of which the Fund commits financing. Corruption may also affect the ability of the Fund to enforce legal rights.

Risks of property financing and changes in its regulation

Returns on financing the development of Turkish property may be difficult, slow or impossible to realise. In providing finance to developers the Fund will be subject to the general risks incidental to the ownership of real or heritable property, including changes in the supply of or demand for competing properties in an area, changes in interest rates and the availability of mortgage funds, changes in property tax rates and landlord/tenant or planning laws, credit risks of tenants and borrowers and environmental factors. The marketability and value of any properties financed by the Fund will, therefore, depend on many factors beyond the control of the Fund and there is no assurance that there will be either a ready market for any underlying properties financed by the Fund or that such properties will be sold at a profit.

Changes in Turkish regulation or law relating to foreign ownership or financing of property might have an adverse effect on the net returns from the real estate developments financed by the Fund or materially and adversely affect the Fund's ability to pursue its objectives.

Controlling person liability

The Fund may have controlling interests in properties it provides financing in respect of, in special purpose real estate companies or other entities or may own such properties directly. The exercise of control over an entity (or the property itself) can impose additional risks of liability for environmental damage, failure to supervise management, violation of Government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Fund might suffer a significant loss.

Development risk

The returns on the Shares will be subject to the risks associated with the development of real estate projects. These risks include:

- the risk that the developer of a site may become insolvent and be unable to complete the project. It is expected that developments in which the Fund will commit financing will be financed by a mixture of equity, deposits on pre-sales and bank financing. The release of bank financing will be staged and conditional on milestones in the development being reached. In the event that the development does not proceed as expected (due to unexpected factors such as landslip, accident, supplier default, planning or title disputes etc.), the bank may refuse to provide further financing. If the developer is unable to arrange alternative financing, it may not be possible to complete the development. This may result in the loss of initial financing provided by the Fund;
- the risk that planning consents are not obtained, or are delayed significantly, or are granted subject to uneconomic conditions;
- the risk that laws are introduced, which may be retrospective and affect existing building consents, which restrict development in Turkey;
- the risk that a development is significantly delayed or costs exceed budget due to unforeseen factors;
- the risk of unforeseen construction constraints (including geological and archaeological factors);
- the risk of title disputes, legal disputes with neighbouring land owners and legal disputes with architects, project managers and suppliers;
- the risk that building methods or materials prove to be defective. If a construction company used on a development becomes insolvent, it may prove impossible to recover compensation;
- the risk of fraud on the part of service providers or suppliers used on a development;
- the Fund's investment restrictions permit a low degree of diversification and permit significant exposure to any one development project and accordingly the failure of a single project could have a serious effect on the Fund's performance; and
- the Fund's investment restrictions not applying during the first 18 months of the Fund's life.

Potential environmental liability

Under various state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation or certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the existence of these substances. The owner's liability as to any property is generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to remediate properly contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Fund's return from financing.

Earthquake risk

Much of Turkey, including Istanbul, Izmir and the main tourist centres, lies on a seismic fault line, as the 1999 earthquake close to Istanbul demonstrated. A highly destructive earthquake, with major loss of life and impact on the economy, could affect the Fund adversely.

Substantial loss

If property prices in the Turkish property market fall by more than the discounts to the then current market value achieved by the Fund on the financing of real estate developments, units built may only be realisable at a loss and may prove difficult to sell at all. In these circumstances, the Fund may complete on the balance of its financing commitments with a view to entering into marketing arrangements with a developer to rent investment properties and participate in any rental income. A combination of higher interest rates, a deteriorating economy (with higher unemployment) and prolonged deflationary conditions, may result in falling capital values combined with falling rents and/or void periods.

Gearing

The Fund will be highly geared through exposure to the current market value of properties on the provision of wholesale early stage financing and might also be geared through mortgage borrowings. The Fund's borrowings, if any, will be secured on its financing of real estate developments including the benefit of any mortgage or charge pursuant thereto. Where the cost of the Fund's borrowings exceed the return on financing, the borrowings will have a negative effect on the Fund's performance and the Fund may be required to repay any loans out of its assets. A relatively small movement in the value of the real estate developments financed by the Fund or the amount of income derived from it may result in a disproportionately large movement, unfavourable as well as favourable, in the value of a Share.

In the event that the Fund enters into a bank facility agreement, such agreement may contain financial covenants. In particular, such an agreement may require that the Fund has assets exceeding a fixed percentage of the value of any loan drawn down. If the value of the Fund's assets falls such that any such financial covenant is breached, or if any other covenant is breached, the Fund may be required to repay the borrowings in whole or in part. In such circumstances the Fund may be required to procure the selling-on, in a limited time, of part or all of the units to be constructed in real estate developments, potentially in circumstances where there has been a downturn in property values generally, such that the realisation proceeds do not reflect the valuation of the properties.

Developer and counterparty risk

If projected returns on financing are not met or if development companies become insolvent, the Fund may lose some or all of the funds it has advanced. Developers may become insolvent and fail to complete a development in respect of which the Fund has committed finance. Although financing commitments will be released to a developer in instalments at agreed draw-down stages, in certain cases the Fund may provide a higher proportion of overall funding at the start of a development to assist with infrastructure and construction and developer insolvency may therefore result in greater exposure to the Fund in such instances. Counterparties to whom properties are sold may default on payment of the purchase price.

Turkish legal system and enforcement

The Turkish legal system may not afford to the Fund the same level of certainty in relation to issues such as title to property-related rights as may be achieved in more developed markets. Enforcement of legal rights in Turkey may prove expensive and difficult to achieve.

Impact of law and Governmental regulation

The Fund and developers with whom the Fund deals will need to comply with Turkish regulations relating to planning, land use and development standards. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Fund's investments. Changes in laws relating to ownership of land could have an adverse effect on the value of the Shares. New laws may be introduced, which may be retrospective and affect existing building consents, which restrict development in Turkey.

Valuation risk

Property assets are inherently difficult to value as there is no liquid market or pricing mechanism. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the date of the valuation.

Turkish property related taxes

The returns on the Shares will be affected by Turkish taxation of property transactions, which may change.

Currency risk

Investors in Shares should be aware that movements in the rate of exchange between sterling and (i) the dollar; and (ii) the euro could have an adverse effect on returns to investors. The Fund will not hedge the exchange rate risk on its financing between sterling, the dollar and the euro.

TAX

The attention of potential investors is drawn to Part VI headed "Taxation". The tax rules and their interpretation relating to an investment in the Fund may change during the life of the Fund.

Any change in the Fund's tax status or in taxation legislation or its interpretation, could affect the value of the returns on the Fund's financing and the Fund's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of the Fund and its investors are based upon current tax law and practice which are, in principle, subject to change.

PART I – THE FUND

INTRODUCTION

The Ottoman Fund Limited is a new closed-ended, Jersey registered, investment company which has been formed to participate in the Turkish residential property market. The Fund's objective is to provide Shareholders with a high level of long-term capital appreciation.

The Fund will have a life of ten years plus up to two further years for the planned closing out of its financing commitments.

INVESTMENT POLICY

The Fund's focus will be on new-build residential developments in major cities and coastal locations, aimed at both the local and tourist markets. The Fund's investment scope will also include land purchase and joint venture projects (which could include golf course projects) with local and other partners (including banks). The Fund will be referred deals from the Manager's contacts and from leading banks, property agents and developers via the Manager and the Manager's subsidiary office in Istanbul. The Fund will be actively involved in the process relating to the sale of properties by developers "off-plan" (i.e. properties will be sold before they are built).

Location: the Manager will consider investments in and around Istanbul and the other major conurbations, and in tourist and local second home developments along the Aegean and Mediterranean coasts. Over time, tourist destinations in in-land areas might be of interest.

Type of developments: the Manager will seek to invest in good quality developments with superior amenities. These cater for the middle to upper local and tourist markets. Mass housing for the local market may also be considered. On the coast, the Manager is assessing front-line developments with associated amenities such as marinas and golf courses and good connections to local airports. The Fund will also have the flexibility to finance the refurbishment or conversion of existing buildings.

Timing: the Fund intends to co-operate with developers at the earliest possible stage in the development process (in some cases before land is acquired or planning permission obtained), thereby capturing the potential returns on its financial commitment as the development progresses. It is anticipated that real estate projects which the Fund will seek to finance will typically have a development period of 18 months to 3 years.

Developers: the Manager will seek to deal with a limited number of reputable developers who have a track record of producing good quality units on time and to budget.

It is expected that it will take up to 18 months before the proceeds of the Placing are fully committed.

The investment policy and criteria of the Fund as stated in this document may only be varied by way of ordinary resolution of the holders of Shares. Such sanction will not be required if the variation is to correct a manifest error or is necessary to comply with fiscal or other statutory or official requirements, actual or proposed, or if the Manager certifies that such variation does not materially prejudice the interests of the holders of Shares and does not operate to a material extent to release the Manager from any responsibility to any such holders.

The Directors confirm that, as required by the AIM Rules, they will at each annual general meeting of the Fund seek shareholder approval of its investment policy.

FINANCING TERMS

The Fund will (through its Finance Subsidiaries) provide early stage wholesale financing to developers in return for a profit share on the sale of units. Early stage, wholesale financing, offers the potential for significant returns in a variety of market scenarios.

The Fund intends to generate returns on its financing by investing at a discount to current market value and selling-on properties without being required to complete the balance of the funding commitment.

As the Fund will commit initial funding, in most cases, of between 20% and 60% of the Open Market Value, the Fund will have a geared exposure to the performance of its investment properties. This also affords a degree of protection against any future downturn in capital values.

The Manager will seek to negotiate financing terms for the Fund with some or all of the following principal characteristics:

- the Fund will agree to provide financing for the construction of an agreed build-area based on a price per square metre which is at a discount to the current market value of the units to be constructed;
- part of this financing will be provided during the build programme in agreed stages, with the balance available for drawdown when the units are completed if they remain unsold;
- during construction of the units, the units will be offered for sale "off-plan" to local and/or international buyers. A profit share will be agreed with the developer based on the prices achieved;
- to the extent that units are sold, the developer may use the cash received from buyers to pay for the construction costs, instead of drawing down on the further financing committed by the Fund;
- details of the specification of the units will be agreed, including floor plans and the nature of the fixtures and fittings; and
- the financing will be released against an architect's certificate and applicable statutory permits for use certifying that the works have been carried out according to specification.

The Fund will take security over the land and the units as they are built or such appropriate security as is approved by the Board. This security may rank behind any bank which is providing financing to the developer and/or to purchasers of the units.

INVESTMENT RESTRICTIONS

The Fund will be subject to the following restrictions regarding its financing arrangements:

1. the financing to be provided for a single development to be met from the equity of the Fund (as opposed to borrowings) will not exceed 60% of the net assets of the Fund;
2. the Fund will not commit financing to a development of a single developer if, as a result, more than 60% of the net assets of the Fund would be utilised in financing developments of that developer.

These restrictions will not apply during the first 18 months of the Fund's life.

LETTING

While the principal aim of the Fund is to generate returns on its financing through the on-sale of properties before completion, if properties are not sold prior to the completion of their development, the Manager intends to enter into arrangements with developers for the sharing of rental yields on the properties if let. If properties are let, they will be placed under the management of an appropriate local letting agent agreed by the Fund. There is no guarantee that all properties can be so let or that the Manager would be able to secure the agreement of developers for the sharing of rental yields.

INITIAL INVESTMENT

Alanya development

Alanya is one of the most popular coastal resort areas, particularly amongst German, Dutch and Austrian buyers.

The Manager has entered into a Right of Financing Agreement with Oktay İnşaat, a development company based in Mersin on the Turkish Mediterranean coast. This agreement, which will be transferred to the Fund on Admission, secures the right to finance a development of four apartment blocks in Alanya. The apartment blocks are scheduled for completion in August 2006. Some apartments are already sold, leaving 117 apartments (approximately 15,000 square metres) to be developed, which development will be financed by the Fund.

The aggregate financing to be provided by the Fund (through a Finance Subsidiary) under this agreement will be up to approximately €11.2 million (equivalent to €740 per square metre). The financing will be payable in two instalments, both of which will be provided by the Fund out of equity. 60% (€6.6 million) will be advanced on signing of a loan agreement and the remaining 40% (€4.6 million) will, if required, be advanced one month after completion of the apartments. Following drawdown of the Fund's first instalment of €6.6 million, the proceeds of the sale of apartments will be used in substitution for the Fund's subsequent financing obligations, such that the Fund may not be required to finance the remaining €4.6 million commitment.

The Property Adviser has estimated that the apartments to be financed under the development would achieve, at current market prices, a sale price of approximately €1,050 per square metre. Compared to the €740 per square metre committed by the Fund, this represents an approximate discount to the estimated "as-if-built" market value of 30%.

Under the terms of the Right of Financing Agreement, the Fund will receive the first 23% of sales proceeds received on the sale of apartments above €740 per square metre. Any further sales proceeds will be split such that the Fund receives 35% and the developer 65%.

Based on the total funding by the Fund of approximately €11.2 million under the Right of Financing Agreement, were the apartments to be sold over a period of 18 months for an aggregate price of €1,050 per square metre, this would generate an IRR for the Fund (before tax) of 40%. This statement is based on the Assumptions and should not be taken as an indication that the apartments will be sold at the stated price or at all.

Investors should note that references in the above section to the "as-if-built" market value are based on the opinion of the Property Adviser as to the estimated sale price based on comparable properties in current market conditions. There can be no guarantee that the actual value of properties once completed will be the same as the "as-if-built" market value.

Other developments

The Manager has had discussions with developers of a number of other Turkish developments where the developers would, in principle, be willing to enter into financing arrangements with the Fund. These include negotiations relating to the first phase of a large scale local housing development outside Istanbul.

The Manager has entered into a Memorandum of Understanding with Doğa Gayrimenkul ("Doğa"), a developer involved in both the Istanbul and coastal markets. Doğa was established by three entrepreneurs with civil engineering and architectural backgrounds and is in the process of developing three high quality residential developments in and around Istanbul. Under the Memorandum of Understanding, the Manager and Doğa have agreed in principle terms on which the Fund and Doğa will co-operate on the financing of developments.

The Manager has also entered into a Memorandum of Understanding with an owner of land on the Asian side of Istanbul. Under the Memorandum of Understanding, the Manager and the land owner have agreed in principle terms on which the Fund and the land owner will co-operate on the financing of developments.

GEARING

The Fund will be geared through the effect of the financing described above, and may also be geared by bank borrowings to the extent that loans are drawn down to enable the Fund to complete the balance of its funding commitment.

The Manager will limit the value of properties in respect of which initial financing has been advanced with the aim of ensuring that the Fund is able to meet all of its financing commitments taking into account expected borrowing terms.

The Directors, on the advice of the Manager, will decide on the terms of any bank borrowings incurred. Borrowings will be limited to no more than 100% of the Fund's net asset value (at the time of borrowing).

CURRENCY ISSUES AND CASH INVESTMENT

The Directors expect that the Fund's financings of local housing developments will predominantly be made in US dollars and that the Fund's financings of tourist/second home developments will predominantly be made in euros. Returns from these financings will be in the corresponding currency. The Fund's cash assets will be held in sterling until financing commitments are made, at which point the relevant amount of sterling cash will be converted into the currency of the relevant commitment. Cash returns will be converted into and held in sterling.

Any dividends or other distributions made to holders of Shares will be paid in sterling at prevailing exchange rates (net of costs).

The base currency of the Shares for accounting purposes will be sterling and the accounts and reports delivered to Shareholders will also be stated in sterling, converted at the exchange rate prevailing at the end of the relevant period.

The Fund will not hedge the exchange rate risk on its investments between sterling and (i) US dollars or (ii) euros.

Any cash held by the Fund may be held on deposit or invested in money-market funds or other near-cash investments. Cash management will be undertaken by the Manager.

BOARD

The Directors of the Fund, all of whom are non-executive, will be responsible for supervising the Manager and for the overall investment activities of the Fund. The Directors are:

Sir Timothy Daunt (70, UK resident). Sir Timothy was British ambassador to Turkey for six years between 1986 and 1992 when he was involved in close liaison with the Turkish Prime Minister and Foreign Minister over the timing and handling of Turkey's application for EC membership. He was also closely involved in promoting trade exchanges between the two nations, organising Ministerial relations and diplomatic relations during the first Gulf War. Prior to that, Sir Timothy's career in the diplomatic service included acting as Assistant Under-Secretary of State (Defence) at the Foreign & Commonwealth Office during the Reagan-Brezhnev era and as Deputy Permanent Representative to the UK's NATO delegation in Brussels. Sir Timothy was Lieutenant-Governor of the Isle of Man between 1995 and his retirement in 2000. Since his retirement, he has remained involved in Turkish issues as Chairman of the British Institute at Ankara and the Anglo-Turkish Society.

Musa Erden (55, Turkey resident). Mr Erden has acted as a board member of MNG Bank, a member of High Arbitration Committee for the Turkish Bankers Association and was the executive vice president of the credit group for the Ottoman Bank. Mr Erden is currently an auditor appointed on behalf of BNP Paribas in respect of BNP Paribas TEB (a company in which BNP Paribas has a 50% interest).

Roger King (52, Jersey resident). Mr King is a chartered accountant, having initially trained at Coopers & Lybrand in Jersey and London. He was a partner with Jackson Fox Chartered Accountants, Jersey between 1982 and 2000 and a director of AIB Worthytrust Limited (formerly Worthy Trust Company Limited) from 1982 to 2001 and of Equitilink International Management Limited from 1985 to 1998, in Jersey. He was a consultant to AIB Worthytrust from 2002 to 2005 and remains a consultant to HLB Jackson Fox, Chartered Accountants and a director or trustee of various corporate and private client entities. He is a director of The Black Sea Property Fund Limited.

Roger Maddock (55, Jersey resident). Mr Maddock has worked in the finance industry in Jersey since 1981, specialising in fund administration. He was a partner in a local chartered accountancy practice and a director of Worthy Trust Company Limited (WTC), a trust company owned by the accountancy practice. He was the Managing Director of Equitilink International Management Limited, the manager of the First Australia Group of Funds and a director of various of the underlying funds of that group between 1984 and 1998. Following the sale of WTC to AIB Banks (CI) Limited in 1999 he was a director of that bank's trust and fund administration companies until 2001. Between 2002 and 2005 he was a non executive director of AIB Banks (CI) Limited and Chairman of AIB Fund Administration Limited. He also holds a number of other directorships of fund management and investment companies, including The Black Sea Property Fund Limited and the Manager.

Sincar Toker (65, UK Resident). Mr Toker currently acts as corporate adviser and management consultant to Continental European and UK corporations, international banks and financial institutions. Born in Turkey, Mr Toker holds Italian and Turkish nationalities. He was educated at the Lycee de Galatasaray of Istanbul. His banking career spans almost forty years including General Manager of Midland Bank plc in London where he was responsible for the Credit Risk Function of the International Division and as Chief Lending Executive between 1984 and 1988. He subsequently acted as Managing Director and Head of International Banking for the Midland Group and has held Board positions with Thomas Cook Group, UBAF, EURAB and Euromobiliare in Milan. He is currently a member of the Board of Directors of Garanti Bank and is Chairman of Cappadocia Asset Management.

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance commensurate with the size of the Fund and interests of the Shareholders. So far as is practicable, taking into account the size and nature of the Fund, the Directors will take steps to comply with the Combined Code and an audit committee of two Directors (including, from Admission, Roger King) has been set up for this purpose accordingly.

The Fund has adopted a model code for directors' dealings in securities of the Fund which is appropriate for a company quoted on AIM. The Directors will comply with Rule 21 of the AIM Rules relating to directors' dealings.

LIFE OF THE FUND

The Fund will have a life of ten years plus a realisation period of up to two further years for the planned closing out of its financing commitments. It is the Manager's intention to position the Fund such that it is possible to achieve an orderly realisation by the end of this period. The life of the Fund may be extended by special resolution of the holders of the Shares (requiring a two-thirds majority of those voting). The termination of the Fund may involve liability for taxation for some Shareholders. Prospective investors should refer to Part VI of this document for further information on the possible tax consequences.

DISTRIBUTIONS AND REPURCHASES OF SHARES

The net returns made by the Fund will be available for reinvestment. The Board will, however, consider the distribution of capital profits on the Shares after the first three years of the Fund's life. Following the end of the tenth year of the Fund's life, net returns will be distributed to Shareholders as determined by the Board.

If the Fund generates net rental income it may be distributed by way of an annual dividend (or more frequently at the Directors' discretion if the amount available is significant) on the Shares.

If the Shares are trading at a discount to net asset value, the Fund may purchase Shares for cancellation. The purchase of Shares on this basis may address the imbalance between supply and demand indicated by the presence of a discount, and would be beneficial to the net asset value of the remaining Shares.

Distributions may be made by way of dividend or a redemption or repurchase of Shares, at the Directors' discretion. Distributions may give rise to a liability to tax on income or capital gains, depending on a Shareholder's individual tax position. Prospective investors should refer to Part VI of this document for further information on the possible tax consequences of an investment in the Fund.

THE PLACING

£150 million is being raised by the Fund. The Placing Price is £1 per Share.

The Fund will pay placing commissions to Numis of 4% of the Placing Price of each Share issued in the Placing.

The minimum consideration which may be paid under the Placing by any person (other than a Director) for Shares is £20,000.

No public offer of the Shares is being made for which a prospectus is required to be produced.

The Manager will invest a total of £1 million in the Placing.

Details of the agreement with Numis relating to the Placing are set out in paragraph 6.8 of Part VII of this document.

The Fund may, at the Directors' discretion, arrange for further closings within six months of Admission under which further Shares may be issued at no less than the price that in the Directors' view reasonably corresponds to the net asset value per Share at the time of issue and otherwise on substantially the same terms as set out in this document.

CREST

The Fund has applied for the Shares to be admitted to CREST with effect from the date of Admission. It is expected that Admission will become effective and dealings in the Shares will commence on or around 28 December 2005. Accordingly, the settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes, subject to the CREST Regulations. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so.

In general, the Shares that are held in uncertificated form under CREST will be subject to the rules, regulations and procedures governing CREST and its system in effect from time to time including, without limitation, the CREST Regulations. Ownership of any Share held in uncertificated form under CREST may only be transferred in compliance with procedures of CREST in effect from time to time.

RISK FACTORS

Investors' attention is specifically drawn to the Risk Factors section of this document.

CONFLICTS OF INTEREST

The Manager and the Investment Adviser may provide investment management, advisory and other services to other clients (including investment companies) and, in providing such services, may use information obtained by them which is used in managing the Fund's investments. In the event of a conflict of interest arising, the Manager and the Investment Adviser will ensure that investment opportunities are fairly allocated to their respective clients. Furthermore, the activities of the Manager in its capacity as the Fund's investment manager are subject to the overall direction and review of the Directors. Any direct or indirect dealings between the Fund and any of the Manager, the Investment Adviser or their associates will be on arms' length terms only and approved by the Board. The sale of units financed by the Fund may be carried out via the agency of companies associated with the Manager, which may be engaged by the Fund to co-ordinate the sale of units to the international market by estate agents in each target jurisdiction and will receive fees payable by the Fund. Design services for the marketing process may also be provided by an associated company of the Manager. These associated companies may receive and retain fees from the Fund on an arms length basis as agreed by the Board.

Roger Maddock is a director of both the Manager and the Fund. Roger King and Roger Maddock are also directors of other funds managed by the Manager.

PART II – MARKET BACKGROUND

Unless otherwise indicated, statistics quoted in this Part II do not take account of any changes since 30 September 2005.

1. Basic information

Government	Parliamentary republic
Head of state	President, 7 year term. Next election May 2007
Political system	Unicameral 550 seat chamber, elected by universal suffrage every 5 years. Next election November 2007.
Land mass	783,562 Km sq.
Population	72.3m (end 2004)
Currency	Turkish lira (YTL) 1.35=US$1.0 at 19 December 2005
Economy	Total GDP (2004) YTL 428.4 billion (US$302.0 billion) GDP per capita YTL 5639.0 (US$4177.0)

Components of GDP (2004)

Services (mainly tourism)	57.9%
Industry (ex-construction)	26.8%
Agriculture	11.8%
Construction	3.5%

Map

2. Politics

Turkey became a multi-party democracy in the late 1940s but it has since been marred by a succession of crises and military interventions seeking to restore order and safeguard Kemal Ataturk's secular legacy. Unstable coalition governments in the 1990s were followed by an emphatic victory in 2002 for the right-of-centre AKP (Justice & Development Party), a successor to the Islamicist parties which had fallen foul of the military and the judiciary. Despite concern over the party's pro-Islam element, a largely secular approach has been followed so far. Most commentators are of the opinion that the AKP's term in office has been successful.

Under the constitution, parties must (inter alia) gain a minimum of 10% of the vote to be represented in the Turkish parliament, the Meclis. This system favours strong government and limits the proliferation of small parties but on occasion the inability to reflect popular sentiment has ended in difficulty, with the army stepping in for short periods of military rule. In the 2002 general election the 10% 'barrier' for a party to secure seats in the Meclis ensured the AKP a comfortable parliamentary majority on one third of the votes cast[1], leaving parties which received some 30% in aggregate unrepresented.

Parliamentary composition

Party	*MPs 2002*	*MPs November 2005*	*Percentage of vote 2002*
AKP	363	356	34.3
CHP	178	154	19.4
Independents/Other	9	36	13.35
Vacant	–	4	–

External relations

Turkey's geographical position, bordering Georgia, Iraq, Syria and Iran, as well as unresolved disputes over Cyprus, the Aegean and Armenia/Azerbaijan pose certain problems, the handling of which does not depend only on Turkey. The future of Iraq will affect Turkey. Much will also depend on continued Greek pursuit of good relations with Turkey if the Cyprus and Aegean problems are to be resolved diplomatically.

The Manager believes that the negotiations for Turkish accession to the EU, which opened officially on 3 October 2005[2], will help, in the absence of any major adverse developments, to produce stability in the context of these problems. The Manager believes that these negotiations should also encourage continued internal reform, in particular, over human rights and the handling of Kurdish issues. Although all Turkish parties favour EU membership, the Manager anticipates that the negotiations will be highly complicated and are likely to take a minimum of ten years and inevitably suffer periodic setbacks. The rejection of the proposed EU constitution in France and the Netherlands was partly blamed on popular opposition to Turkish membership of the EU[3]. In addition, the Austrian Government is sceptical, as is the new German Chancellor[4,5]. The main danger is a Turkish popular reaction against EU 'discrimination' in setting higher standards for Turkey than for other candidates, which may make any Greek Cypriot exploitation against Turkey of their EU membership difficult to handle. However, the Manager is confident that the Turkish Government will continue to co-operate with the EU (and the IMF), encouraging political and economic stability for the foreseeable future. In the Manager's view, the move to a more stable economy and Turkey's increasing westernisation should prove to be of greater significance to the investor than EU membership.

The recent improvement of relations with the US, which were soured over the war in Iraq, should also prove a stabilising influence.

3. Economy

1945-2002

The policies of successive of post war governments led to high inflation and repeated devaluation. Between the 1950s and the 1980s, Turkey experienced prolonged periods of very high inflation, with a devaluation of the Turkish lira in 1980. This was followed by a further devaluation in 1994.

Economic conditions during the 1990s were very difficult. Between 1988 and 1999 the average annual rate of CPI ranged between 60% and 90% with the one exception of 1994 when, driven by a sharp devaluation, it exceeded 105%. Despite this, real GDP growth averaged 3.7% during the period.

In February 2001, political disagreement led to a currency crisis, which resulted in the lira being sharply devalued and GDP growth reaching a negative 7.5% for the year. This in turn led to Turkey's worst recession in post war history, a problem which was exacerbated by the exit of capital from the country.

2002-2005

The 2001 currency crisis played a large part in the election of a new government in 2002. Since then a number of major financial and economic reforms have led to a marked improvement in economic conditions. GDP growth over the last 3 years has averaged 7.5% and most major economic indicators have improved. The real exchange rate of the lira has strengthened each year since the 2001 devaluation and EU accession negotiations are underway. The currency was redenominated earlier this year with YTL 1 million replaced by YTL 1 – a measure of decades of currency destruction.

GDP growth

GDP growth in 2004 has been confirmed at 8.9%, somewhat higher than expected. This figure is largely due to consumer spending and to investment, which picked up strongly throughout the year. Imports grew faster than exports, which is an issue the Government needs to address if future devaluation is to be avoided. Strict budgetary control throughout the year helped to contain import levels. Revenue from tourism also improved. The service industry now accounts for approximately 60% of GDP[6,7].

For 2005, world growth is expected to slow in general terms from around 5% to nearer 4% and, with some of its main trading partners such as Germany, Italy and Russia as well as the US already suffering, Turkey is likely to follow suit. The Manager believes that tourism is unlikely to achieve the growth levels experienced in previous years, but that the outlook in this area remains relatively healthy.

The Manager believes that for 2005 GDP growth for Turkey will slow from 8.9% to around 5.0%. The Manager believes that investment is likely to slow down compared to its extraordinary growth in 2004 and that a strong currency is likely to limit export growth to around 10%.

Construction continues to be one sector which the Manager believes is attracting insufficient investment.

Inflation

The improvement in the rate of inflation in the last three years has exceeded the expectations of most economists, with the CPI moving from a peak of 45% in January 2002 to a level of 25.3% in 2003 and just 8.6% in 2004 year on year.

The Manager believes that the reduction in inflation can be attributed, first and foremost, to the appreciating currency, and secondly to wages, which for the first time in many years are rising more slowly than inflation.

In the third quarter of 2004, the gross monthly earnings of the average production worker in the manufacturing industry were YTL1,154 (US$855), whilst those in the public sector, in large workplaces and of unionised workers covered by collective contracts were higher. During the same period, there were large variations from sector to sector, for example, from YTL3,154 in refinery work to YTL595 in the clothing industry. The gross minimum annual wage is a modest US$4,320, following a 40% "catch-up" increase in 2004 and an agreed 10% increase for 2005. Monthly inflation-linked pay rises were stopped in 2003, with an increase for public servants of just 6.0% permitted in 2004 and agreed wage increases for public servants of between 8.1% and 12.1% for 2005.

Interest rates

The Central Bank operates a tight monetary policy to comply with IMF guidelines and is moving from a system of money supply control to inflation targeting.

Interest rates have been cut 8 times so far this year (totalling 400 basis points). As at October 2005, the deposit interest rate was 14% and the lending interest rate 18%[8]. The deposit interest rate has fallen from 74% to 14% since the end of 2002[9].

The Manager considers that interest rates could well become the preferred tool for fine-tuning growth. Further cuts cannot be ruled out[10]. Although inflation is the preferred target, the Central Bank could use interest rates to encourage additional growth should it be necessary.

Unemployment

Turkey has for many years experienced a rapid birth rate, which has resulted in a large increase in the numbers of people joining the labour force. The potential workforce grew from 23.4m in 2000 to 24.3m in 2004, a rise of close to 4.0%. In the fourth quarter of 2004, 21.9m were in employment and 2.4m were out of work, representing approximately 10% of the workforce.

Public sector employment fell by 6.4% from the last quarter of 2003 to just over 3m for the last quarter of 2004. Industry employment recorded growth of 3.7%, whilst agriculture (which is highly volatile) recorded growth of 5.9% and construction 9.2%. The latter, as in the UK, tends to enjoy a large pool of floating labour.

Budget deficit

In 2004 there was a budget surplus before interest of YTL 26.2 billion (US$19.6 billion), some 23% higher than the YTL 20.2 billion set down as a target at the start of the year. Importantly, government spending was in line with expectations, whereas tax and other revenue was significantly higher. This was helped by increases in indirect taxes and higher income tax receipts from an expanded workforce[7].

The figures for 2004 remain provisional but should equate to a surplus of 6.5% of GDP before accounting for interest payments and a deficit of 7.0% thereafter. As such, the IMF has laid down strict guidelines for the future, but with the Government seemingly determined to meet the targets set and with a good record on revenue and expenditure forecasts, the Manager does not expect this deficit to increase.

Currency

Since 2001, the lira has appreciated against the US dollar, which is one of the main contributing factors to the reduction in inflation. It is understood that confidence in the currency has been promoted by the IMF stand-by arrangements, the economic success of the current administration and the commencement of EU accession talks, which have attracted foreign currency investment. The high level of interest rates, necessary to restrain domestic demand and money supply growth, has also been a major factor attracting funds from abroad.

In the past few years there has been a disproportionate growth in imports against exports, and a subsequent deterioration in both the trade and current account deficits, despite growth in tourism levels. The Manager believes that this is largely due to the strength of the lira.

There is no guarantee that the currency can maintain its recent performance. At present the Manager views the fundamentals as sufficiently strong to mitigate against any suggestion of a significant run on the currency.

IMF

The Government has established a strong trade record over the last four years in implementing its IMF reform programme which was replaced by a new US$10 billion stand-by arrangement in May 2005[11]. Fiscal policy is therefore very much tied to the wishes of the IMF. Before agreeing the terms of the stand-by arrangement, the IMF had insisted that Turkey pass legislation in respect of improving banking inspection, tax administration and social security.

The IMF agreement allows for a new loan of US$10 billion over the period 2005-2007[11]. There will also be an agreed delay in the repayment of a US$3.8 billion loan from 2006 to 2007[12]. The Turkish Government must also adhere to ambitious budget targets. It is forecast by the Economic Intelligence Unit that the 2005 interest/GDP ratio will be approximately 11%, down from an unprecedented 23% in 2001.

Trade/current accounts

The Turkish trade deficit accelerated in 2004, rising to US$34.3 billion from US$22.1 billion in 2003, an increase of 55%. During 2004 exports remained strong, increasing by 33% to US$63.0 billion, but these were outpaced by a 40% surge in imports to US$97.3 billion. However, these figures were somewhat “swollen” due to the fact that they were in US dollars and that the US dollar was weak relative to other currencies used for trade purposes, such as the euro, during the period to which the figures relate, as well as prices for some commodities such as oil and metals being high at the time. In addition, a critical factor was the resurgence of consumer demand following the resolution of the 2001 currency crisis.

The service industry account had a much better year, but it was not sufficient to stop the current account deficit nearly doubling to US$15.5 billion from US$8.0 billion, representing approximately 5.3% of estimated GDP in 2004.

The surplus on the service industry balance, attributable mainly to tourism, increased by 22% to US$12.8 billion, whilst the capital account recorded a little-changed deficit of US$5.5 billion, with Turkey suffering as a net user of foreign capital.

Foreign direct investment was strong, as was portfolio investment, the latter recording a net inflow of US$8.1 billion and the former US$1.7 billion, whilst net capital flows recorded a surplus of US$13.3 billion.

It has been forecast by The Economist Intelligence Unit that in 2006 the current account deficit as a proportion of GDP will fall back from 4.7% to nearer 3.0%. The Manager believes that investment markets should continue to attract strong capital flows, helped by the recently renewed IMF agreement, relatively high interest rate levels (by international standards) and the cheapness of labour for foreign companies wishing to build a manufacturing base in Turkey.

4. Tourism

Turkey received a total of 17.5 million foreign visitors in 2004, a 25% increase on 2003. This trend seems to have continued in the early months of 2005, with visitor numbers up 25.9% in the first seven months of the year, compared to visitor numbers during the first seven months of 2004[7], helped by a renewal of interest from US citizens. The number of US tourists rose by 31% in 2004 to 291,102.

2003 was a relatively quiet year, with the US invasion of Iraq limiting interest in Turkey as a result of its refusal to allow US troops onto Turkish soil. Equally, the bombing of the British Consulate-General in Istanbul, killing the Consul-General and a dozen of his staff, together with a number of other terrorist attacks seemingly aimed at British targets, limited the appeal for UK residents in particular.

The recovery in 2004 owes a great deal to the low cost of holidays in Turkey following the devaluation. In 2004, western Europe (especially the UK, Germany and the Netherlands) accounted for approximately 60% of all visitors, whilst tourists from Russia, Iran and Bulgaria also featured significantly on the list. Turkey receives visits from over 3m ex-patriots each year and in 2004 the total revenue from tourism was US$15.9 billion, of which US$12.1 billion is estimated to have come from foreign tourists and US$3.8 billion from ex-patriot Turks. The Manager anticipates that this trend is set to continue with an increasing availability of cheap flights to Turkey and given Turkey's climate, which results in dry and hot summers. The Manager also believes that Turkey offers good value for money, as compared to other more established locations.

5. Residential property market

Construction industry

The construction industry, as a proportion of GDP, has contracted over the last decade, falling from an average of 7.0% of gross added value to GDP in the early 1990s to 5.2% by 2000 and just 3.6% in 2004. The explanation for this is not that the sector has halved, but rather that it has declined sharply whilst others have continued to grow. In the view of the Manager, this is not a normal economic pattern and there is potential for correction[13].

The construction industry has always faced particular problems, the most demanding of which has been coping with building regulations to meet earthquake safety standards[14]. Some 90% of the country is subject to tremors and much of the recent construction work has been carried out illegally[7]. The 1999 earthquake in the Marmara/Istanbul region left considerable devastation in its wake, and the construction industry responded by moving more new buildings out of the city, particularly towards the north of the city and the Black Sea.

It is estimated that some 600,000 properties in Istanbul at the end of 2003 failed to meet house building regulations and had therefore been built illegally (the so called "Gecekondu" build). This represents around 60% of the housing stock in Istanbul[10]. This increases the demand for new-build safer housing from those who can afford to move.

Another feature of the Turkish construction industry is that, for historical reasons, the Turkish state owns or controls approximately 50% of the land in Turkey, which limits and slows the supply of development land.

The Manager believes that the need for new housing in Istanbul, where the population has grown by 700,000 per year since 2001[13], and the Government's replacement programme, coupled with foreign demand for holiday properties in the south, suggest that the recovery which the housing market has recently experienced is likely to continue for the foreseeable future.

Ownership and mortgage market

Home ownership is high at an estimated 65% of the population. This is broadly comparable with the position in the UK, except that most of these homes were paid for in cash[15].

Home loans do exist but in a relatively undeveloped form. Legislation is currently under consideration to improve and open up the process in a bid to widen the ownership structure[16,17,18] and the Manager believes that this should support further demand for housing. One of the problems at present is that many new houses and flats are out of the financial reach of the majority of the population, reflecting the quality of the build rather than the underlying wage structure. Local buyers face the added problem of interest rates, which despite having been cut eight times in less than a year, are still prohibitive for many[8].

According to the State Statistical Institute, as estimated, only 3% of Turkey's population has a residential loan, representing just 0.3% of GNP. This compares with 40% on average in the EU; 50% in the USA[19]; and nearly 55% in the UK.

For further information, please see paragraph 6 of Part II headed "Draft law on housing finance".

Residential property

The domestic population grew at an average rate of 1.8% per annum between 1990 and 2003, and with approximately 50% of the population in 2004 under the age of 25[7], the Manager believes that the demand for housing is and will remain, considerable. It is estimated by the Manager that to keep pace, some 600,000 new homes will be needed every year[16]. The Manager believes that with ten million people living in Istanbul alone, approximately 250,000 of these will be required in the city each year. The importance to the country as a whole of the Istanbul property market should not be underestimated.

Increased prosperity in the population is creating general demand for better quality housing, particularly in and around Istanbul where detached villas can achieve prices in excess of US$1 million. Property is the preferred asset class for local investment due to the historically high levels of inflation. Although the inflation rate has now been significantly reduced, the local population still has a high level of interest in property ownership and investment.

6. Draft law on housing finance[20]

To establish and implement a mortgaging system designed to allow more people to own real estate in Turkey, a draft law has been prepared ("Draft Law"). The Draft Law proposes a number of changes to existing laws such as the Capital Markets Law, the Banks Act, Execution and Bankruptcy Law, Consumer Protection Law and certain tax laws. The Manager considers that these changes (if implemented) are likely to stimulate grater demand for property in Turkey.

Capital Markets Law

The Draft Law proposes many changes to the Capital Markets Law ("CML"), such as the creation of: (i) "Mortgage capital market instruments"(mortgage covered bonds); (ii) capital market instruments other than stocks, that are issued by housing finance funds and mortgage finance corporations; and (iii) other capital market instruments, collateralised by the receivables arising from housing finance. The CML also establishes the concept of a "housing finance fund".

Execution and Bankruptcy law

The amendments introduced regarding the Execution and Bankruptcy Law facilitate easier foreclosure procedures.

Banks Act

The amendments to the Banks Act (which are currently being revised) allow banks to participate in, and provide loans to, mortgage finance corporations.

Law On Regulating Public Finance and Debt Management

This law will be amended to include mortgage finance corporations within its scope. The amount of the Treasury reimbursement guarantee for the capital market instruments issued by mortgage finance corporations is set at YTL 400 million, which amount shall be increased each year as per the revaluation rate announced by the Ministry of Finance.

Consumer Protection Law

The Draft Law envisages amendments to the Consumer Protection Law for the purpose of making housing finance institutions liable to the consumer for defective products

7. Ownership of property in Turkey[20]

Legal Position

Under Turkish law, rights of real estate ownership are subject to registration with the "Title Deed Registries" held by the state. All dispositions regarding real estate, such as transfers, acquisitions and the creation of encumbrances are effected by the registration thereof with the Title Deed Registry Office operating in the place where the real estate in question is located.

Records of the Title Deed Registry Offices are open to public inspection. Any person relying on such records in good faith is fully protected by law and it is the responsibility of the state to ensure that the Title Deed Registry records are correct and accurate.

No person, other than the holder of property rights as documented at the relevant Title Deed Registry Office, may effect any disposition of the real estate in question. The only exception is if the disposition is in the public interest, in which case the state may exercise its expropriation rights. In addition, the property and its owner may be required to accommodate certain restrictions on the property for the benefit of public services, such as allocation of a portion of the land for a public water course, electrical installation or right of way.

Security for Financing

Mortgages are the most common form of security in Turkey. A mortgage established on real estate should be registered with the Land Registry of the district where the property is located. Mortgage amounts are not dependent on the value of the immovable property and may actually be much higher than the value of the mortgaged property itself.

A mortgage agreement may be entered into in a foreign currency. In addition, the parties to the mortgage agreement can determine the interest rate that will be applied to the mortgaged amount.

As is common in other jurisdictions, primary and secondary mortgages may be secured over the same property and will have differing rights of priority accordingly.

As security for its financing, the Fund will seek to secure a first degree mortgage over the real estate to be constructed which will rank in priority to any other security taken over the real estate. In certain cases, the Fund's security may rank behind any bank which is providing finance to the developer and/or purchasers of any units.

Foreign Ownership of Property

The acquisition of real estate by a foreign individual without incorporating a Turkish entity (including companies or other bodies corporate) is permitted, provided there is reciprocity in the jurisdiction of the foreign individual which permits Turkish citizens to acquire property in that foreign individual's country.

Acquisition of real estate directly by foreign legal entities currently has no legal grounds due to the fact that Article 35 of the Land Registry Law, which previously allowed foreign legal entities to acquire real estate in Turkey, was abolished by the Constitutional Court in March 2005.

The abolishment of Article 35 was not based on any constitutional provision prohibiting the acquisition of real estate by foreigners, but on the grounds that the restrictions regarding the acquisition of real estate by foreigners should: (i) be set forth by law only; and (ii) comply with international law. It is therefore not possible to speak of a total prohibition on real estate ownership by foreigners. However, any acquisition will be subject to certain criteria as set forth by law and in accordance with international law. Accordingly, upon the passing of a law which fulfils the criteria set forth by the Constitutional Court, it will be possible for foreign legal entities to acquire real estate in Turkey.

As the Fund will only be commiting finance in respect of property development and will not be "acquiring" real estate per se, the Fund is not affected by the current lapse in the legislation. The lapse in the legislation with regards to the acquisition of real estate by foreign entities does not prevent the foreign entities from establishing a mortgage on real estate. Accordingly, the validity of mortgages taken by the Fund over real estate in return for its financing will not be affected.

Foreign Investment Incentive Law No.4875

Foreign direct investment companies incorporated in Turkey, even if 100% owned by foreigners, may acquire real property in Turkey on equal terms and conditions to domestic companies. These entities do not need the permission of the Foreign Investment General Directorate for sales, mortgages or similar transactions. This law is not applicable in respect of the Fund which is not a Turkish incorporated company.

Application of the Legislation for the Protection of Turkish Currency requires that, regardless of whether the person or entity acquiring land is foreign or Turkish, if they are resident outside of Turkey, they must comply with the provisions of legislation for the protection of Turkish currency as set forth in the Council Ministers Decree No.32. These provisions apply whenever real property is acquired, transferred or abandoned.

8. Construction process[20]

Under Turkish Law, when a new construction is planned, various permits need to be obtained and certain procedures must be complied with by the developer, as set out below.

Development Plan

According to Articles 6-19 of the Development Law No 3194, a development plan of the area should be drawn up by the Municipality or the City Governor depending on the borders of the land. This should show the general purpose/usage of the land, the main types of area to be developed, the expected future population of the area, the nature and duration of construction if required, the expansion capacity and any plans for expansion of the region, transportation systems and solutions for any potentially problematic issues. The plan should then be submitted to the Ministry of Development and Construction for approval.

Construction Licence

The Construction Licence is an official document issued by the Municipality or the City Governor which allows the holder of the licence to construct, within two years, any building which falls within the scope of the project approved by and set out in the Construction Licence. The Construction Licence is a prerequisite to the commencement of construction works and it has to be issued in accordance with the Development Plan and any other relevant building and construction regulations.

Establishment of Easement Rights and Condominium

Under Turkish law, the concepts of "condominium" and "easement" are mainly governed by Condominium Law No: 634. They are also subject to the general provisions of the Turkish Civil Code. Easement rights can generally be described as rights asserted by the owner (or joint owners) of land, or by the owner of the Right of Construction, over the independent sections of one or more buildings to be constructed or under construction on such land. There must be an intention to convert such building(s) into "condominium" upon the completion of the building(s) in question.

In order to register an easement right, the Management Plan of the building (see below for further details), the Construction Licence and the Position Plan (plan indicating the respective positions of the buildings on the land) must be submitted to the relevant Land Registry Directorate.

Condominium may be instituted only on a fully constructed building whereas easement rights may only be instituted on a building that is still under construction, or which is to be constructed.

Under Turkish law, once condominium is established over a property, it means that: (i) such property has been constructed in accordance with the applicable construction regulations; and (ii) a Building Utilisation Licence (see below for further details) has been granted to each independent section of the building.

According to Article 15 of the Condominium Law, each of the easement right/condominium owners may freely transfer such rights or create encumbrances (including a mortgage) over the land.

Condominium is a form of ownership, as explained above, and is not limited to a fixed period, except in the case of 49 year construction rights.

Equally, easement rights also do not have a limited period. However, these are rights created with the intention of constructing a building that is suitable for condominium, and if within five years following the institution of the easement right, the building is not constructed according to the registered construction plan, any of the owners may apply to the court for the dissolution of the easement right or for an extension of the easement right for a defined period.

Management Plan

Regulated by Article 28 of the Condominium Law, the Management Plan is a significant concept regarding condominium, as it regulates issues such as the manner in which the property is to be managed, the purpose and manner of utilisation of the property (common areas included), the rules which the owners and tenants of independent sections are to adhere to, the distribution of expenses regarding the property and principles and procedures for the election of the management of the property. In other words, it sets forth the framework of the relationships between the owners and tenants of the independent sections of the property.

The Management Plan also regulates the legal status of the common areas. Unless otherwise stated in the Management Plan, the condominium owners are considered as the owners of the common areas pro rata to their respective shares of the land. Such ratio, however, may be amended in the Management Plan and it is also possible to leave the ownership of some of the common areas to one or more condominium owners.

According to Article 16 of the Condominium Law, easement right/condominium owners have an ownership right over the common areas pro rata their share of the land. This ratio is only in respect of actual legal ownership of the common parts and does not imply that residents may only use a certain portion of the common areas. Unless expressly agreed upon by the condominium owners and indicated in the management plan, the common areas are for the joint use and benefit of all easement/condominium owners.

Amendments to the Management Plan require a vote of 80% of the condominium owners. This is the minimum quorum stipulated by law, and it may be increased to 100% by the initial Management Plan.

Building Utilisation License

Under Turkish law, the Building Utilisation License" ("iskan") is an official document of great significance, issued by the relevant municipality pursuant to Article 30 of the Development Law. The Building Utilisation License confirms: (i) that the building has been constructed in accordance with the relevant construction project and the Construction Licence; and (ii) that utilisation thereof has been approved and poses no hazard or other concerns. The document confirms that each independent section has been constructed in compliance with applicable rules and requirements and is fit for use in accordance with its intended purpose.

SOURCES

Unless otherwise stated, the statistical information contained in this Part II has been extracted from Economist Intelligence Unit - Country Report (April 2005) and Economist Intelligence Unit - Country Profile (2005). Where information has been extracted from other sources, a reference number has been inserted into the text which corresponds with the numbered sources set out below:

1 World Factbook – Turkey www.cia.gov/cia/publications/factbook/geos/tu.html

2 BBC News "Turkey's EU Entry Talks" www.newsvote.bbc.co.uk/mpapps

3 Daily Mail "Property Mail: Overseas – Turquoise Coast to shake off EU Blues", dated 19 August 2005

4 International Herald Tribune “Austria demands Turkey’s sights be lowered in talks on EU participation”, dated 29 September 2005

5 Washington Post “European hysteria may reject Turkey, and the future”, dated 21 September 2005

6 www.worldwide-tax.com “Turkey Overview of Economy”, dated 14 November 2005

7 State Institute of Statistics “Turkey’s Statistical Yearbook”, dated 2004

8 tcmb Press Releases www.tcmb.gov.tr

9 IMF International Financial Statistics

10 Turkish Daily News “Central Bank shaves rates, signals more cuts”, dated 10 November 2005

11 British Embassy “Turkey Economic Overview”, dated November 2005

12 IMF Survey, Vol. 34, No.9 “IMF Loan to help Turkey build on strong track record”, dated 23 May 2005

13 Bloomberg announcements dated 29 June 2005 and 31 December 2004

14 Europe Real Estate “A Mutual Attraction – Turkey” www.europe-re.com/system/main.php?pageid=1244&articleid=4707

15 Cushman & Wakefield Report, dated June 2005

16 DTZ “Turkey Residential Market Overview”, dated 26 October 2005

17 Garanti Securities report, dated June 2005

18 Oxford Business Group “The Colour of Money”, dated 18 October 2005

19 Colliers Resco report

20 Pekin & Bayar memorandum

PART III – PROPERTY MARKET REPORT

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21 December 2005

Dear Sirs

THE OTTOMAN FUND LIMITED

We set out our report on the Turkish residential property market below.

TURKEY MARKET OVERVIEW

Historically, real estate has always been a preferred investment alternative in Turkey for wealthy investors. However, during the past decade real returns available from domestic government debt have been superior to those from real estate and have attracted most of the savings. Investors were able to realize annual after tax real returns of up to 25% until March 2001.

At the beginning of 2001, the Turkish Lira was devalued resulting in Turkey's most severe economic crisis since 1980. The crisis resulted in an overall recession in the economy and affected the entire nation. Investment in all sectors were either cancelled or postponed and as major companies started downsizing, cutting costs and jobs, the unemployment rate increased from 6.6% in 2000 to 8.4% in 2001 and 10.3% in 2002. Purchasing power also decreased dramatically.

The real estate market was also affected by the crisis. The retail market was the hardest hit sector with a considerable reduction in consumer purchasing power and a corresponding knock-on effect on retail sales. The economic crisis had a negative impact on the Istanbul commercial real estate market as well, especially on the retail side, as almost all A Grade real estate in Istanbul is transacted in US Dollars or the prevailing Turkish Lira equivalent.

As a result of the devaluation, most of the landlords in prime office and retail locations provided temporary rent relief to tenants by fixing the exchange rate at a level below the market exchange rate. As investors preferred to remain liquid, real estate demand decreased dramatically resulting in a 20% decline in rental and sale values.

Together with demand, supply of real estate also decreased dramatically in Turkey. Most real estate in Turkey is equity financed due to a lack of long-term mortgage and development financing. Consequently, in times of economic crisis real estate supply is constrained as there is relatively little pressure on developers or landlords to dispose of real estate to meet debt payments or mortgages.

As it is expensive to borrow long-term loans, bank lending has not been popular in Turkey in the real estate sector. However, the lack of an advanced mortgage system has provided certain benefits as well, as developers cannot build speculatively at a scale that they could have done with the availability of finance. This has been one of the major reasons for the non-existence of an oversupply situation in the modern office sector in Turkey.

With the current improved economic conditions, property values have already recovered and passed pre 2001 value levels. Property funds, both domestic and foreign, are investing again, inflation continues to decline, the economy is growing and the government is expected to continue with the economic programme formulated by the IMF. The residential market is very strong due to declining interest rates and rising confidence in the economy. Commercial property markets, especially in Istanbul, are attracting foreign interest mostly from foreign European and Gulf property funds.

Turkey has recently been granted an approval to initiate accession talks to become a member of the EU. The candidacy of Turkey is expected to further increase foreign interest in the Turkish real estate market, not only by foreign investors but also from developers.

As Istanbul is the commercial and cultural capital of Turkey, it has the most active and valuable real estate market in Turkey when compared with the other cities. Istanbul houses the headquarters of multinational companies, foreign and local banks and the liaison offices of international companies operating in Turkey. No established office markets are available in the other cities in terms of commercial A grade properties. For example, the office market in Ankara is mostly dominated by government buildings and has very few commercial office buildings.

Currently, the most active segment of the real estate market for foreign developers and investors, is in retail property. However, there is significant recent interest from foreign developers for holiday home projects located on the Agean and Mediterranean coast of Turkey. Compared to Spain and Portugal, Turkey offers a similar if not longer season at more affordable values.

ISTANBUL REAL ESTATE MARKET OVERVIEW

General Information and Current State of the Real Estate Market in Istanbul

As the commercial and cultural capital of Turkey, Istanbul with a total population of above 10 million, has the largest, most valuable and most active real estate market in Turkey.

Due to its geography, Istanbul has grown linearly and extends from Izmit in the east to Tekirdağ in the west. The military areas and forests prevent the enlargement of the city towards the north, although new suburban residential settlements are located at the north of the Trans European Motorway (TEM) – E80.

In addition, Istanbul's location means it has direct control of the Turkish Straits that link the Black and Aegean Seas. The city serves as a junction between the land and sea trade routes.

Historically, the major commercial areas of Istanbul were in the Galata, Laleli and Beyazıt areas within the historical peninsula on the European Side. After the 1960s, commercial areas shifted towards the north to Sirkeci, Karaköy and Beyoğlu (Taksim) areas. In the 1980s, the Beşiktaş – Zincirlikuyu – Levent – Maslak axis became the centre of new commercial and office developments.

Until the 1970s, commercial and residential areas were mainly located on the European side. With the construction of the Bosphorus Bridge, the Asian side became a new destination for residential settlements after the 1970s. Construction of the Fatih Sultan Mehmet Bridge and the transit ring roads increased the accessibility of the Asian side and fostered new residential as well as commercial developments. Today, the European side has a commercial and residential composition while the Asian side is basically residential.

Residential Market

General Statistical Information

In the 2000 building count, the number of buildings in Istanbul was recorded as 869,444 showing a 72% increase since 1984. Likewise the number of residential units was recorded as 3,393,077 showing a 146% increase since 1984. The percentages of the different types of units in Istanbul are shown below:

Residential	70.42%
Mixed use (residential & other)	20.00%
Commercial	5.74%
Industrial	1.67%
Education & Culture	0.46%
Government	0.24%
Religious	0.25%
Others (agricultural, warehouse etc.)	1.22%

Current Situation

The residential market in Istanbul is generally characterized by multi-owner apartment buildings which can be found in all areas of the city and which have been constructed with varying degrees of build quality.

The upscale residential areas on the European Side are Nişantaşı, Etiler, Akatlar and Levent.

Kuruçeflme, Arnavutköy, Bebek, Rumelihisarı and Emirgan are the most valuable residential regions in the European side Bosphorus Area. Water side villas ("Yalı"), which line up the Bosphorus are the most expensive real estates in Istanbul, some of which date back to the 17th Century.

The upscale residential areas of the Asian Side are Moda, Kalamış and Fenerbahçe and along the Bağdat Street (which is one of the major high streets of the city), Caddebostan, Göztepe, Erenköy and Suadiye.

Although the Asian side is mostly a residential area, due to the earthquake in 1999 and traffic problems that occur in peak hours on the bridges, the European side is more valuable in terms of housing. Furthermore, additional value is added to the European side by the presence of the main Central Business District (CBD). In addition, no new developments are permitted within the Bosphorus Area, thus supply is very limited.

As a result of the earthquake in 1999, the popularity of satellite city developments such as Bahçeflehir, Ataflehir, Kemerburgaz and Zekeriyaköy increased while some of the waterfront areas along the Marmara Sea such as Yeflilköy, Florya, Suadiye and Erenköy lost value following a decrease in popularity.

One of the major factors that affects residential demand is migration. Along with economic growth, migration to Istanbul has brought problems like unauthorized construction of squatter housing; air and noise pollution; congested city traffic and insufficient parking; and problems related with public transportation, water supply and sewage systems.

With the pressure of extensive migration, Istanbul has grown without a proper master plan. The problem of improper housing can be seen all around the city, even in areas where middle/upper and upper income groups reside, including the Bosphorus area. The municipalities have not been able to produce efficient solutions for the increasing residential demand, and they have been usually forced to legalize unauthorized developments from previous years in the face of political pressures.

Escalation of land values makes it very difficult to provide affordable housing to most of the buyers in the market within metropolitan Istanbul. Accordingly, developers are being forced to develop housing projects in suburban areas of Istanbul, where land prices are more affordable.

This relocation trend applies both to mass housing projects for the low and low-middle income groups and villa projects targeting upper-income level homebuyers. Because of such problems mentioned above, this group is also relocating to better-planned and controlled suburban environments to achieve superior living standards.

On the supply side, as land becomes scarce and more expensive, most small and medium-size developers are dropping out of the market and renovation business is increasing.

Increasing land costs drive developers to suburban areas, where they have to develop larger projects. Pre-construction expenses, marketing and start-up costs are accordingly higher. As local and foreign debt financing is generally unavailable for residential developments, most developers are unable to fund the initial phases of their projects from their own capital and are forced to start pre-selling units as early as possible to finance construction.

After the economic crisis of 2001, the residential market recovered in 2004 and with the supply of residential loans with extended terms, demand for housing increased although no long-term mortgage system has been established yet. Detailed information about residential financing and housing projects are provided in the following sections. The current rental yield for residential units is approximately between 6% – 7%.

Residential Financing

The major problem in the Turkish market has been the lack of long term loan financing. Since the beginning of 2005, real estate financing in the form of extended consumer loans now provide terms up to 25 years for loans based on Turkish lira. In general, the maximum amount of the loan is 70% of the appraisal value of the property to be purchased. A mortgage is registered against the property prior to release of the loan.

Currently, some of the major banks and financial institutions together with the Capital Markets Board of Turkey are working to put into practice a mortgage system.

Terms and interest rates for residential loans based on Turkish Lira provided by some of the major banks in Turkey as of September, 2005 are as follows:

Bank	*Months*	*Monthly Rate (%)*
Akbank	240	1.25
Anadolubank	120	1.29
Bank Europa	180	1.25
Denizbank	240	1.34
Dışbank	300	1.30
Finansbank	300	1.23
Garanti Bank	240	1.24
HSBC	240	1.35
İs Bankası	240	1.25
Koçbank	240	1.30
Oyakbank	144	1.29
TEB	120	1.29
Vakıfbank	240	1.35
Yapı Kredi	144	1.30
Ziraat Bank	120	1.30

Monthly rates are expected to decrease further to 1.15 – 1.20% by the end of 2005.

Trends in the Residential Market

Recent trends dominating the Istanbul residential market for low-middle to high income groups are as follows:

(a) *Downtown Apartment Buildings*

Typically, apartment blocks with 4 to 10 floors are developed as single buildings on single lots. The units in these multi-owner apartment buildings have an average 120 sqm area (2 to 4 bedrooms) depending on the area of the lot as it is the practice for contractors to try and use the maximum zoning permit.

Sales prices of these units range between **US$450 – US$3,500 psqm**; depending on the location, quality and physical specifications of the building, as illustrated below:

Location	Sales Price (US$/sqm) Poor	Medium	High	Rent (US$/sqm) Poor	Medium	High	Average Yield
BAŞAKŞEHIR	910	1,120	1,400		6.3	7.0	6%
BAHÇEŞEHİR	1,518	1,679	2,769		9.3	15.8	7%
BAKIRKÖY	700	1,322	2,360	5.3	12.6	21.0	10%
BAYRAMPAŞA	616	840	1,750	3.5	8.4	14.0	9%
BEYLERBEYİ	700	2,100	3,500	7.4	18.9	37.8	12%
BOSTANCI	875	1,313	1,866	7.0	7.8	9.2	8%
CADDEBOSTAN	910	1,344	1,652	5.6	7.0	9.8	7%
ÇAMLICA	504	1,176	2,520	2.1	3.5	8.4	4%
ÇEKMEKÖY	560	1,050	1,400	2.8	4.2	8.4	6%
ÇENGELKÖY	700	910	1,260	3.5	4.2	5.6	6%
ÇİFTEHAVUZLAR	1,190	1,400	1,680	5.6	8.1	9.5	6%
ERENKÖY	910	1,295	1,610	5.6	7.0	8.4	7%
GÖZTEPE	910	1,295	1,610	5.6	7.0	9.8	7%
SUADİYE	910	1,295	1,610	5.6	7.0	8.4	7%
ŞİLE	462	980	1,288	2.7	3.1	3.9	5%
ETİLER	1,820		3,780	9.8	11.2	14.0	5%
ÜMRANİYE	490	1,120	1,960	1.7	3.1	7.0	4%
KOZYATAĞI	1,400	2,450	3,500	8.4	10.5	17.5	6%
KADIKÖY	980	1,162	1,400	7.0	11.9	14.0	11%
ACIBADEM	1,260	2,184	3,332	7.0	9.8	14.0	6%
FENERYOLU	1,645	2,100	2,380	8.4	11.9	14.0	7%
LEVENT	1,820		3,780	9.8	11.2	14.0	5%

Most of these projects are based on the percentage based model ("kat karşılığı yöntemi") where the landowner and the developer/contractor are engaged in order to construct a building jointly.

Lack of development financing in Turkey forces the developers or contractors to make an agreement with landowners whereby the land owner receives a portion of the constructed area from the developer, in exchange for the land. The percentage for the landowner ranges between 20% – 50% depending on the district and the quality of the construction. In certain cases the developer or contractor may offer a cash advance to the landowner to be deducted from landowner's share.

The developer/contractor finances construction largely by pre-selling his share of the units during the construction period. The landowner can either wait until the end of construction, or sell his share at any time during the construction period. Sale values increase during the construction period, while the risks associated with construction decrease.

(b) *Master Planned Developments – High Density Projects*

High density housing developments provide affordable housing for the low, middle and upper-middle income segments of the population of Istanbul. These developments range from settlements with apartment blocks of lower quality to settlements with apartment blocks and villas finished with first quality materials together with various social, retail and recreation facilities.

Some of the master planned high density housing projects in Istanbul are Bahçeşehir, Ataşehir, Ataköy, Halkalı, Sinanoba, Mimaroba and Başakşehir. While Bahçeşehir, Ataşehir and Ataköy targets the middle and upper-middle income groups, Halkalı, Sinanoba, Mimaroba and Başakşehir targets the middle and low-middle income groups.

The main developers of mass housing settlements in Turkey have been Emlak Kredi Bankası (Real Estate and Credit Bank) and Housing Development Administration (TOKİ). Emlak Kredi

Bankası was established by the government to provide real estate finance and coordinate housing projects.

Emlak Kredi Bankası developed numerous housing projects all over Turkey as well as Istanbul until December 2001 when all the assets of the bank were transferred to TOKİ by the decision of the Board of Ministers. Currently, Emlak Bank is functioning under the TOKİ structure as Emlak GYO (Emlak REIT).

TOKİ was established in 1984 to solve the problems of housing and urbanization that arose from the rapid increase in population in the cities and to increase the development of affordable housing. Since 1984, TOKİ has developed 83,813 housing units in Turkey.

Future Market Predictions

There is a continuous and significant demand for proper housing in Istanbul due to the increasing population as well as the need for relocation to better environments.

A major issue in the residential market of Istanbul is the earthquake risk. People with doubts about the safety of their houses are seeking better buildings in areas with solid ground foundations. The most promising areas in terms of suburban residential developments are: Kemerburgaz and Zekeriyaköy on the north of the European side, Bahçeşehir and Büyükçekmece on the south of the European Side; Beykoz, Ömerli, Çekmeköy, Ümraniye and Riva on the north of the Asian side and Ataşehir, Tepeören and Tuzla on the south of the Asian side.

In 2004 and 2005 the residential market improved mainly because of the reduction in interest rates for housing loans provided by all of the major banks. This trend is expected to continue. Furthermore, a new legal framework currently being prepared for the mortgage market is expected to have a positive impact on the residential real estate market.

MAJOR RESIDENTIAL DEVELOPMENT COMPANIES IN TURKEY

The major developers of residential projects in Turkey and some of their projects and target income groups are summarized in the table below.

Company	*Target Group*	*Project*	*No. of Units*	*City*
Maya Construction	H	Parkmaya	400	Ist.
		Maya Residences	280	Ist.
		Mayavera	129	Ist.
Kemer Yapı	H	Kemer Country	1200	Ist.
Alarko Construction	HM – H	Alkent 2000	787	Ist.
Tepe Construction	HM – H	Bilkent	2866	Ist.
		Beykoz Mansions	401	Ist.
		Kemer Rose	73	Ist.
Yapı Kredi-Koray REIC	HM – H	Istanbul	204	Ist.
		Istanbul Zen	74	Ist.
		Elit Residence	61	Ist.
		Evidea	196	Ist.
Koray (with İş Bankası)	HM – H	Kasaba	280	Ist.
Yüksel Construction	HM – H	Metrocity	203	Ist.
MESA Housing Indus.	M – HM	Koru Sitesi	1697	Ank.
		Yonca Evler	276	Ank.
		Yamaçevler	162	Ist.
		Kemerburgaz Evleri	130	Ist.
		Masslak Evleri	336	Ist.

Company	*Target Group*	*Project*	*No. of Units*	*City*
Nurol	M – HM	Bahçeşehir		Ist.
		Nurol Residence		Ank.
Sinpaş Building Indus.	M – HM	Aqua Central Life	380	Ist.
		Aqua City	1200	Ist.
Yapı Merkezi	M – HM	Çam Konaklar	42	Ist.
		Sokullu Evleri	64	Ist.
		NP12 Houses	12	Ist.
		Arkeon Houses	116	Ist.
Soyak Construction	M	Soyak Yeniflehir	3000	Ist.
Ağaoğlu	LM – M	My Town	560	Ist.
		My Country	271	Ist.
Kiptaş	LM – M	Yeşil Vadi	143	Ist.
		Başakşehir	3726	Ist.

*(**LM**) Low-Middle Income; (**M**) Middle Income; (**HM**) High-Middle Income; (**H**) High Income*
*(**Ist.**) Istanbul; (**Ank.**) Ankara*

REAL ESTATE ACQUISITION BY FOREIGNERS IN TURKEY

Overview

Foreigners have been purchasing property in Turkey since 1934. According to the General Directorate of Deed and Land Registry statistics, 56,295 people from 71 countries have purchased 52,378 properties in Turkey since that time. The total area of these properties is 274,236,141 sqm. The numbers and types of properties and their acquisition periods are as follows:

	No of Properties	*No. of Owners*	*Land*	*Land with Building*	*Independent Unit*	*Total Area (sqm)*
1934 to July 2003	36,536	37,336	14,471	4,156	17,909	264,652,087
July 2003 to July 2005	15,842	18,959	2,932	811	12,100	9,584,054
Total	52,378	56,295	17,402	4,967	30,009	274,236,141

In July 2003, Article 35 of the Land Registry Law was modified by the Turkish Government to further ease the acquisition of property by foreigners. The number of transactions after this date has increased considerably. Within 2 years, 18,959 foreigners have purchased 15,842 properties which represents 30% of the total number of purchased by foreigners since 1934.

Approximately 76% of all the properties that have been purchased within the last 2 years are independent units (houses, flats, etc.). The table below illustrates the European demographic of property purchases in Turkey.

Country	*1934 to July 2003*	*July 2003 to July 2005*	*Total*
Germany	9,446	3,428	12,874
United Kingdom	2,334	6,333	8,667
Ireland	142	1199	1,341
Netherlands	1,117	996	2,113
Denmark	75	757	1,056
Norway	114	413	832
Belgium	237	384	621
Italy	931	101	1032
France	606	168	774

As can be seen in the above table, there is a big increase in the number of properties purchased by the British, Irish, Danish and Norwegians. In the last 2 years UK citizens have been responsible for the highest increase in property acquisition in Turkey, followed by the Germans and the Irish. Denmark and Norway are the emerging markets.

The Turkish Constitutional Court annulled article 35 of the Land Registry Law in March 2005. This means that currently, foreign companies and real persons can not purchase property in Turkey through the deed registry. Accordingly, most foreign investors, especially institutional investors, purchase property by forming Turkish joint stock companies. Purchases of holiday homes by foreigners continue through agreements made through the notaries.

The Government is currently working on a new system of property law which is expected to be introduced to Parliament by the end of 2005.

Locations and Sales Prices

Most of the independent units purchased by foreigners are located in the summer resorts on the Turkish coastline. The most sought after resort areas are Alanya, Side, Marmaris, Bodrum, Kalkan, Fethiye, Dalyan, Didim and Kuşadası. Alanya and Side are preferred by German, Dutch and Austrian investors. Bodrum, Kalkan, Fethiye, Dalyan, Didim and Kuşadası are preferred by British and Irish.

Asking unit sale prices of flats and villas in these areas are as below:

Location	*Min. (psqm)*		*Max. (psqm)*	
Kalkan	€765	($930)	€1,960	($2,385)
Fethiye	€900	($1,095)	€1,900	($2,300)
Didim	€432	($526)	€1,800	($2,190)
Dalyan	€600	($730)	€1,650	($2,000)
Bodrum,	€700	($850)	€1,400	($1,700)
Alanya	€400	($487)	€1,260	($1,530)
Kuşadası	€350	($425)	€1,000	($1,216)

The main reason for the increase of property acquisition in Turkey by Europeans is the affordable prices compared to established markets in Spain and Portugal. Even though flight distances are slightly longer compared to these countries, affordable real estate prices and inexpensive living costs attract buyers to the Turkish coasts.

Central town properties in Alanya and Fethiye are mostly apartments and flats. Villas with pools and old traditional houses are being marketed in Kalkan, Dalyan and Ovacık/Hisarönü, all of which are areas of Fethiye. Bodrum and Kuşadası properties are mostly detached and semi detached villas built by housing cooperatives. The number of properties owned by foreigners is approximately 6000 in Alanya, 3000 in Kuşadası, 1750 in Fethiye and 1500 in Didim.

Some of the holiday home projects in Bodrum are set out below:

Project	*Location*	*Housing Units*	*Prices*	*Year*
Sandalet Evleri	Göltürkbükü	82	From US$210.000	2007
Gündoğan Çamlı Konakları	Gündoğan	60 villas	160.000 €/unit – 250.000 €/unit	May 06
Aytur Sarnıç Evleri	Bitez	223	From US$125.000	July 2006
Lavanta Bahçesi	Bitez	104	From US$145.000	July 2006
Mare Bitez Evleri	Bitez	72	From US$165.000	July 2006
See & You Residence	Kadıkalesi	54	From 140.000 €/unit	August 2006
Castle Evleri	Bodrum Center	18	From US$250.000	December 2006
Ocean View Evleri	Gümüşlük	180	From 144.000 €/unit	September 2007
Auro Bodrum Evleri	Gümbet	228	From US$160.000	December 2007
Alesta Evleri	Bitez Yalısı	32	From US$160.000	July 2006

Under construction residential projects in Istanbul

Project	*Location*	*Developers*	*Housing Units*	*Prices*	*Year*
Kempinski Residence Astoria	Esentepe	Kempinski-Vedat Aflçı	160 residences	US$3.600/sqm – US$4.700/sqm	2007
İstinye Park & Residence	İstinye	Orjin Group-Garanti Bank	400	US$3.250/sqm	April 2007
Alkent 2000 3rd Phase	Büyük Çekmece	Alarko	63 villas	US$750.000/unit – US$1.790.000/unit	2007
Şişli Plaza	Şişli	Yapı Merkezi	180	Up to US$700.000	December 2006
Kanyon	Levent	Eczacınbaşı-İş GYO	158	From US$2.750/sqm (all units were sold)	June 2006
Selenium Residence Twins	Fulya	Aşçıoğlu İnsaat	366	From US$2.500/sqm	2007
Terrace Fulya Residence	Fulya	İnanlar İnşaat	245	US$150.000/unit – US$950.000/unit	2007
Selenium Residence Panorama	Gayrettepe	Aşçıoğlu İnşaat	65	From US$3.000/sqm	2007
Almond Hill	Acıbadem	Taşyapı İnşaat	650	US$100.000/unit – US$905.000/unit	2007
Mashattan	Maslak	Taşyapı İnşaat	3.100	US$199.000/unit – US$1.600.000/unit	August 2008
Seba Royal Konakları	İstinye	Seba İnşaat	15 villas & 25 Apartments	US$660.000/unit – US$1.200.000/unit	December 2005
Incity	Ataşehir	Dündar İnşaat	322	US$370.000/unit – US$1.070.000/unit	2007
Ataşehir Residence	Ataşehir	Orhan-Grand İnş. Partnership	180	410.000 YTL/unit – YTL 430.000 YTL/unit	2006
Uphill Court	Ataşehir	Teknik Yapı & Varlıbaşlar	1.736	US$1.400/sqm – US$1.700/sqm	2007
Kent Plus	Ataşehir	Emay-İpek Partnership	650	From US$1.000/sqm	2007
Baytur Konutları	Kozyatağı	Baytur İnşaat	800	NA	2007
Ataköy Konakları	Ataköy	Delta İnşaat Consortium	950	234.000 €/unit – 662.000 €/unit	2008
Oyakkent	İkitelli	Oyak	10.000	NA	Project Phase
Ağaoğlu My World	Ataşehir	Ağaoğlu İnşaat	3.626	154.000 YTL/unit – 870.000 YTL/unit	2007
Merit Life Göl Konakları	Ataşehir	A-Z İnşaat	15 villas & 362 houses	125.000 YTL/unit – 700.000 YTL/unit	November 2006
Soyak Olympiakent	Halkalı	Soyak İnşaat	3.500	144.000 YTL/unit – 284.000 YTL/unit	November 2005
Avrupa Konutları	Halkalı	Avrupa İnşaat	2.000	NA	2007
MN Bahçeşehir Evleri	Küçük Çekmece	Mesa & Nurol İnşaat	1.500	162.000 YTL/unit – 450.000 YTL/unit	2007
Ardıçlı Göl Evleri	Bahçeşehir	Eston Yapı	2.000	222.000 YTL/unit – 496.000 YTL/unit	NA
Istanbul Bis	Kemerburgaz-Göktürk	Yapı Kredi Koray	112	159.000 €/unit – 359.000 €/unit	March 2007
Istanbul Zen	Kemerburgaz-Göktürk	Yapı Kredi Koray	74	US$125.000/unit – US$325.000/unit	March 2006

Under construction residential projects in Istanbul *(continued)*

Project	*Location*	*Developers*	*Housing Units*	*Prices*	*Year*
Flora Residence	Ümraniye	Flora Joint Venture	366	US$2.500/sqm – US$3.000/sqm	2008
Emta Optimum	Ömerli	Emta İnşaat	160 villas	US$320.000/unit – US$500.000/unit	2007
Eston Şehir	Küçük Çekmece	Eston Yapı	2.000	222.000 YTL/unit – 294.000 YTL/unit	2007 (for first phase)
Sinpaş Marenegro	Rumeli Feneri	Sinpaş	239	US$270.000/unit – US$847.000/unit	Completed
Paşaköy Çamlık Villaları	Paşaköy	İnanlar İnşaat	20	US$2.250/sqm	2005
Mesa Yankı Evleri	Kemerburgaz	Mesa Mesken San. A.Ş.	124	154.000 YTL/unit – 550.000 YTL/unit	January 2007
Narcity	Maltepe	Tepe İnşaat	1.000-1.100	85.000 YTL/unit – 250.000 YTL/unit	2007 (for first phase)
Evidea	Çekmeköy	Yapı Kredi Koray-Garanti GYO	473	162.000 YTL/unit – 364.000 YTL/unit	September 2006
Fibalife	Çekmeköy	Finans Real Estate-Fiba Holding	144	195.000 YTL/unit – 380.000 YTL/unit	NA
Yeşil Vadi	Ümraniye	Kiptaş	400	Up to US$ 529.000	2007
Ağaoğlu My Country	Çekmeköy	Ağaoğlu İnşaat	271	US$279.000/unit – US$800.000/unit	June 2006
Elysium Residence	Bomonti	Ofton İnşaat	234	292.000 YTL/unit – 480.000 YTL/unit	December 2006
Esenyurt Konutları	Beylikdüzü	Kiptaş	642	57.000 YTL/unit (all units were sold)	2007
Pelikan Hill	Büyük Çekmece	KKC Group	5.500 villas	US$800.000/unit – US$1.500.000/unit	2007
Yeshill Göktürk	Kemerburgaz-Göktürk	Göktürk JV	180	US$96.000/unit – US$400.000/unit	2007
Kemer Hill	Kemerburgaz-Göktürk	Artel İnşaat	107	NA	2005
Doğa Meşe Park	Kemerburgaz-Göktürk	Doğa Gayrimenkul	120	NA	June 2007
Çeşmeler Vadisi	Kemerburgaz-Göktürk	Aktürk Yapı	64 villas	US$350.000/unit – US$700.000/unit	December 2005
Banu Evleri	Bahçeşehir	Hasanoğlu İnşaat	84 villas	From US$400.000/unit	2007
Tepekent	Büyük Çekmece	Tepekent Konut Yapı Koop. Birliği	1.831 villas	95.000 YTL/unit – 225.000 YTL/unit	2006
Selvice Evleri	Ümraniye	Sur Yapı	124	180.000 YTL/unit – 330.000 YTL/unit	2007
Atapol Polat Konakları	Alemdar	Polat İnşaat	26 villas	US$465.000/unit – US$570.000/unit	2005
Neo Park	Kemerburgaz-Göktürk	Neo Yapı	80	190.000 YTL/unit – 320.000 YTL/unit	September 2007
Kemerlife XXI	Kemerburgaz-Göktürk	Metal Yapı	186	US$180.000/unit – US$600.000/unit	2007
Greenium Villaları	Çekmeköy	Sur Yapı	20 villas	US$470.000/unit – US$900.000/unit	June 2007
Akfırat Evleri	Akfırat	D-Yapı	143 villas	From 138.500 €/unit	2007
Bautek Kuğu Evleri	Akfırat	Bautek A.Ş.	44 villas	US$268.000/unit – US$438.000/unit	September 2006

Under construction residential projects in Istanbul *(continued)*

Project	*Location*	*Developers*	*Housing Units*	*Prices*	*Year*
Millenium Villaları	Akfirat	A. Yıldırım İnşaat	286 villas	628.000 YTL/unit – 963.000 YTL/unit	2007
Doğa Ata Konakları	Alemdar	Doğa Ata İnşaat	47 villas	270.000 YTL/unit – 370.000 YTL/unit	September 2006
Bayır Konakları	Zekeriyaköy	Bayır İnşaat	20 villas	NA	2007
Yakacık Country	Yakacık	Ant İnşaat	32 twin villas	US$275.000/unit – US$350.000/unit	June 2006
Gökçeren Evleri	Kurtköy	3 A İnşaat	128	87.000 YTL/unit – 113.500 YTL/unit	February 2008
Atlas Residence	Kurtköy	TMD-Yalkon Partnership	140	From 80.000 €/unit	2006
Modern Birkent	Kurtköy	Ekşioğlu İnşaat	600	80.000 YTL/unit	2006
Begonya Evleri	Samandra	Denge Yapı	48	From 120.000 YTL/unit	2006
Başakşehir 5th Phase	Başakşehir	Kiptaş	3.716	All units were sold	2007
Gizlibahçe Konakları	Kurtköy	Dumankaya İnşaat	428	148.000 YTL/unit – 400.000 YTL/unit	2007
Arkeon Evleri	Akfirat	Yapı Merkezi	327	201.000 €/unit – 365.000 €/unit	2005
Şelale Premium Residence	Çekmeköy	Dap Yapı	216	NA	NA
Greenium Konakları	Çekmeköy	Sur Yapı	114	US$480.000/unit – US$900.000/unit	2008
Selin Evleri	Beylikdüzü	Şenka İnşaat	16 villas & 280 houses	90.000 YTL/unit – 120.000 YTL/unit	2008
Çamder Prestij Evleri	Çekmeköy	Çamder İnşaat	144	180.000 YTL/unit – 210.000 YTL/unit	March 2006
Ayazma Evleri	Beykoz	Opak İnşaat	18 villas	350.000 YTL/unit – 450.000 YTL/unit	2005

Yours faithfully

DTZ Pamir & Soyuer
Managing Partner

PART IV – MANAGEMENT, ADVICE AND ADMINISTRATION

THE MANAGER

The Fund will be managed by Development Capital Management (Jersey) Limited, part of the DCM Group. The DCM Group is a specialist real estate fund manager with offices in Jersey, the UK (London), Bulgaria (Sofia) and Turkey (Istanbul). The DCM Group currently has approximately £100 million of assets under management. Funds managed by the Manager have options over or have exchanged contracts in respect of properties with "as-if-built" values totalling approximately £190 million, as at 30 September 2005.

Development Capital Management (Jersey) Limited is incorporated and registered in Jersey with registered number 85291. Its registered office is at PO Box 418, BNP House, Anley Street, St. Helier, Jersey JE2 3QE. Its telephone number at this office is +44 (0)1534 709100. The Manager has obtained a permit under Article 7 of the Funds Law from the Jersey Financial Services Commission in respect of the Fund.

The Manager manages The Black Sea Property Fund Limited, which raised £50 million at launch in March 2005 for investment in the Bulgarian residential property market. This fund is now 40% committed for investment. The net present value of the fund per share announced on 28 October 2005 was 27.4p, compared with an issue price of 20p per share, representing a 37% increase. The Manager also manages The Off-plan Fund Limited, which has a market capitalisation of approximately £9.8m and which invests in UK off-plan residential property. The unaudited net asset value of this fund (based on "Red Book" value of property contracts yet to complete) as at 30 September 2005 was £1.27p per share, a 27% increase on the initial issue price of 100p per share in December 2003.

It is also intended that the Manager will manage an environmental fund which is currently being established.

The Manager has entered into a Management Agreement pursuant to which it will be responsible for the management of the Fund's assets. The Management Agreement will be subject to termination by the Fund on one year's notice expiring no earlier than the third anniversary of Admission.

The directors of the Manager are listed below.

Roger Maddock (Jersey resident). Mr Maddock has worked in the finance industry in Jersey since 1981, specialising in fund administration. He was a partner in a local chartered accountancy practice and a director of Worthy Trust Company Limited (WTC), a trust company owned by the accountancy practice. He was the Managing Director of Equitilink International Management Limited, the manager of the First Australia Group of Funds and a director of various of the underlying funds of that group between 1984 and 1998. Following the sale of WTC to AIB Banks (CI) Limited in 1999 he was a director of that bank's trust and fund administration companies until 2001. Between 2002 and 2005 he was a non executive director of AIB Banks (CI) Limited and Chairman of AIB Fund Administration Limited. He also holds a number of other directorships of fund management and investment companies, including The Black Sea Property Fund Limited.

Tony Able (Jersey resident). Mr Able's background and experience is in the trust and company administration business within the Channel Islands, Switzerland and the Caribbean. His professional career and training commenced with Price Waterhouse and Bank of America. In the early 1990s, he formed and was chairman of Atlantique Trust Group until it was sold to IFG Plc in late 2000. Since then he has been and is a consultant to a number of investors and private client groups as well as being active in real estate and other investments projects in various parts of the world. He has 30 years experience of Eastern Europe and Russian culture and markets.

Andrew Gardiner (UK resident). Mr Gardiner is co-owner of the Manager and has sourced and coordinated private syndicates trading early stage residential properties for over 8 years. He is a qualified lawyer, spent 5 years working for the City and international law firm Norton Rose and is a founder of the Manager. He is also a director of the Manager's UK based subsidiary, Development Capital Management Limited, a property consultancy and advisory business which acts as adviser to The Off-plan Fund Limited and other investment vehicles.

David Keep (Jersey resident). Mr Keep is Managing Director of BNP Paribas Fund Services Jersey Limited. He has many years' experience within the offshore fund industry having worked for Allied Irish Banks, p.l.c. for fifteen years as Managing Director of their offshore fund management unit and, previous to that, within an auditing and accounting function in Jersey. Present directorships include the following management companies: AIB Fund Managers (CI) Limited, AIB Govett Management (Jersey) Limited, AIB Govett (Channel Islands) Limited, Newton Fund Managers (CI) Limited and Threadneedle Investment Company Limited. He is also director of a number of offshore funds including Govett Securities and Investments Limited, Govett Safeguard Funds Limited and Threadneedle Jersey Funds Limited.

DCM TURKEY

The Manager will be advised on the investment of the Fund's assets by DCM Danişmanlik A.Ş., a newly established subsidiary of the Manager, based in Istanbul, Turkey.

The directors and staff of DCM Turkey are set out below:

Ertan Sevinç (Chairman). Mr Sevinc has been the CEO of Cappadocia Investments Limited, part of the Dogus Group of Companies, since 2002 as head of the asset management division, and has been senior fund manager to a number of funds focusing on emerging markets and institutional investments in Eastern Europe. Prior to 2002, Mr Sevinc worked for Garanti Securities and HSBC, where he designed structured products for institutional clients in Turkey and advised the emerging markets desk in London on Turkish trades. He is a member of the Turkish British Chamber of Commerce and various business related organisations in Turkey and the Middle East. He is fluent in Turkish and English.

Andrew Gardiner (Executive Director). See Curriculum Vitae above.

Andrew Mitchell (Executive Director). Mr Mitchell is co-owner of the Manager and a director of its UK subsidiary, Development Capital Management Limited. At the DCM Group, Mr Mitchell has been closely involved in the investment of the assets of The Black Sea Property Fund Limited. Before joining the DCM group in 2004, Mr Mitchell was a partner for 8 years and head of investment funds at Norton Rose, the City and international law firm, where his clients included major institutions involved in asset management and property investment.

Thomas Pridmore (Executive Director). Mr Pridmore is co-owner of the Manager and has sourced and coordinated private syndicates trading early stage residential properties in the UK and abroad for over 8 years. Together with Mr Mitchell and Mr Gardiner he has been responsible for acquiring over 2,500 apartments in Bulgaria on behalf of The Black Sea Property Fund Limited. He worked as a lawyer at Norton Rose in corporate finance and investment funds and is a founder of the Manager. He is also a director of Development Capital Management Limited.

Naci Sigin (Director). Mr Sigin, who has Turkish nationality, worked at Yapi ve Kredi Bankasi A.S. ("Yapi Kredi") from February 1991 to October 2004 and as Chief Executive Officer from March 1999. Yapi Kredi, founded in 1944, is the seventh largest Turkish bank (in terms of total assets as at 30 June 2005) and provides financial services in Turkey through some 425 branches. The bank has offshore banking branches in Bahrain and subsidiaries in Germany, Russia, and the Netherlands. In addition to retail and corporate banking, the bank provides leasing, factoring, mutual funds, insurance, investment banking, and brokerage services. Mr Sigin currently acts as an independent board member of Kale Endustri Holding and as an adviser to a state-owned investment fund. He is also a board member of American Board Schools of Turkey.

The team will be joined following the launch of the Fund by a **senior lawyer** currently in private practice in a leading Istanbul law firm.

In addition, the following persons are full time staff at DCM Turkey, on secondment from the Prime Capital Group:

Roysi Güreli. Ms. Güreli has experience in due diligence and valuation of real estate backed non-performing loan portfolios and container port investments. Ms Güreli has a Bachelor of Science degree in industrial engineering and material sciences from Northwestern University.

Selin Kiper. Ms. Kiper has conducted comprehensive valuation modelling for infrastructure investments. She has a double major in Business Administration and International Relations from Bosphorus University.

The management of DCM Turkey will be responsible for the investment of the Fund's assets under the supervision of the Manager. The following procedure will be followed before the Fund is committed to finance a new property development:

- the development will be sourced by DCM Turkey, or by agents with which DCM Turkey is in contact;
- the identity and good standing of the developer will be assessed by DCM Turkey using its contacts locally, the management's local knowledge and external agencies;
- the terms of financing will be negotiated by DCM Turkey, with assistance from the Manager's group;
- the credit risk of the developer and the available security package will be considered by DCM Turkey and the Manager;
- the terms of any standby bank financing required by the Fund will be negotiated by DCM Turkey;
- the development will be analysed initially by DCM Turkey staff. If the development is considered to be suitable (by reference to quality and good standing of developer, returns and quality), the following appraisals will be commissioned:
  - a legal due diligence report by external local counsel to the Fund, reporting on good tile, permissions to build, good standing of developer, surrounding site issues etc.;
  - a valuation and market report by the Property Adviser providing a valuation of the units "as-built";
  - a site survey by a reputable surveying firm covering infrastructure, water, waste and power supplies and, if relevant, earthquake risk;
- if the external reports are satisfactory, a written investment recommendation will be prepared by the Manager, including terms of any bank financing, in conjunction with DCM Turkey and submitted to the Board;
- the Board will consider the financing terms. If the terms are approved, the Board will resolve to provide the financing. The Manager will then be instructed to effect the financing by arranging, via DCM Turkey and external lawyers, for documentation to be drawn up and signed;
- the Manager will report back to the Board in writing once the financing is signed, including perfection of the Fund's security interests.

DCM Turkey will monitor existing investments directly and via external investor agents. As the development progresses, DCM Turkey staff will monitor the build progress directly by visiting the site and overseeing works and through the appointment of an investor agent. The Fund will choose the most appropriate investor agent for each development by reference to location and characteristics. The Manager will report quarterly in writing to the Board on the progress of existing financings.

The Board will supervise the appointment of appropriate agents for the sale of units, where the Fund is under the terms of the financing involved in the sales process (e.g. for tourist market units). The performance of agents will be monitored against targets quarterly. The sale of units financed by the Fund may be carried out via the agency of companies associated with the Manager, which may be engaged by the Fund to co-ordinate the sale of units to the international market by estate agents in each target jurisdiction. Design services for the marketing process may also be provided by an associated company. These associated companies may receive and retain fees from the Fund on an arms' length basis as agreed by the Board.

PROPERTY ADVISER

DTZ Pamir & Soyuer has been appointed to act as Property Adviser and external valuer for the purposes of valuing the properties that the Fund finances. As Property Adviser, DTZ will appraise investment properties proposed by the Investment Adviser and prepare any independent valuation report to be submitted to the Fund and the Manager.

DTZ is a global real estate adviser which provides business and financial, property, economics and policy solutions to multi-national companies, major financial institutions, government, public sector organisations and developers based across the world. DTZ's transactional business advises on the buying, selling, letting and acquiring of commercial (industrial, retail and office) and residential property. Professional advisory services include the management of property portfolios and building consultancy, rating and valuations as well as the provision of capital advice to both fund and maximise the value of property as an asset class.

The fees of DTZ will be met by the Fund. DTZ will also receive a share of the Manager's performance fee.

PRIME CAPITAL

Prime Capital is a leading management consulting and financial advisory firm based in Istanbul. Prior to establishing Prime Capital, the partners were with McKinsey & Co. for several years supporting large conglomerates and international investors in their investment and strategy decisions.

Prime Capital will, on a deal by deal basis, and on the request of the Manager, assist the Manager in the analysis of financings proposed for the Fund. Prime Capital has worked extensively with international investment banks, large hedge funds and real estate funds in assessing Turkish real estate investments and real estate backed assets. The firm has conducted due diligence on a private hotel portfolio, upscale residential investment deals, large commercial/hotel development projects, six asset backed non-performing loan portfolios and supported a European tour operator on a Turkish hotel real estate investment fund.

The fees of Prime Capital will be met by the Manager.

CUSTODY, REGISTRAR, ADMINISTRATION AND SECRETARIAL ARRANGEMENTS

BNP Paribas (Jersey Branch) will act as custodian to the Fund. BNP Paribas (Jersey Branch) is regulated by the Jersey Financial Services Commission in the carrying on of banking, investment and trust company business. Its office is at BNP House, Anley Street, St. Helier, Jersey JE2 3PE. Its telephone number at this office is +44 (0)1534 815200.

BNP Paribas Fund Services Jersey Limited will provide administration and secretarial services to the Fund.

Capita IRG (Offshore) Limited will act as registrar to the Fund.

A summary of the fees payable to the Custodian, the Administrator and the Registrar and the terms and conditions upon which they are engaged can be found at paragraph 6 of Part VII.

VALUATIONS

The underlying properties in developments financed by the Fund will be valued as at the close of business on each half yearly Property Valuation Date commencing February 2006.

The net asset value of the Shares will be calculated by the Administrator quarterly (commencing February 2006) based on the half yearly valuation of the Fund's assets. This quarterly valuation will be announced to the London market through a Regulatory Information Service.

The Fund's valuation will be converted into sterling for reporting purposes.

The Directors may declare a suspension of determination of the Fund's net asset value if there is a closure or suspension of trading on any market or stock exchange or if for any other reason circumstances exist as a result of which it is, in the Director's opinion, not reasonably practicable on that day to either fairly dispose of any substantial portion of the Fund's assets, or to dispose of assets without materially and adversely affecting and prejudicing the interests of Shareholders, or to fairly determine the net asset value of the Fund. Notice of such suspension will immediately be given to the London Stock Exchange through a Regulatory Information Service.

The Manager may also, at its discretion, arrange for additional valuations from time to time if market conditions warrant it.

FINANCIAL INFORMATION AND REPORTS

The first accounting period of the Fund will run until 31 August 2006 and, thereafter, accounting periods will end on 31 August in each year. The audited annual accounts will be sent to Shareholders within four months of the year end to which they relate. Unaudited half yearly reports, made up to the last day of February, are expected to be sent to Shareholders in May of each year.

The audited annual accounts and half yearly reports will also be available at the registered office of the Administrator and the Fund.

PLACING AND ADMISSION EXPENSES

The Fund will pay the Manager a structuring fee equal to 1.5% of the gross proceeds of the Placing in return for the structuring advice provided in connection with the Fund's launch and the benefit of the Alanya Right of Financing Agreement.

The Manager has agreed to meet all of the costs of the launch of the Fund including the costs of Admission, and legal, taxation, property consultancy and accountancy advice (but excluding the Manager's structuring fee and placing commissions payable by the Fund to Numis of 4% of the value of Placing Shares issued in the Placing at the Placing Price) in return for a payment from the Fund of an amount equal to 2% of the gross proceeds of the Placing.

Under the Option Agreement the Fund will grant Numis an option to acquire such number of Shares as represents 1.25% of the issued share capital of the Fund immediately following Admission. The options will be exercisable in whole or in part, from the first anniversary of Admission at an exercise price of 100p per share. The Option will expire four years from the date of the first anniversary of Admission.

ONGOING EXPENSES

Management fee

The Manager will receive a management fee quarterly in advance of 2% per annum of the amount subscribed on the issue of Shares in the Placing plus returns from financing (above the relevant amount advanced by the Fund) retained by the Fund for further financing. The fees of the Investment Adviser will be met by the Manager.

Performance fee

The Manager may also receive a performance fee from the Fund determined as follows.

The Manager will be due a performance fee of 20% of the returns generated by the Fund on each property development which it finances in excess of a Property Hurdle up to returns of 100%, and 30% of any returns generated in excess of this amount. For these purposes, the "Property Hurdle" is a 10% compound per annum return on the amount of the financing provided for the relevant development.

80% of the performance fee calculated will be payable to the Manager within 30 days of the receipt of returns by the Fund. The balance will be paid at the same time into an escrow account invested in money market deposits (unless otherwise agreed between the Manager and the Fund).

At the end of the tenth financial year of the Fund following Admission, or the earlier liquidation of the Fund, the Fund's IRR on the net proceeds of the issue of Shares under the Placing will be calculated (the "**Final IRR**") and the total performance fee due ("**TPFD**") calculated as 20% of the extent to which the Final IRR exceeds the Property Hurdle up to 100%, and 30% of any returns generated in excess of this amount.

If the amount of the performance fee previously paid to the Manager plus the amount in the escrow account is less than TPFD, the Manager will be paid the escrow account plus a further payment from the Fund to bring the total to equal the TPFD. If the amount of the performance fee previously paid to the Manager is less than TPFD by less than the amount in the escrow account, the Manager will receive a payment from the escrow account to bring the total payments up to the TPFD. If the amount of the performance fee previously paid to the Manager is more than the TPFD, the Manager will receive no further payment (but no claw back of performance fees previously paid will be made).

The performance fee will be calculated and paid half-yearly.

On an early termination of the Management Agreement, for the purposes of calculating TPFD, the Fund will be treated as if the real estate developments financed by the Fund had been realised by the relevant developer at open market value, taking into account the stage of completion of the relevant development, and the proceeds used to pay the Fund's financing and profit share.

In the event that there is a further issue of Shares, a Share redemption or other capital reorganisation of the Fund, the calculation of the performance fee may be appropriately adjusted as advised by an independent firm of accountants. The Board will be entitled to seek an independent valuation of its investments for the purposes of determining performance fees due.

Other on-going operating costs

The Manager will be reimbursed its out of pocket expenses, including travel expenses of up to £100,000 per annum.

The Fund will be referred deals from leading banks, property agents and developers via the Manager and its subsidiary office in Istanbul. The Fund will pay introductory commissions at market rates to intermediaries for the introduction to a development. The Fund may also pay bank arrangement fees at market rates.

The Custodian, the Administrator and the Registrar will receive an annual fee from the Fund at market rates.

DTZ will receive an annual retainer fee of €30,000 paid quarterly in advance. In addition, DTZ will receive a fee of €10,000 for each valuation of a proposed investment and will be paid fees for semi annual valuations of investments held. DTZ will be paid commission for each deal introduced to the Fund which results in an investment made by the Fund based on the cash amount invested. This commission will be paid at market rates as agreed between DTZ and the Fund. DTZ may also receive fees for market research.

The Fund will pay commission to sales agents at market rates and will contribute towards the general marketing of properties at rates approved by the Board. Local market agents' commission is likely to be around 5% and tourist market commissions are expected to be in the region of 8 – 10%.

The Fund will bear its on-going operational expenses. These expenses include, but are not limited to:

(a) direct costs of investments and loan financing, including dealing costs, any stamp duty and registration fees;

(b) professionals' costs associated with financing, investing and realising the assets of the Fund, including the fees and expenses of DTZ, surveyors, valuers, sales agents, consultants, tax advisers, brokers, lawyers and accountants (including introductory fees payable to any sales agents and corporate finance fees);

(c) fees and expenses of specialist property advisers, including letting agents and architects;

(d) legal and professional expenses which the Manager incurs whether in litigation on behalf of the Fund or in connection with the ongoing administration of the Fund or otherwise;

(e) the cost of borrowings incurred for the Fund (including up front arrangement fees payable to lenders in return for providing loan facilities and interest payable in respect of the borrowings);

(f) Directors' fees and expenses;

(g) audit costs;

(h) taxes and duties imposed by any fiscal authority and any other Governmental fees;

(i) costs of valuing and pricing assets and of publishing share prices and other notices in the financial press;

(j) expenses of publishing reports, notices and proxy materials to Shareholders;

(k) expenses of convening and holding meetings of Shareholders;

(l) expenses of preparing, printing and/or filing all reports and other documents relating to the Fund including placement memoranda, explanatory memoranda, marketing documents, annual, semi-annual and extraordinary reports required to be lodged with all authorities having jurisdiction over the Fund;

(m) expenses of making any capital distributions; and

(n) insurance premia (including insurance for members of the Board).

PART V

A. ACCOUNTANT'S REPORT ON THE FUND

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers CI LLP
Twenty Two Colomberie
St Helier
Jersey JE1 4XA
Channel Islands

The Directors
The Ottoman Fund Limited
BNP House
Anley Street
St Helier
Jersey JE2 3QE

Numis Securities Limited
Cheapside House
138 Cheapside
London EC2V 6LH

21 December 2005

Dear Sirs

THE OTTOMAN FUND LIMITED

We report on the financial information in Part VB on page 56. This financial information has been prepared for inclusion in the Admission Document dated 21 December 2005 (the "**Admission Document**") of The Ottoman Fund Limited (the "**Fund**") on the basis of the accounting policies set out in note 1 to the financial information. This report is required by Schedule 2 of the AIM Rules and is given for the purposes of complying with Schedule 2 of the AIM Rules and for no other purpose.

RESPONSIBILITIES

The Directors of the Fund are responsible for preparing the financial information in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

OPINION

In our opinion, the financial information gives, for the purposes of the Admission Document to be dated 21 December 2005, a true and fair view of the state of affairs of the Fund as at the 16 December 2005 in accordance with International Financial Reporting Standards.

DECLARATION

For the purposes of Paragraph (a) of Schedule 2 of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule 2 of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers CI LLP
Chartered Accountants

B. FINANCIAL INFORMATION ON THE FUND

The balance sheet of the Fund at 9 December 2005, being the date of incorporation, is as follows:

	Notes	*£*
ASSETS		
Non-current assets		
Investments		–
Current assets		–
Total assets		–
EQUITY AND LIABILITIES		
Share capital	2	–
Total equity and liabilities		–

NOTES TO THE FINANCIAL INFORMATION

1 Accounting policies

The balance sheet has been prepared in accordance with the historical cost convention, and in accordance with International Financial Reporting Standards.

2 Share capital

The Fund was incorporated with an authorised share capital of up to 10 Founders Shares and an unlimited number of Participating Shares, all shares in the Fund being of no par value. Two Founders Shares have been issued for zero consideration. No Participating Shares have been issued.

3 Commitments and contingencies

As at the balance sheet date the Fund had no contingencies or commitments.

4 Subsequent Events

(i) On 16 December 2005, the Fund acquired 100 per cent. of the issued share capital of the following companies:

Name and class of shares	*Incorporated*	*% Held*	*Activity*
The Ottoman Fund (SPV1) Limited	Jersey	100%	Currently dormant. Future activity to be special purpose financing company for property developments.
The Ottoman Fund (SPV2) Limited	Jersey	100%	Currently dormant. Future activity to be special purpose financing company for property developments.
The Ottoman Fund (SPV3) Limited	Jersey	100%	Currently dormant. Future activity to be special purpose financing company for property developments.
The Ottoman Fund (SPV4) Limited	Jersey	100%	Currently dormant. Future activity to be special purpose financing company for property developments.
The Ottoman Fund (SPV5) Limited	Jersey	100%	Currently dormant. Future activity to be special purpose financing company for property developments.

Each company was acquired for a consideration of £1.

(ii) On 21 December 2005, the Fund entered into a management agreement with Development Capital Management (Jersey) Limited (the "Manager") pursuant to which the Fund has appointed the Manager to be responsible for the management of the Fund's investment portfolio on a discretionary basis.

(a) Under the management agreement, the Manager will receive a management fee of 2% per annum, quarterly in advance, of the amount subscribed on the issue of Shares plus returns from financing retained by the Fund for further financing. The Manager may receive a performance fee from the Fund of 20% of the returns generated by the Fund on each property development in excess of a 10% compound per annum property hurdle up to returns of 100%, and 30% of any returns generated in excess of this amount. At the end of the tenth financial year of the Fund following Admission, or the earlier liquidation of the Fund, the Fund's IRR on the net proceeds of the issue of Shares under the Placing will be calculated ("Final IRR") and the total performance fee due ("TPFD") calculated as 20% of the extent to which the Final IRR exceeds the Property Hurdle up to 100%, and 30% of any returns generated in excess of this amount. There will be no claw-back of performance fees paid to the Manager where these exceed the TPFD.

(b) The Manager will be paid a structuring fee by the Fund equal to 1.5% of the gross proceeds of the Placing in return for structuring advice provided in connection with the Fund's launch and the benefit of the Alanya Right of Financing Agreement.

(c) In consideration for the payment by the Manager of all the costs of the launch of the Fund (excluding the Manager's structuring fee and the placing commissions payable to the Nominated Adviser and Broker), 2% of the gross proceeds of the Placing will be paid by the Fund to the Manager.

(d) The Fund will reimburse the Manager in respect of out-of-pocket expenses, including travel expenses of up to £100,000 per annum.

PART VI – TAXATION

The following information is based on the law and practice currently in force in Jersey, Turkey and the UK. The information is not exhaustive and, if potential investors are in any doubt as to their taxation position, they should consult their professional adviser. Investors should note that tax law and interpretation can change and that, in particular, the levels and bases of, and reliefs from, taxation may change and that changes may alter the benefits of investment in the Fund.

Jersey taxation

The Fund

The Fund is registered in Jersey as an exempt company and is, therefore, not liable to Jersey income tax on profits derived outside Jersey. Confirmation has been obtained from the Comptroller of Income Tax in Jersey that, by concession, the Fund will only be liable to tax in Jersey in respect of income arising in Jersey other than bank interest income. It is not anticipated that any income other than bank interest income will arise in Jersey. A fee (currently £600 per annum) is payable to the Jersey Comptroller of Income Tax in respect of the Fund's exempt status.

On 3 June 2003, the EU Council of Economic and Finance Ministers reached political agreement on the adoption of a Code of Conduct on Business Taxation. Jersey is not a member of the European Union, however, the Finance & Economics Committee of the States of Jersey has announced that, in keeping with Jersey's policy of constructive international engagement, it intends to propose legislation to replace the Jersey exempt company regime by the start of 2008 with a general zero rate of corporate tax.

Shareholders

There is no capital gains tax, estate duty or inheritance tax in Jersey.

There is a statutory requirement for the Fund to deduct income tax from dividends paid to Jersey residents and to account for such income tax deducted to the Comptroller of Income Tax. Furthermore the Fund is required to make a return to the Comptroller, on request, of the names, addresses and shareholdings of Jersey resident Shareholders.

No duties are payable on the issue or disposal of the Shares or on the winding up of the Fund. In the event of the death of a sole holder of Shares probate duty at a rate of up to 0.75% of the value of the Shares at the time of death is levied in Jersey on grants of probate and letters of administration, save where the condition for small estates exemption (not exceeding £10,000) are satisfied.

The attention of investors who are resident in Jersey is drawn to the provisions of Article 134A of the Income Tax (Jersey) Law 1961 which may, in certain circumstances, render such a resident liable to income tax on the undistributable income of the Fund.

Turkish taxation

Registration Tax

In Turkey, real assets can be registered in the name of real persons or corporate entities at the registration office.

A registration tax of 1.5% is paid upon the transfer and purchase of immovable property, by both parties separately (deliverer and the party who takes the delivery), calculated on the tax value of the real estate (if real estate tax value is lower than transfer and purchasing value, the latter has to be taken).

Real Estate Tax

The real estate tax levied on immovable property is a special form of wealth tax. The tax liability is on the owners of the immovable property.

The real estate tax is an annual tax and the estimated market value applies to residences (0.1%), buildings other than residences (0.2%), cultivated land (0.3%), and uncultivated land (0.1%). Real estate tax is the double of these rates for the properties within the boundaries of municipalities of big cities.

The tax is payable regardless of whether the immovable property is used or not.

The tax base reported for real estate tax purposes cannot be less than the one determined by the government authorities.

The tax is paid in two stages of instalments annually; the first instalment is in March, April and May and the second one is in November.

Additionally, from 2005 onwards, an annual contribution share for the protection of the cultural immovable properties calculated as 10% over the annual real estate tax amount is paid to the municipalities together with the real estate tax.

Value Added Tax
The deliveries relating to building, land and plot investments will be subject to general Value Added Tax at a rate of 18%. The deliveries of residences up to 150 square metres are subject to 1% VAT.

Tax issues on financing through Finance Subsidiaries
Loans in a foreign currency provided by finance subsidiaries categorised as "authorised finance companies" are tax exempt under current Turkish tax legislation. If the maturity period of the loan is less than one year, a 3% resource utilisation support fund will be calculated on the principal amount.

UK taxation

The Fund
It is the intention of the Directors to conduct the affairs of the Fund so that the central management and control of the Fund is not exercised in the United Kingdom and so that the Fund does not carry out any trade in the United Kingdom (whether or not through a permanent establishment situated there). On this basis, the Fund will not be resident in the United Kingdom for taxation purposes and should not be liable for United Kingdom taxation on its income and gains.

UK Shareholders
Shareholders who are resident in the United Kingdom for tax purposes may, depending on their circumstances, be liable to United Kingdom income tax or corporation tax in respect of dividends paid by the Fund and capital gains tax or corporation tax on disposal. The following statements refer to a Shareholder who acquires and holds the Shares as an investment:

(a) Dividends received by a Shareholder who is resident or ordinarily resident in the United Kingdom for taxation purposes will be chargeable to income tax or corporation tax. Such a Shareholder is not entitled to a tax credit in the United Kingdom in respect of a dividend received from the Fund.

    For such Shareholders who are individuals and liable to income tax at the starting or basic rates, dividends received from the Fund will be liable to income tax at the dividend ordinary rate, currently 10% of the dividend paid. For such individual Shareholders who are liable to income tax at the higher rate, dividends received from the Fund will be subject to income tax at the dividend upper rate, currently 32.5% of the dividend paid.

    A UK resident corporate Shareholder will be liable to corporation tax on the dividend paid.

(b) In the case of those Shareholders who are individuals or otherwise not within the charge to corporation tax, capital gains tax may be payable on a disposal of Shares. Taper relief may be available to reduce the amount of any chargeable gain on disposal (see below). No indexation allowance will be available to such holders. Individual Shareholders are entitled to an annual exemption from capital gains. For the 2005/2006 tax year this is £8,500. Shareholders within the charge to corporation tax may claim indexation allowance to reduce any chargeable gain arising on disposal of the Shares.

It is not anticipated that the Fund would be regarded as a close company if it were resident in the UK. Therefore, capital gains realised by the Fund should not be attributed to Shareholders under section 13 of the Taxation of Chargeable Gains Act 1992.

(c) The Directors intend to manage the Fund's affairs such that it should not be regarded as a collective investment scheme for the purposes of section 235 Financial Services and Markets Act 2000. On this basis a shareholding in the Fund should not be regarded as a material interest in an offshore fund for the purposes of sections 757 *et seq* of the Income and Corporation Taxes Act 1988 (the "Taxes Act"). On this basis, gains realised on such holdings should not be subject to tax as income under that legislation.

(d) A UK resident corporate Shareholder who, together with connected or associated persons, is entitled to at least 25% of the Shares should note the provisions of the controlled foreign companies legislation contained in sections 747 *et seq* of the Taxes Act.

(e) The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of section 739 and 740 of the Taxes Act (which sections are to be amended pursuant to an announcement by HM Revenue and Customs on 5 December 2005) which may render such individuals liable to tax on the income of the Fund (taken before any deduction for interest) in certain circumstances.

UK Shareholders – taper relief

In certain circumstances, individual Shareholders may be able to claim business asset taper relief ("BATR"), thereby reducing the effective rate of taxation for UK individuals on disposal of Shares in the Fund, after a minimum period of two years, to 10%. BATR is greater in amount, and faster to accrue, than normal taper relief.

If the Fund is a holding company of a trading group, then the Shares should satisfy the conditions for BATR. If, as well as trading, a company also has non-trading activities, its 'trading' status could be prejudiced. The Inland Revenue in Tax Bulletin Number 53 has said that a trading company is one which "exists wholly for the purpose of carrying on one or more trades or a company that would fall within that definition apart from any activities which are not regarded as having a substantial effect on the trading activities". Non-trading activity will be substantial where it is 20% or more of the income, asset base, costs incurred and time spent by employees. The relevant trading status could therefore be prejudiced if non-trading activities, for example the holding of unsold properties that are let, exceeds 20%.

The Directors of the Fund have indicated that it is the intention of the Fund to be engaged in trading activities, however, the Fund does not make any representation as to whether the investment will be, or will continue to be, one in respect of which BATR will be available.

Non-UK Shareholders

Shareholders who are not resident or ordinarily resident in the United Kingdom and do not carry on a trade, profession or vocation through a branch or agency in the United Kingdom with which the Shares are connected will not normally be liable to United Kingdom taxation on capital gains arising on the sale or other disposal of their Shares.

Individual Savings Accounts and Personal Equity Plans

Shares in the Fund will not be eligible to be held in the stocks and shares component of an ISA or an existing PEP.

Self-invested Personal Pension Schemes ("SIPPs")

The Personal Pension Scheme (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 provide that investments which may be held directly or indirectly for the purposes of a SIPP include shares which are dealt in on a recognised stock exchange. It is understood that for the purposes of SIPPs, HM Revenue and Customs regard AIM as such an exchange.

PART VII – GENERAL INFORMATION

1. THE FUND

1.1 The Fund was incorporated with limited liability in Jersey as a closed-ended investment company under the Companies (Jersey) Law 1991 with registered number 91945 on 9 December 2005.

1.2 In accordance with the Law, the memorandum of association of the Fund does not contain an objects clause. The Fund is regulated by the Jersey Financial Services Commission and intends to carry on the business of an investment holding company.

1.3 The Fund's registered office and its principal place of business are in Jersey and are located at BNP House, Anley Street, St Helier JE2 3QE, Jersey; telephone number +44 (0)1534 709100.

1.4 Save for its entry into the material contracts summarised in paragraph 6 of this Part VII and certain non-material contracts, since its incorporation, the Fund has not carried on business nor incurred borrowings.

2. SHARE CAPITAL

2.1 The Company is a no par value company and is authorised to issue up to 10 Founders Shares and an unlimited number of participating Shares. The Founders Shares are not redeemable and in accordance with the Articles are owned by the Manager or as otherwise determined by the Directors. The Founders Shares do not carry any rights to dividends or profits and on liquidation they will rank behind Shares for the return of the amount paid up on each of them. Founders Shares carry the right to receive notice of and attend general meetings, but carry no right to vote thereat unless there are no participating Shares in issue.

2.2 At incorporation, two Founders Shares were subscribed by the subscribers to the memorandum of association and have been transferred to the Manager.

2.3 The liability of Shareholders is limited to the amount payable in respect of Shares held.

2.4 The Shares carry the right to vote at general meetings, dividends, and the surplus assets of the Fund on a winding-up.

2.5 Subject to the Option Agreement with Numis described in paragraph 6.9 of this Part VII and save pursuant to the Placing and for the subscription of the two Founders Shares referred to above, since the date of incorporation no share or loan capital of the Fund has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commission, discounts, brokerages or other special terms have been granted by the Fund in connection with the issue of any such capital.

2.6 Subject to the Option Agreement with Numis described in paragraph 6.9 of this Part VII, no share or loan capital of the Fund is under option or has been agreed, conditionally or unconditionally, to be put under option.

2.7 The Articles authorise the Directors to allot an unlimited number of participating Shares without pre-emption rights applying for existing Shareholders.

2.8 A special resolution of the Fund, expressed to take effect on completion of the Placing, has been passed granting the Fund authority to make market purchases of Shares following the close of the Placing.

2.9 The Fund will on Admission have 150,000,000 Shares and 2 Founders Shares in issue and a share capital of £150,000,000.

2.10 As of the date of this document, the Fund has no listed or unlisted securities not representing share capital.

3 DIRECTORS' AND OTHER INTERESTS

3.1 The maximum amount of remuneration payable to the Directors permitted under the Articles is £150,000 per annum unless otherwise determined by ordinary resolution. The Directors are entitled to receive in aggregate £80,000 for the financial period ending 31 August 2006.

3.2 There are no existing or proposed service contracts between any of the Directors and the Fund. There are no contracts entered into by the Fund in which the Directors have a material interest.

3.3 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Fund.

3.4 No Director has any interest in any transactions which are or were unusual in their nature or significant to the business of the Fund and which have been effected by the Fund since incorporation or have been effected by the Fund since incorporation and remain in any way outstanding or unperformed.

3.5 No Director (nor any member of a Director's family) has had a related financial product (as defined in the AIM Rules) referenced to Shares.

3.6 Sir Timothy Daunt and Sincar Toker have each agreed to subscribe for 5,000 Shares at the Placing Price under the Placing. In accordance with the lock-in provisions contained in the AIM Rules, the Directors and the Manager have agreed not to dispose of the securities that they hold for a period of one year from the date of Admission. By virtue of being a director of the Manager, Roger Maddock is treated as being interested in the Shares held by the Manager. Save as set out in this paragraph 3.6, no Director has any interest in the share capital of the Fund nor has any person connected with any Director (so far as is known, or who could with reasonable diligence be ascertained by, each Director) an interest in the share capital of the Fund or with any options in respect of such capital.

3.7 The Fund is not aware of any person or persons who directly or indirectly, jointly or severally, exercise or could exercise control of the Fund.

3.8 The Fund is not aware of any person holding directly or indirectly more than 3% of the Fund's issued share capital (excluding Founders Shares) or any person who will hold, directly or indirectly, more than 3% of the Fund's issued share capital after Admission.

3.9 The Fund will purchase directors and officers liability insurance for the benefit of the Directors.

3.10 No Director has any unspent convictions relating to indictable offences, has been bankrupt or has made, or been the subject of, any individual voluntary arrangement.

3.11 None of the Directors has been a director of any company at the time of or within twelve months preceding the date of its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors. None of the Directors has been a partner of any partnership at the time of or within twelve months preceding the date of its compulsory liquidation, administration or partnership voluntary arrangement or the receivership of any assets of such partnership nor have any of their assets been the subject of receivership.

3.12 None of the Directors has been publicly criticised by any statutory or regulatory authority or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

3.13 David Keep is a director of the Manager. He is also a director of the Administrator.

3.14 Roger Maddock is a director of the Manager and the Fund.

3.15 Andrew Gardiner, Thomas Pridmore and Andrew Mitchell each hold one third of the Manager's issued share capital.

3.16 The directorships held by each of the Directors over the five years preceding the date of this document and the partnerships in which they have been partners in the five years preceding the date of this document are as follows:

Sir Timothy Daunt

Current Directorships

The Anglo-Turkish Society Limited
The British Institute of Archaeology at Ankara Limited

Past Directorships

None

Musa Erden

Current Directorships

None

Past Directorships

MNG Bank

Roger King

Current Directorships

A E Noel Limited
The Black Sea Property Fund Limited
Dorby Dan Consultants Limited
HLB International Limited
The Greenhouse Fund Limited
The Off-plan Fund Limited
Point Investments Limited
Signal Investments 2001 Limited
Virtue Trustees Limited

Past Directorships

Abandin Investments Limited
Abney Limited
Adobe Properties Limited
Advance Broadcast Communications Limited
AIB Fund Administrators Limited
AIB Trust Company (Jersey) Limited
AIBTC Nominees Limited
AIBWorthytrust Corporate Limited
Airhotels Limited
Alectocom Limited
Almacir Limited
Arundel Overseas Limited
Arzi Investment Company Limited
Ashgrove Holding Limited
Aspero Limited
Athla Limited
Automated Software Consultants Limited
AV Engineering Services Limited
Azrep Limited
Azure Holdings Limited
Bakran Investments Limited
Barista Holdings Limited
Bauer Investment Group Limited
BE Equities Limited
Berenice Limited
Biscordint Limited
Blossom Holdings Limited
Blue Orchid Limited
Bnidr Limited
Brentford Wharf Limited
Bridges Properties Limited
Brightsword Investments Limited
Brockham Limited
Bunbury Holdings Limited
Buzzard Holdings Limited
C A Private Trust Co Limited
Cadco Limited
Camile Investments Ltd
Cannoncourt Limited
Castellane Properties Limited
Castlefinch Limited
Cedarberg Investments Limited
Central European Strategic Mgt Serv Ltd
Champany Holdings Limited
Clearminster Property Holdings Limited
Cleralt Limited
Coastal View Limited
Codif Investments Limited
Colliston House (Bournemouth) Limited
Communications Concept Limited
Coralle Estates Limited
Coronation Syndicate Limited
Couderq & Kubas Limited
Coulter Holdings Limited
Cristallo Limited
Crossbow Investments Limited
Crowberry Company Limited
Cumberland Investments Ltd
Day Dawn Limited
Dhari Limited
Dilston Holdings Limited
Dixcart Holdings Limited
Dolphin Securities Limited
Eagle Green Limited
Elfast Holdings Limited
Elibasich Limited

Roger King

Past Directorships – continued

Europeenne Association D Ingenierie S.A.R.L.
Fifth Maple Holdings Limited
Floriani Limited
Fort Valley Limited
Fountain Valley Limited
Fragrance Limited
Friarsmead Limited
Future Brands Limited
Gas Turbine Engineering Overseas Limited
Germander Properties Limited
Ghaf Holdings Limited
Ghana International Manganese Corporation Ltd
Glencorse Investments Limited
Glueck Inc
Grantham Holdings Limited
Greenland (Jersey) Limited
Guidon Limited
Hafouch Securities Limited
Harrison International Holdings Limited
Hayat Limited
Hazelwood Limited
Heartfields Limited
Heywood Investments Limited
Hinxston Limited
Home Decoration & Furnishing Limited
I & M Smith (Jersey) Limited
I & M Smith Zimbabwe Limited
Imprint Limited
Indice Company Limited
Insight Holdings Ltd
Islewind Limited
Ixworth Holdings Limited
Izzard Limited
J.F. Nominees Limited
Jamie Holdings Ltd.
JF Worthytrust Limited
Jolyon Investments Limited
Jonkerrs Limited
Karillion Holdings Limited
Karook Limited
Kei Holdings Limited
Kendel Holdings Limited
Kilmeny Holdings Limited
Kirkstone Limited
Lamouette Holdings Limited
Leighton Limited
M & J Holdings Limited
Majyng Alpha Limited
Mandolin Investments Limited
Mani Limited
Mantaran Holdings Limited
Manzita Limited
Marlstone Limited
Marsden Holdings Limited
Maxus Jersey Limited
Mediamed Consulting Limited
Melandra Limited
Merino Estates STD Company
Metzo Properties Limited
Millhouse Investments Limited
Milvus Limited
Minium Limited
Monita Limited
Montrachat Investments Limited
Motospur Limited
MVM Trading Limited
Najlah Limited
Namibia Limited
New Direction Limited
Nightingale Investments Ltd.
Nino Holdings Limited
NMB Securities Investments Limited
Norbury Investments Limited
Northern Hardwoods (Ghana) Limited
Olbia Investments Limited
Old Mill House Limited
Olderon Investments Limited
Opportunity Holdings Limited
Ortini Limited
Pacific Century Investment Limited
Packing Properties Limited
Panda Limited
Parapet Properties Limited
Patdel Limited
Patros Developments Limited
Penchant Properties Limited
Petersfield Limited
Phaeton Limited
Professional Consultancy Services Limited
Progressive Holdings Limited
Prosail Limited
Pueblo Blanco Limited
Pyramids 2000 Limited
Rachel Securities Limited
Red Eagle Limited
Reddington Developments Ltd
Renewal Consulting Limited
Ribling Holdings S.A.R.L.
Rich Valley Limited
Richter Investments Limited
Riverslane Limited
Rodam Resources Limited
Roseberry Investments Limited
Rowena Investments Limited
S & G Topware Limited
Sackville Investments Limited
Saleh Al Roumi Family Investments Limited
Sandstone Properties Limited
Sarissa Holdings Limited
Sauterne Properties Limited
Seabay Limited
Shadowfax Limited
Siretam Limited
Sloane Ranger Limited
Sorella Productions Limited
Spectrum Trading Limited
Sports Management & Advertising Limited
Spyderline Limited
Starfish Holdings Limited
Stone Limited

Roger King

Past Directorships – continued

Stony Brooke Limited
Summerwood Investments Limited
Sun Gold Ghana Limited
Tamarind Investments Limited
Tapitex AG Luzern Limited
Tarob Consultants Limited
Tashin Holdings Limited
Tchaikoff Holdings Limited
Technico Consult International Ltd
Theatrical Estates Limited
Thehad Holdings Limited
Tonguard Limited
Trafford Holdings Limited
Tribeca Holdings Limited
TRJ Finans Limited
Unicap Ltd.
Unique Distributing Limited
Valonia Investments Limited
Wainscot Properties Limited
Westvlees Limited
Wichmann Intermedia Limited
Wild Horizons Limited
Will Ern Investments Limited
Winster Limited
Winterwood Investments Limited
Worthy Corporate Services (Guernsey) Limited
Worthy Nominees Limited
Worthy Secretaties Limited
Worthy Securities Limited
Worthy Trust Company Limited
Wyfields Limited
Xenox Trading Limited
Yarley Investments Limited
Yorker Properties Limited
Zero Limited

Roger Maddock

Current Directorships

Antler Industrial Investments Limited
Arvimex Inc
Auk Limited
Azure Holdings Limited
Azure Property Investments Inc
Blue Suede Limited
Caribbean Leisure Marketing Limited
Castlechart Limited
Development Capital Management (Jersey) Limited
Euro PE General Partner Limited
Greyrock Holdings Limited
Leisureshare International Limited
Midnight Sun Sailing Holdings Aps
Midnight Sun Sailing Sverige AB
Polygon Investments Sarl
Radish AB
Radish BV
Radish Holdings AB
Speedo Properties SA
The Black Sea Property Fund Limited
The Greenhouse Fund Limited
The Off-Plan Fund Limited
Tretawn Limited
Xpress Limited
York Yard Limited
Zeppelin Investments Aps

Past Directorships

Aaronite Limited
Aaronmac Limited
Abandin Investments Limited
Abney Limited
Abydos Limited
Adobe Properties Limited
Advance Broadcast Communications Ltd
AIBWorthytrust Corporate Sevices Ltd
AIB Bank (CI) Limited
AIB Fund Aministrators Limited
Airhotels Limited
Alazan Ltd
Alcoy Limited
Alectocom Limited
Algiers Limited
Almacir Limited
Amaretto Ltd
Anlyn Real Estate Limited
APNL Ltd
Arc Trading Investments Ltd
Argentine Pipeline Corporation Limited
Armoy Holdings Limited
Arundel Overseas Ltd
Arzi Investment Company Ltd
Ashgrove Holding Ltd
Aspero Limited
Athla Limited
Atlanta Estates Ltd
Atwill Investments Ltd
Aurea Developments Ltd
Automated Software Consultants Limited
AV Engineering Services Ltd
Avondale Properties Ltd
Azrep Limited
Bakran Investments Ltd
Barista Holdings Limited
BE Equities Limited
Bealsmill Limited
Berenice Limited
Biscordint Limited
Blandina Promotions Ltd
Blossom Holdings Limited
Blue Orchid Limited
Bnidr Limited
Booth Investments Ltd
Botswana Ltd

Roger Maddock
Past Directorships – continued
Brentford Wharf Limited
Bretwell Ltd
Brightsword Investments Ltd
Brockham Limited
Bunbury Holdings LimitedCadco Limited
Burgos Limited
Buzzard Holdings Ltd
CA Private Trust Company Ltd
Cadco Limited
Camile Investments Ltd
Cannoncourt Limited (Jersey) Limited
Carodave Investments Limited
Castellane Properties Limited
Castlefinch Limited
Cedarberg Investments Limited
Central European Strategy Management Limited
Champany Holdings Limited
Chord Services Ltd
Clearminster Nominees No 1 Limited
Clearminster Nominees No 2 Limited
Clearminster Property Holdings Limited
Cleralt Limited
Coastal View Limited
Codif Investments Limited
Colliston House Bournemouth Limited
Communications Concept Ltd
Competa Properties Limited
Consolidated Real Estate Management Limited
Cotton Limited
Couderq & Kubas Limited
Coulter Holdings Limited
Court Brook Asset Management Limited
Craignure Limited
Cristallo Limited
Crossaig Ltd
Crossbow Investments Limited
Crowberry Company Limited
Cumberland Investments Ltd
Day Dawn Limited
Desmas Commerce & Investment Ltd
Dhari Limited
Dilston Holdings Limited
Dimatha Limited
Dixcart Holdings Limited
Dolphin Securities Limited
Drakensberg Limited
Eagle Green Limited
Economic Consultants (Middle East) Ltd
Edfu Limited
E-Exchange Limited
Ekibastus Power Development Limited
Elfast Holdings Limited
Elibasich Limited
Esna Limited
Estates International Ltd
Europeenne Assn D Ingenierie Sarl
Eve Gold (Overseas) Limited
Evens Limited
Faial Limited
Fassomat SA
Fender Limited
Fifth Maple Holdings Limited
Floriani Limited
Fourglen Limited
Franche Limited
Friarsmead Limited
Future Brands Limited
Gabes Limited
Galmeter Limited
Gas Turbine Engineering Overseas Ltd
Gattaca Limited
Global Energy Advisory and Research Limited
Generic Systems International Limited
Germander Properties Limited
GFBI Limited
GFF Limited
GFG Limited
Ghaf Holdings Limited
Ghana International Manganese Corporation Ltd
Glencorse Investments Limited
Grantham Holdings Limited
Greenginger Holdings Ltd
Guidon Limited
Hafouch Securities Limited
Hanover Company Limited
Harare Limited
Harrison International Holdings Ltd
Hassell Limited
Hawksley Holdings Limited
Hayat Limited
Hazelwood Limited
Henlow Ltd
Heywood Investments Ltd
High Mark Limited
Highlands Limited
Hinxston Limited
Hollywell Spring Limited
Home Decoration & Furnishing Limited
Hout Limited
I & M Smith (Jersey) Limited
I & M Smith (Private) Ltd
I & M Smith Zimbabwe Limited
Imprint Limited
Independent Power International Limited
Indice Company Limited
Insight Holdings Ltd
Irunn Limited
Islewind Limited
Ixworth Holdings Limited
Izzard Limited
Jamie Holdings Ltd
Janna Investments Ltd
Janvrin Limited
Jedi Limited
JF Nominees Limited
JF Worthytrust Limited
Jolyon Investments Limited
Jonkerrs Limited
Jordanian Limited
Juniper Investments Ltd
K Marketing Services Ltd
Kadreli Investments Ltd
Karillion Holdings Limited

Roger Maddock

Past Directorships – continued

Karook Limited
Kars Limited
Kei Holdings Limited
Kelham Limited
Kendel Holdings Limited
Kilmeny Holdings Limited
Kirkstone Limited
Kol Limited
Kommbo Limited
Lakeland Projects Limited
Lamouette Holdings Limited
Larling Limited
Le Marais Limited
Leighton Limited
Leritral Limited
Les Comptoirs de la Pierre Ltd
Linseed Investments Limited
LRS Holdings Limited
M & J Holdings Limited
Majyng Alpha Limited
Malian Holdings Limited
Malvern Investment Associates Ltd
Mandolin Investments Limited
Mani Limited
Mantaran Holdings Limited
Mantis Investments Limited
Manzita Limited
Marlstone Limited
Marsden Holdings Limited
Marvel International Ltd
Marvel Overseas Investments Limited
Maxus Jersey Ltd
Mediamed Consulting Limited
Melandra Limited
Melecon A G
Merino Estates STD Company
Mesio Investments Ltd
Metzo Properties Limited
Mianda Limited
Milford Inv Group Ltd
Millhouse Investments Ltd
Milvus Limited
Minium Limited
Monita Limited
Montrachat Investments Limited
Montreal Limited
Moonline Limited
Motospur Limited
Muirdrum Limited
Mulkern Limited
MVM Trading Limited
Nabek Limited
Nairobi Limited
Najlah Limited
New Direction Limited
Nightingale Investments Ltd
Nino Holdings Limited
NMB Securities Investme Ltd
Norbury Investments Limited
Northern Hardwoods Ltd
Obssan Investments Ltd
Odin Group Limited
Oilfield Development International Ltd
Olbia Investments Limited
Old Mill House Limited
Olderon Investments Limited
Olvine Limited
Omani Limited
Ortini Limited
Pacific Century Investment Ltd
Packing Properties Limited
Padopar Limited
Parapet Properties Limited
Paris Limited
Patdel Limited
Patros Developments Limited
Peel Limited
Penchant Properties Limited
Petersfield Limited
Petit Company Limited
Phaeton Limited
Pharmet Limited
Pindaric Investments Ltd
Plantagenet Investments Ltd
Port Meadow Co Ltd
Professional Consultancy Services Limited
Progressive Holdings Ltd
Prosail Limited
Pyramids 2000 Limited
Pyrotect Holdings Limited
Quondam Investments Limited
Rachel Securities Limited
Rael Holdings Limited
Raha Investments Limited
Ranburg Limited
Rankin Limited
Red Eagle Limited
Redgrove Trading Limited
Reefbound Investments Ltd
Remoras Limited
Renewal Consulting Ltd
Reus Limited
Rhama Limited
Ribling Holdings SARL
Richter Investments Ltd
Rio International Limited
Riverslane Limited
Rodam Resources Limited
Rodata Investments Ltd
Rorke Investment Holdings Limited
Roseberry Investments Ltd
Roundel Limited
Rowena Investments Ltd
Rumo Investments Limited
S & G Topware Ltd
Sabre Limited
Sackville Investments Ltd
Saguaro Holdings Limited
Sakkara Limited
Saleh Al Roumi Family Investments Ltd
Samba Limited
Sandene Corporation Limited
Sandstone Properties Limited
Sarissa Holdings Limited

Roger Maddock
Past Directorships – continued

Sauterne Properties Limited
Seabay Limited
Seamill Limited
Secteur Holdings Limited
Secunda Europa Limited
Secunda Management Services Limited
Shadowfax Limited
Shevat Limited
Shortland Properties Ltd
Siretam Limited
Sloane Ranger Limited
Solid Auto (Overseas) Ltd
Sorella Productions Limited
Sorrento Limited
Spectrum Trading Ltd
Sports Mngmt & Adv Limited
Spyderline Limited
Stalybridge Limited
Starfish Holdings Limited
Starwood Investments Ltd
Stockland Industries Limited
Stone Limited
Summerwood Investments Limited
Sun Gold Ghana Limited
Talwin Holdings Limited
Tamarind Investments Limited
Tapitex AG Luzern Limited
Tarob Consultants Limited
Tarrent European Consultants Ltd
Tashin Holdings Limited
Technico Consult International Limited
Tefnut Limited
Telbark Limited
Tete Limited
Thanos Limited
Theatrical Estates Limited
Thehad Holdings Limited
Tonguard Limited
Torver Investments Limited
Trafford Holdings Limited
Tribeca Holdings Limited
TRJ Finans Ltd
Tula Limited
Two Caps Limited
TYR Limited
Unicap Ltd
Unique Distributing Limited
Utar Limited
Valonia Investments Limited
Virtue Trustees Limited
Wainscot Properties Limited
Warsaw Ltd
Watergate Limited
Weaver Enterprises Limited
Westvlees Limited
Westwall Investments Limited
Wild Horizons Limited
Will Ern Investments Ltd
Winchester Securities Limited
Winspear Developments Ltd
Winster Limited
Winterwood Investments Limited
Worthy Corporate Serv (Guernsey) Limited
Worthy Nominees Limited
Worthy Secretaries Limited
Worthy Securities Limited
Worthy Trust Company Limited
Wyfields Limited
Xenox Trading Ltd
Yarley Investments Limited
Yorker Properties Ltd
Zala Limited
Zelstone Limited
Zero Limited
Zula Properties Limited

Sincar Toker
Current Directorships

Arena AS
Cappadocia Investment Limited
Garanti Bank AS
GB International Netherlands

Past Directorships

Dogus Holdings
Eurevein Limited
Ottoman Bank

4. ARTICLES OF ASSOCIATION

The Articles of the Fund contain provisions, *inter alia*, to the following effect:

4.1 *Voting*

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Fund. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of each Share held.

4.2 *Variation of Rights*

Subject to the Law, the special rights attached to any class of shares may be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a Resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two persons at least holding or representing by proxy one-third in number of the issued shares of the class (but so that if any adjourned meeting of such holders a quorum as above defined is not present those shareholders who are present shall be a quorum). Every holder of shares of the class concerned shall be entitled at such meeting to one vote for every share held by him on a poll. The special rights conferred upon the Shares or any shares or class of shares issued with preferred, deferred, or other special rights shall not be deemed to be varied by the exercise of any power under the disclosure provisions requiring shareholders to disclose an interest in the Fund's shares as set out in the Articles.

4.3 *Placings of Shares*

(a) Subject to the provisions of the Articles and without prejudice to any special rights conferred on the holders of any class of shares, any share in the Fund may be issued with or have attached thereto such preferred, deferred or other special rights, or such restrictions whether in regard to dividend, return of capital, voting or otherwise as the Fund may from time to time by Ordinary Resolution determine.

(b) Subject to the Articles, the unissued shares shall be at the disposal of the Directors, and they may allot, grant options over, issue warrants in respect of or otherwise dispose of them to such persons, at such times and generally on such terms and conditions as they determine.

(c) The Fund may also pay such brokerages and/or commissions as may be lawful.

(d) No person shall be recognised by the Fund as holding any shares upon any interest other than an absolute right of the registered holder to the entirety of a share.

4.4 *Notice requiring disclosure of interest in Shares*

The Directors may serve notice on any member requiring that member to disclose to the Fund the identity of any person (other than the member) who has an interest in the Shares held by the member. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine.

If any member is in default in supplying to the Fund the information required by the Fund within the prescribed period (which is 28 days after service of the notice or 14 days if the shares concerned represent 0.25% or more of the issued shares of the relevant class), the Directors in their absolute discretion may serve a direction notice on the member. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "default shares") the member shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25% of the class of shares concerned the direction notice may additionally direct that dividends on such shares will be retained by the Fund (without interest) and that no transfer of the shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

4.5 *Uncertificated Shares*

The Articles are consistent with CREST membership and, inter alia, allow for the holding and transfer of Shares in uncertificated form subject to the CREST Regulations.

4.6 *Transfer of Shares*

In the event the Directors determine that the Shares may be held in certificated form, the following shall apply to the transfer of Shares held in such form.

Subject as provided below, any member may transfer all or any of his Shares by instrument of transfer in any form which the Directors may approve. The instrument of transfer of a Share shall be signed by or on behalf of the transferor.

The Directors may refuse to register any transfer of Shares unless the instrument of transfer is lodged at the registered office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

The Directors may refuse to register a transfer:

(a) of any Share which is not fully paid up or on which the Fund has a lien provided that this would not prevent dealings from taking place on an open and proper basis;

(b) if as a result of the transfer, the transferee or transferor would not be an Eligible Investor;

(c) where the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Fund or the Shareholders as a whole; or

(d) where as a result of the transfer, the transferee or transferor would hold less than the Minimum Holding of Shares specified. This restriction on the Directors' ability to register a transfer of Shares is included in the Articles as a result of the requirements imposed on the Fund by the Jersey Financial Services Commission and EU legislation relating to minimum holdings.

Transfers or assignments of Founders Shares may not be made without the approval of the Directors.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided that such suspension shall not be for more than 30 days in any year.

4.7 *Compulsory transfer of Shares*

In respect of Shares held in certificated form (and in respect of Shares held in uncertificated form to the extent compatible with the CREST Regulations), the Board may refuse to register any transfer of Shares, or may require the transfer of Shares owned or which appear to be owned directly by any person who, by virtue of his holding, may in the opinion of the Directors give rise to a breach of any applicable law or requirement in any jurisdiction or may cause or be likely to cause the Fund or shareholders of the Fund some legal, pecuniary or material disadvantage or cause or be likely to cause the assets of the Fund to be considered “plan assets” within the meaning of the regulations adopted under the US Employee Retirement Income Security Act of 1974, as amended, or which holding would or might result in the Fund being required to register or qualify under the 1940 Act or other US law.

Shareholders do not have the right to redeem their Shares.

4.8 *Alteration of capital and purchase of Shares*

The Fund may from time to time, subject to the provisions of the Law, purchase its own shares (including any redeemable shares) in any manner authorised by the Law.

The Law provides that the Fund may by special resolution consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; subdivide all or any of its shares into shares of a smaller amount than is fixed by the memorandum; cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish its authorised share capital accordingly; convert all or any fully paid up shares into stock and reconvert that stock into paid up shares of any denomination; and convert its fully paid shares into shares denominated in a different currency.

The Fund may by special resolution reduce its share capital, any redemption reserve fund or any stated capital account in any manner permitted by and with and subject to any consent required by the Law.

4.9 *Interests of Directors*

(a) Save as mentioned below, a Director may not vote or be counted in the quorum on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest, directly or indirectly, in shares or debentures or other securities of the Fund).

(b) Subject to the Law, a Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

(i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person for the benefit of the Fund or any of its subsidiaries;

(ii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Fund or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;

(iii) a contract, arrangement, transaction or proposal concerning or the Placing of shares, debentures or other securities of the Fund or its subsidiaries in which Placing he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to or may participate;

(iv) any proposal concerning any other company in which he is interested, directly or indirectly, as an officer, creditor or shareholder or otherwise, provided that he, together with persons connected with him, is not to his knowledge the holder of or beneficially interested in 1% or more of any class of the equity share capital of any such company (or of any third company through which his interest is derived) or of the voting rights of such company;

(v) any arrangement for the benefit of employees of the Fund or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; or

(vi) any proposal for the purchase or maintenance of insurance for the benefit of the Director or persons including the Directors.

(c) Any Director may act by himself or by his firm in a professional capacity for the Fund, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

(d) Any Director may continue to be or become a director, managing director, manager or other officer or member of a company in which the Fund is interested, and any such Director shall not be accountable to the Fund for any remuneration or other benefits received by him.

4.10 *Remuneration of Directors*

(a) The Directors shall be remunerated for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed £150,000 per annum (or such sum as the Fund in general meeting shall from time to time determine). The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.

(b) A Director may hold any other office or place of profit under the Fund (other than the office of auditor) in conjunction with his office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

(c) The Directors may from time to time appoint one or more of their body to the office of managing director or to any other office for such term and at such remuneration and upon such terms as they determine.

4.11 *Retirement of Directors*

(a) Directors shall not be subject to retirement by rotation.

(b) A Director shall not be required to hold any qualification shares.

(c) No person shall be or become incapable of being appointed a Director by reason of having attained the age of 70 or any other age and no Director shall be required to vacate his office at any time by reason of the fact that he has attained the age of 70 or any other age.

4.12 *Dividends and distribution of assets on a winding up*

(a) Subject to the rights of persons entitled to shares with special rights as to dividends, the Fund in general meeting may declare a dividend but no dividend shall exceed the amount recommended by the Directors.

(b) No dividend shall be paid other than from the profits (including for the avoidance of doubt all gross revenues) resulting from the Fund's business.

(c) The Directors may if they think fit from time to time pay the members such interim dividends as appear to be justified by the profits of the Fund.

(d) No dividend or other amount payable to any Shareholder shall bear interest against the Fund. All unclaimed dividends and other amounts payable as aforesaid may be invested or otherwise made use of for the benefit of the Fund until claimed. Payment by the Fund of any unclaimed dividend or other amount payable in respect of a share into a separate account shall not constitute the Fund a trustee in respect thereof. Any dividend unclaimed on the earlier of (1) seven years from the date when it first became payable or (2) the date on which the Fund is wound up, shall be forfeited automatically, without the necessity for any declaration or other action by the Fund.

(e) The Directors are also empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to divide.

(f) The Articles permit up to 100% of management and administration fees, finance costs and all other expenses to be charged to capital.

(g) If the Fund should be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may with the authority of a special resolution and any other sanction required by Law, divide amongst the members in specie the whole or any part of the assets of the Fund and whether or not the assets shall consist of property of one kind or of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes or property, and may determine how such division should be carried out as between the members or different classes of members.

4.13 *Life of the Fund*

(a) The period fixed by the Articles for the duration of the Company ends on the tenth anniversary of Admission. The Directors have the right on the advice of the Manager to extend the period for up to a period of two years until the twelfth anniversary of Admission. Thereafter, the duration of the Company may be extended to the date as fixed with the sanction of a resolution passed by a majority of not less than two thirds of the votes of members of the Company.

(b) The Company may be wound up at any time by special resolution and the Directors shall, if necessary, be bound to convene an extraordinary general meeting for the purposes of passing a special resolution for the winding up of the Company at the end of the period fixed for the duration of the Company by the Articles.

4.14 *Borrowing*

The Directors may exercise all and any powers of the Fund to borrow money. Any person lending money to the Fund shall be entitled to assume that the Fund is acting in accordance with the Articles and shall not be concerned to enquire whether such provisions have in fact been complied with.

4.15 *Register of Shareholders*

The register of Shareholders is the hard copy register of Shareholders kept in Jersey pursuant to Article 41 of the Law.

5. OVERSEAS INVESTORS

No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. This document may not therefore be used for the purpose of, and does not constitute, an Placing or solicitation by anyone in any jurisdiction or in any circumstances in which such Placing or solicitation is not authorised or to any person to whom it is unlawful to make such Placing or solicitation. Accordingly, no person receiving a copy of this document in any territory other than the United Kingdom, may treat the same as constituting an Placing or invitation to him to acquire, subscribe for or purchase Shares nor should he in any event acquire, subscribe for or purchase Shares unless such an invitation, acquisition, subscription or purchase complies with any registration or other legal requirements in the relevant territory. Any person outside the United Kingdom wishing to acquire, subscribe for or purchase Shares should satisfy himself that, in doing so, he complies with the laws of any relevant territory, and that he obtains any requisite Governmental or other consents and observes any other applicable formalities.

The Shares have not been and will not be registered under the 1933 Act or any U.S. state securities laws. The Shares may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S) unless the Shares are registered under the 1933 Act or an exemption from the registration requirements of the 1933 Act is available. The Fund has not registered and will not register under the 1940 Act.

The Shares have not been approved or disapproved by the SEC, any U.S. state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document. Any representation to the contrary is unlawful. The Shares will be offered and sold in the United States (i) to QIBs that are also QPs or to Accredited Investors that are also QPs and (ii) in accordance with any applicable laws of any U.S. state. The Shares will also be contemporaneously offered and sold outside the United States to non-U.S. Persons pursuant to the requirements of Regulation S. The Shares cannot be offered, resold, pledged or otherwise transferred in the United States or to U.S. Persons except in accordance with the restrictions and procedures set forth in Part VIII of this document entitled *"Terms and Conditions of the Placing"*.

The Fund's Articles contain provisions designed to restrict the holding of Shares by persons, including US Persons, where in the opinion of the Directors such a holding

could cause or be likely to cause the Fund some legal, regulatory, pecuniary, tax or material administrative disadvantage.

6. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Fund since its incorporation or by the Manager and are, or may be, material:

6.1 The Management Agreement dated 21 December 2005 between the Fund and the Manager under which the Fund has appointed the Manager to be responsible for the management of the Fund's investment portfolio on a discretionary basis. The agreement is subject to termination, *inter alia*, on 12 months' notice such notice not to be given before the expiry of an initial term of 24 months from Admission. Under the Management Agreement, the Manager will receive a management and performance fee as described in this document (until otherwise varied by agreement). The Fund will reimburse the Manager in respect of out of pocket expenses, including travel expenses up to £100,000 per annum. The Manager has the benefit of an indemnity from the Fund under the terms of the Management Agreement in relation to liabilities incurred by the Manager in the discharge of its duties other than those arising by reason of any fraud, wilful default, negligence or bad faith on the part of the Manager or its delegate. With the exception of the novation of the Right of Financing Agreement, the Management Agreement prohibits the Manager, its officers, employees and associates from directly or indirectly dealing as principal on the sale or purchase of property or other investments to or from the Fund or from otherwise dealing with the Fund as principal. The agreement also provides that the Manager will ensure that the Fund is given the opportunity to access investment opportunities which fall within the scope of the Fund's investment policy before any investment in those opportunities is made by the Manager, its officers, employees or associates.

6.2 The Investment Adviser Agreement dated 21 December 2005 between the Fund, the Manager and the Investment Adviser under which the Manager has appointed DCM Danismanlik A.S. as Investment Adviser to the Manager with responsibility for advising on financing real estate developments. In consideration for the services rendered by the Investment Adviser the Manager shall pay the Investment Adviser a fee payable in equal monthly instalments in advance (as varied from time to time by agreement between the Manager and the Investment Adviser). The Investment Adviser has the benefit of an indemnity from the Manager in relation to liabilities incurred by the Investment Adviser in the discharge of its duties other than those arising by reason of any fraud, wilful default, negligence or bad faith on the part of the Investment Adviser.

6.3 The Administration and Secretarial Agreement dated 21 December 2005 between the Fund, the Finance Subsidiaries, the Manager and the Administrator whereby the Fund has appointed the Administrator to provide administrative services to the Fund. Under the Administration and Secretarial Agreement the Fund has also appointed the Administrator as secretary to the Fund. Under the Administration and Secretarial Agreement, the Administrator has the authority to delegate the discharge of certain of its functions thereunder provided that the Administrator remains fully responsible for the acts and omissions of any delegate it shall appoint for such purposes other than a delegate appointed at the request of the Fund or the Manager. The agreement is terminable on 3 months' notice in writing after an initial one year term and on shorter notice in the event of breach of contract or insolvency. The Administrator will be paid an annual fee of approximately £85,000 for its company secretarial, administration, and valuation services in respect of the Fund and the Finance Subsidiaries. The Fund will reimburse the Administrator in respect of reasonable out of pocket expenses properly incurred in the performance of its duties. The Administrator has the benefit of an indemnity from the Fund under the terms of the Administration Agreement in relation to liabilities incurred in the discharge of its duties other than those arising by reason of any bad faith, fraud, wilful default or negligence. The liability of the Fund under the Administration and Secretarial Agreement is limited to its investments in real estate development financing.

6.4 The Registrars Agreement dated 21 December 2005 between the Fund and Capita IRG (Offshore) Limited whereby the Registrar has agreed to act as registrar to the Fund. Under the Registrars Agreement the Registrar will be paid a minimum annual charge of £7,000 with such further fees to be determined under the Registrars Agreement. The Registrars Agreement may be terminated by the Registrar on 3 months' notice and by the Fund on 3 months' notice (such notice not to expire before the date which is 3 months after the first anniversary of the date of the Registrars Agreement).

6.5 The Custody Agreement dated 21 December 2005 between the Fund, the Finance Subsidiaries and the Custodian under which the Custodian has agreed to act as custodian of the Fund's assets. The Custodian has the benefit of an indemnity from the Fund against liabilities arising in the absence of the Custodian's wilful misfeasance, bad faith, negligence, fraud or reckless disregard of its duties under the agreement. The Custodian is to receive a fee of five basis points per annum charged quarterly in arrears based on NAV of the Fund and subject to a minimum of £25,000 per annum and a maximum of £45,000 per annum. The Custodian Agreement is terminable on 30 days notice.

6.6 The Property Adviser Agreement dated 21 December 2005 between the Fund, the Manager and the Property Adviser under which the Property Adviser has agreed to provide general advice on the strategy of the Fund, input on the prospects for the real estate market in Turkey, assistance in the Fund's dealings with developers and input on the proposed terms of investments and sales. The Property Adviser may, on request, also provide other services including valuations, deal introductions and market reports. The Property Adviser will receive such fees as more particularly described in Part IV. The agreement is terminable on 6 months' written notice and on shorter notice in the event of insolvency.

6.7 A Nominated Adviser and Broker Agreement dated 21 December 2005 between the Fund, the Directors and Numis pursuant to which Numis agrees to act as nominated adviser and broker to the Fund for the purposes of the AIM Rules. The agreement will automatically be renewed annually except that either party may terminate the agreement by giving 90 days' notice following the first anniversary of Admission. Under the terms of the agreement, Numis will receive a fee of £35,000 per annum, payable in semi-annual instalments in advance. Numis has the benefit of an indemnity from the Fund in relation to liabilities incurred by Numis in the discharge of its duties other than those arising from its negligence, fraud, wilful default or breach of the terms of the agreement.

6.8 A Placing Agreement dated 21 December 2005 between the Fund, the Manager and Numis under which Numis has been appointed as placing agent for the purposes of the Placing. For its services in connection with the Placing, Numis is entitled to a corporate finance fee of £250,000. The Placing Agreement contains warranties by the Manager and the Fund and an indemnity by the Manager and the Fund in favour of Numis for loss suffered except where Numis is fraudulent, negligent or acts in bad faith or in wilful default. The liability of the Manager under the Placing Agreement is subject to financial limitations. The Placing Agreement can be terminated by Numis in certain circumstances, including on the occurrence of *force majeure* events, prior to Admission. Under the Placing Agreement, Numis will receive commissions, conditional upon Admission, of 4% of the gross value of the Placing Shares at the Placing Price placed by Numis. Numis is entitled to pay all or part of such commissions to any agents engaged by them to assist in the Placing.

6.9 An Option Agreement dated 21 December 2005 between the Fund and Numis, pursuant to which Numis has an option to acquire such number of Shares as represents 1.25% of the issued share capital of the Company immediately after its Admission. The price payable on exercise of the Option shall be £1 per Share and the right to exercise the option shall remain open for a period of 4 years from the first anniversary of Admission.

6.10 A Right of Financing Agreement dated 22 November 2005 between Okyapi Inşaat ve Mühendislik ve Özel Eğitim Hizmetleri Sanayi Ve Ticaret Ltd Şti ("Insaat") and the Manager relating to a development at Alanya, Turkey, the benefit of which will be transferred to the Fund on Admission. Under the terms of the agreement, the Fund is granted an exclusive right until 31 January 2006 to provide financing for the construction of 117 apartments by Insaat. During this period, Insaat has undertaken not to entertain negotiations with anyone other than the Fund or the Manager for the financing of the apartments or enter into an agreement with anyone to finance the development after the exclusivity period. Under the terms of the agreement, the Fund will take a charge (mortgage) over the land and apartments as they are built. This will rank behind any bank security and will be released as completed apartments are delivered to buyers. The agreement contains a warranty from Insaat to the Manager that it is the sole legal owner of the property, that it is free from any charge or encumbrance and that it has good and marketable title to the property and any rights of easement attaching thereto. The agreement provides that once the Manager has confirmed to Insaat that it has sufficient financing to provide the loan, the parties will work together to enter into any necessary loan or security documents, which shall contain standard representations, warranties and covenants by Insaat in relation to inter alia, due incorporation, valid existence and good standing, good and clear title to the property, absence of third party claims, compliance with legislation, maintenance of licenses and holding of all necessary consents and approvals. The terms of financing and profit share as contemplated by the agreement are more particularly set out in Part I of this document under the heading "Initial investments".

In addition, the Fund has entered into the following:

- an agreement with Dig! Limited (a company in which the shareholders in the Manager are controlling shareholders) for the provision of advertising and marketing services. Under the terms of the agreement, fees will be payable on a time spent basis according to a daily charge out rate. The Directors consider that these rates are competitive with other rates offered in the market;
- an exclusive international sales and agency agreement with Global Spaces Limited (a company in which the shareholders in the Manager are controlling shareholders) pursuant to which Global Spaces Limited has been appointed as exclusive agent for the worldwide sale of all second home/holiday units comprised in the developments in respect of which the Fund has committed financing to the extent the Fund is able to control the identity of such agent. The agreement provides that Global Spaces Limited, as agent, will be entitled to a commission of 9% of the sale price of each respective unit (plus VAT or its equivalent in Turkey if appropriate); and
- an agreement with Harrison Cowley for the provision of public relation services. Under the terms of the agreement, fees will be payable on a time spent basis according to a daily charge out rate,

each of which has been entered into in connection with the ongoing marketing and promotion of the Fund and sale of property units in respect of which the Fund has committed construction financing. The Fund may enter into similar agreements as and when required.

7. WORKING CAPITAL

In the Directors' opinion, having made due and careful enquiry, the working capital available to the Fund will, from Admission, be sufficient for its present requirements, that is for at least the next 12 months.

8. ASSUMPTIONS

The key assumptions in relation to the Alanya development are:

- sales of units at €1,050 per square metre;
- no increase in property prices;
- staged sales over a period of 18 months;
- development completes end August 2006;
- sales costs of 13%, composed of 10% agency fees, 1.5% registration tax, 1% marketing costs and 0.5% legal costs; and
- no withholding tax or VAT type tax on interest payments derived from sales

9. MISCELLANEOUS

9.1 The Shares will be in registered form and can be held in certificated or uncertificated form. Under the Articles, the Shares are eligible for settlement in CREST subject to the CREST Regulations. The ISIN number of the Shares is GB00B0PJ6V42.

9.2 The Fund has not been and is not currently engaged in any legal or arbitration proceedings nor, so far as the Fund is aware, are there any such legal or arbitration proceedings pending or threatened by or against the Fund which may have or have had since the Fund's incorporation a significant effect on the Fund's financial position.

9.3 None of the Shares available under the Placing are being underwritten.

9.4 The Shares do not have a par value.

9.5 The Directors confirm that the Fund was incorporated and registered on the date referred to in paragraph 1 above and that, save for its entry into the material contracts described in paragraph 6 above, the Fund has not traded, no accounts have been made up and no dividends have been declared.

9.6 There has been no significant change in the financial or trading position of the Fund since the date of its incorporation or any factors which have influenced its activities. The Fund does not have nor has it had since incorporation any employees and it neither owns nor leases any premises.

9.7 The total costs and expenses payable by the Fund in connection with the Placing and Admission, (excluding placing commission payable to Numis of 4% of the value of the Placing Shares issued in the Placing at the Placing Price (the "Gross Amount") and the structuring fee payable to the Manager of 1.5% of the Gross Amount), will be 2% of the Gross Amount raised.

9.8 The Fund is not dependant on any patents or other intellectual property rights or licences.

9.9 Save as disclosed in this document, the Fund currently has no significant investments in progress.

9.10 Save as disclosed in this document, no person has received, directly or indirectly, from the Fund since 9 December 2005 (the date of incorporation of the Fund) or entered into contractual arrangements to receive, directly or indirectly, from the Fund on or after Admission, fees totalling £10,000 or more or securities in the Fund with a value of £10,000 or more, calculated by reference to the Placing Price, or any other benefit with a value of £10,000 or more at the date of Admission.

9.11 The accounting reference date of the Fund is 31 August.

9.12 Numis has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

9.13 PricewaterhouseCoopers CI LLP has given and not withdrawn its written consent to the inclusion of their accountants' report on the Fund in the form set out in Part VA of this document and accepts responsibility for such report in accordance with the AIM Rules.

9.14 DTZ has given and not withdrawn its written consent to the inclusion of their property market report in the form set out in Part III of this document and references to its name in the form and context in which it appears and accepts responsibility for such report in accordance with the AIM Rules.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Fund and at the offices of Norton Rose, Kempson House, Camomile Street, London EC3A 7AN during business hours on any weekday from the date of this document (Saturdays and public holidays excepted) until the date of Admission:

10.1 the memorandum and Articles of the Fund;

10.2 the material contracts referred to in paragraph 6 of this Part VII;

10.3 the Companies (Jersey) Law 1991, as amended;

10.4 the Collective Investment Funds (Jersey) Law 1988, as amended;

10.5 the accountant's report set out in Part VA of this document;

10.6 the financial information set out in Part VB of this document;

10.7 the consent letters referred to in paragraphs 9.12 to 9.14 of this Part VII; and

10.8 this document.

PART VIII – TERMS AND CONDITIONS OF THE PLACING

1. INTRODUCTION

These terms and conditions apply to persons making an offer to subscribe for Shares under the Placing (which may include Numis or its nominee(s)).

Each person to whom these conditions apply, as described above, who confirms his agreement to Numis (on behalf of itself and the Company) to subscribe for Shares (an "Investor") hereby agrees with each of Numis and the Company to be bound by these terms and conditions as being the terms and conditions upon which Shares will be subscribed under the Placing. An Investor shall, without limitation, become so bound if Numis confirms to the Investor its allocation. Following such confirmation, each Investor undertakes to promptly return a completed form of confirmation in the form supplied by Numis (the "Form of Confirmation").

2. AGREEMENT TO SUBSCRIBE FOR SHARES

Conditional on (i) Admission occurring and the Placing Agreement not having lapsed or been terminated in each case on or prior to 28 December 2005 (or such later date as Numis and the Company may agree (not being later than 31 January 2006)) and (ii) the confirmation mentioned under paragraph 1 above, an Investor agrees to subscribe for, as more particularly described below, at the Placing Price, the number of Shares allocated to such Investor under the Placing as notified to Numis in writing. To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights such Investor may have.

3. PAYMENT FOR SHARES

Each Investor undertakes to pay the Placing Price for the Shares subscribed for by such Investor in such manner as shall be directed by Numis. Liability for stamp duty and stamp duty reserve tax is as described in Part VI this document.

In the event of any failure by any Investor to pay as so directed by Numis, the relevant Investor shall be deemed hereby to have appointed Numis or any nominee of Numis to use its reasonable endeavours to sell (in one or more transactions) any or all of the Shares in respect of which payment shall not have been made as directed by Numis and to indemnify Numis on demand in respect of any liability for stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales. A sale of all or any of such Shares shall not release the relevant Investor from its obligation to make such payment for Shares to the extent that Numis or its nominee has failed to sell such Shares at a consideration which after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned exceeds the Placing Price per Share.

4. REPRESENTATIONS AND WARRANTIES

By receiving this document and making the confirmation in paragraph 1 above each Investor confirms, represents, warrants and undertakes to Numis (for Numis and on behalf of the Company) on the terms and subject to the conditions set out in this document:

(i) that the exercise by Numis of any rights or discretion under the Placing Agreement shall be within the absolute discretion of Numis and Numis need not have any reference to the Investor and shall have no liability to the Investor whatsoever in connection with any decision to exercise or not to exercise any such right. Each Investor agrees that they have no rights against Numis, the Company and any of their respective directors and employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;

(ii) in agreeing to subscribe for Shares under the Placing, each Investor is relying on this document and not on any information or representation or warranty in relation to the

Company or any of its subsidiaries or any of its shares other than as contained in this document;

(iii) that neither the Investor nor, as the case may be, their clients, expect Numis to have any duties or responsibilities to the Investor similar or comparable to the duties of "best execution" and "suitability" imposed by The Conduct of Business Source Book contained in The Financial Services Authority's Handbook of Rules and Guidance, and that Numis is not acting for the Investor or its clients, and that Numis will not be responsible for providing protections to customers or the Investor;

(iv) that, save in the event of fraud on the part of Numis (and to the extent permitted by the Rules of the Financial Services Authority), neither Numis, its ultimate holding company nor any direct or indirect subsidiary undertakings of that holding company, nor any of their respective directors and employees shall be liable to the Investor for any matter arising out of Numis' role as placing agent or otherwise in connection with the Placing and that where any such liability nevertheless arises as a matter of law the Investor will immediately waive any claim against any of such persons which the Investor may have in respect thereof;

(v) in the case of a person who confirms to Numis on behalf of an Investor an agreement to subscribe for Shares, that person represents and warrants that he has the authority to do so on behalf of the Investor;

(vi) it is not and is not applying as nominee or agent for a person who is, or may be, mentioned in any of the sections 67, 70, 93 or 96 of the Finance Act 1986 (depositary receipts and clearance services);

(vii) except to the extent clause 7 relating to the United States applies and (where applicable) the Investor has given the representations, warranties, acknowledgements and agreements referred to therein it is not a national or resident of the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan or a corporation, partnership or other entity organised under the laws of the United States, Canada, Australia or Japan and that the Investor will not offer, sell, renounce, transfer or deliver directly or indirectly any of the Shares into the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation or to or for the benefit of any person resident in the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation and the Investor acknowledges that the Shares have not been and will not be registered under the United States Securities Act of 1933, as amended and have not been, and will not be, qualified for distribution through the filing of a prospectus with any Securities Commission or similar regulatory authority of any province of Canada and that the same are not being offered for sale and may not be, directly or indirectly, offered, sold, transferred or delivered in the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation;

(viii) it is entitled to subscribe for the Shares in its allocation under the laws of all relevant jurisdictions which apply to such Investor and that such Investor has fully observed such laws, obtained all governmental and other consents which may be required thereunder or otherwise and complied with all necessary formalities; and

(ix) that the Investor is a person of a kind described in paragraph 5 of Article 19 or paragraph 2 of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

In addition, each Investor will be required to represent, among other representations, that it (i) is not a U.S. Person (as defined in Regulation S) and is acquiring such Shares for its own account or for the account of a non-U.S. Person in an offshore transaction (as defined in Regulation S) pursuant to an exemption from registration provided by Regulation S or (ii)(a) is a QIB that is also a QP, is acquiring such shares for its own account or for the account of one or more QIB/QPs and is aware (and each beneficial owner of such Shares has been advised) that the sale of such Shares to it is being made in reliance on Rule 144A or another available exemption from registration under the 1933 Act; or (b) is an Accredited Investor that is also a QP, is acquiring such Shares for its own account for investment purposes, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Shares and is able to bear the economic risk of its investment.

Any Investor that is a QIB/QP or an Accredited Investor/QP will be required to make additional representations, acknowledgements and agreements, including such to substantially the following effect:

(i) It is not purchasing the Shares with the intent or purpose of evading, either alone or in conjunction with any other person, the provisions of the 1940 Act.

(ii) It understands that the Shares purchased by it are being offered to it and may be transferred only in transactions not involving any public offering in the United States within the meaning of the 1933 Act or the 1940 Act, as applicable. It understands that the Shares have not been and will not be registered under the 1933 Act and that the Fund has not registered and will not register under the 1940 Act. It agrees, for the benefit of the Fund, any distributors or dealers and any such persons' affiliates, that, if in the future it decides to offer, resell, pledge or otherwise transfer such Shares purchased by it, any such offer, resale, pledge or transfer will be made in compliance with the 1933 Act, the 1940 Act and any applicable U.S. state securities laws and only (a) to the Fund (upon redemption of such Shares or otherwise) or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S. It understands that the purpose of the foregoing limitation is, in part, to ensure that the Fund is not required to register under the 1940 Act.

(iii) It understands that in the event that any certificate is issued in respect of a Share, unless the Fund determines otherwise in compliance with applicable law, such certificate may bear a legend to the following effect:

THIS SHARE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS SHARE, ACKNOWLEDGES THAT THIS SHARE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE 1933 ACT AND THAT THE FUND HAS NOT REGISTERED AND WILL NOT REGISTER UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT"). THE HOLDER AGREES FOR THE BENEFIT OF THE FUND, ANY DISTRIBUTORS OR DEALERS AND ANY SUCH PERSONS' AFFILIATES THAT THIS SHARE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE 1933 ACT, THE 1940 ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THE HOLDER AGREES THAT IF THE HOLDER OFFERS OR SELLS THE SHARES PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE CLOSING DATE OF THE OFFERING OF THE SHARES, THE HOLDER WILL NOT MAKE SUCH AN OFFER OR SALE TO A U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE 1933 ACT) OR FOR THE ACCOUNT OR BENEFIT OF ANY SUCH U.S. PERSON. THE HOLDER ACKNOWLEDGES THAT THE FUND RESERVES THE RIGHT TO MAKE INQUIRIES OF ANY HOLDER OF THIS SHARE AT ANY TIME AS TO SUCH PERSONS' STATUS UNDER THE U.S. SECURITIES LAWS, AND TO REQUIRE ANY SUCH PERSON THAT HAS NOT SATISFIED THE FUND THAT SUCH PERSON IS HOLDING APPROPRIATELY UNDER THE U.S. SECURITIES LAWS TO TRANSFER SUCH SHARES OR INTERESTS IMMEDIATELY TO THE FUND.

(iv) It acknowledges that the Fund reserves the right to make inquiries of any holder of Shares at any time as to such person's status under the U.S. securities laws, including without limitation as to whether it is a QP, and to require any such person that has not satisfied the Fund that such person is holding appropriately under the U.S. securities laws to transfer such Shares immediately to the Fund.

(v) It agrees that it will inform each subsequent purchaser of Shares from it of these transfer restrictions.

(vi) It acknowledges that the Fund, the Registrar, any distributors or dealers or their affiliates, and others will rely upon the truth and accuracy of the foregoing representations, acknowledgments and agreements. If it is acquiring the Shares for the account of a QIB/QP or an Accredited Investor that is also a QP, it represents that it has sole investment discretion with respect to such account and that it has full power to make the foregoing representations, acknowledgements and agreements on behalf of such account.

5. SUPPLY AND DISCLOSURE OF INFORMATION

If the Company, Numis or any of their agents request any information about an Investor's agreement to subscribe for Shares, such Investor must promptly disclose it to them.

6. MISCELLANEOUS

The rights and remedies of Numis and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, each Investor may be asked to disclose, in writing or orally, to Numis:

(i) if he is an individual, his nationality; or

(ii) if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to Numis.

Each Investor agrees to be bound by the Articles (as amended from time to time) once the Shares which such Investor has agreed to purchase have been transferred to such Investor. The contract to subscribe for Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England. For the exclusive benefit of the parties mentioned under paragraph 1, above, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an Investor in any other jurisdiction.

In the case of a joint agreement to subscribe for Shares, references to an Investor in these terms and conditions are to each such Investor and the Investors' liability is joint and several.

Monies received from applicants pursuant to the Placing will be held in accordance with the terms and conditions of the Form of Confirmation issued by Numis until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 31 January 2006, application monies will be returned without interest.

7. SELLING RESTRICTIONS

United Kingdom

Before Admission becomes effective, Investors may only offer or sell any Shares in the United Kingdom in circumstances which will not result in an offer to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000.

United States

The Shares have not been and will not be registered under the 1933 Act or any U.S. state securities laws. The Shares may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S) unless the Shares are registered under the 1933 Act or an exemption from the registration requirements of the 1933 Act is available. The Fund has not registered and will not register under the 1940 Act.

The Shares have not been approved or disapproved by the SEC, any U.S. state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document. Any representation to the contrary is unlawful. The Shares will be offered and sold in the United States (i) to QIBs that are also QPs or to Accredited Investors that are also QPs and (ii) in accordance with any applicable laws of any U.S. state. The Shares will also be contemporaneously offered and sold outside the United States to non-U.S. Persons pursuant to the requirements of Regulation S. The Shares cannot be offered, resold, pledged or otherwise transferred in the United States or to U.S. Persons except in accordance with the restrictions and procedures set forth in this appendix.

The Fund's Articles contain provisions designed to restrict the holding of Shares by persons, including US Persons, where in the opinion of the Directors such a holding could cause or be likely to cause the Fund some legal, regulatory, pecuniary, tax or material administrative disadvantage.

DEFINITIONS

In this document, unless the context otherwise requires, the expressions set out below bear the following meanings:

"1933 Act"	The United States Securities Act of 1933
"1940 Act"	The United States Investment Company Act of 1940
"Accredited Investors"	investors as defined in Regulation D under the 1933 Act
"Administrator"	BNP Paribas Fund Services Jersey Limited
"Admission"	the date of admission of the Shares to trading on AIM in accordance with the AIM Rules
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the rules of the London Stock Exchange for AIM companies and their nominated advisers governing admission to and operation of AIM
"Articles"	the articles of association of the Fund
"Assumptions"	the assumptions as more particularly described in paragraph 8 of Part VII
"CPI"	Consumer Prices Index
"CREST"	the computerised settlement system (being the relevant system as defined in the CREST Regulations to facilitate the transfer of title of shares in uncertificated form operated by CRESTCo Limited
"CREST Regulations"	the Companies (Uncertificated Securities) (Jersey) Order 1999 and/or the Uncertificated Securities Regulations 2001 (SI 2001/3755) as appropriate, providing that the Companies (Uncertificated Securities) (Jersey) Order 1999 takes precedence in the event of inconsistency
"DCM Turkey"	DCM Danismanlik A.S.
"Directors" or "Board"	the Directors of the Fund
"DTZ"	DTZ Pamir & Soyuer
"Eligible Investor"	a person able to acquire Shares without violating applicable laws, including those concerning money laundering, and at the time of making the investment that (i) has knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund; (ii) is aware of the risks inherent in investing in the Shares and the method by which the assets of the Fund are held and/or traded; (iii) can bear the risk of loss of their entire investment; (iv) holds Shares having a value equivalent to or greater than the Minimum Holding; and (v) meets any additional suitability standards as the Directors may, in their absolute discretion, impose from time to time in order to comply with applicable laws and regulation

"Finance Subsidiary" or "Finance Subsidiaries"	the wholly owned subsidiaries of the Fund incorporated as financing companies which will, on behalf of the Fund, lend money to the developer of a particular development and receive back any returns on such financing
"Founders Shares"	shares in the capital of the Fund designated as Founders Shares and having the rights provided for in the Articles with respect to such shares
"Fund" or "Company"	The Ottoman Fund Limited
"IMF"	the International Monetary Fund
"IRR"	internal rate of return, being the annualised discounted rate at which the net present value of the Fund's cash flows sum to zero
"Law"	the Companies (Jersey) Law 1991 and subordinate legislation made thereunder and every modification or re enactment thereof for the time being in force
"lending bank"	the bank which a developer procures to make available mortgage finance to buyers of units in a development
"Management Agreement"	the management agreement between the Fund and the Manager, a summary of which is set out in paragraph 6, Part VII
"Manager"	Development Capital Management (Jersey) Limited
"Memorandum of Understanding"	a letter of understanding which sets out how the Fund and a developer will work together to investigate the possibility of the Fund providing financing in respect of a particular development
"Minimum Holding"	the minimum holding in relation to the Shares, being £20,000
"NAV"	net asset value
"Numis"	Numis Securities Limited
"off-plan"	the term used to describe a property still in the process of construction or conversion
"Open Market Value"	the estimated, "as-if-built", open market value of a property
"Placing"	the conditional placing by Numis as described in this document
"Placing Price"	£1.00 per Share
"Placing Shares"	the Shares to be allotted under the Placing
"Prohibited Territories"	the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa and Japan
"Property Adviser"	DTZ or such other property adviser and valuer as the Manager may from time to time appoint

"Property Valuation Date"	the close of business on 31 August and 28 February in each year (commencing February 2006) or such other or additional date or dates as the Manager may from time to time determine, provided that following the first Property Valuation Date there shall be at least one Property Valuation Date every six months
"QIBs"	qualifed institutional buyers within the meaning of Rule 144 A under the 1933 Act
"QPs"	qualified purchasers within the meaning of Section 2(a)(51) of the 1940 Act
"Red Book"	The Royal Institute of Chartered Surveyors' appraisal and valuation manual
"Registrar"	Capita IRG (Offshore) Limited
"Regulation S"	Regulation S under the 1933 Act
"Right of Financing Agreement"	the agreement entered into by the Manager under which the Fund (through its Finance Subsidiaries) has the right to make available to the developer financing for the development as described in the agreement and in exchange for returns on such financing
"Shareholders"	the holders of the Shares
"Shares"	the sterling participating shares in the capital of the Fund including the Shares to be issued pursuant to the Placing
"Turkey"	the Republic of Turkey
"US" or "United States"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"UK"	the United Kingdom of Great Britain and Northern Ireland
"US Person"	has the meaning given in Regulation S under the United States Securities Act of 1933, as amended
"US$" or "dollar" or "cent"	the lawful currency of the United States of America
"YTL" or "lira"	the lawful currency of Turkey
"£" or "sterling" or "pence"	the lawful currency of the UK

Dated 21 December 2005

Typeset and Printed by **Linkway CCP** L14624