

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended immediately to consult your stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000, or if you are in a country outside the UK, another appropriately authorised independent financial advisor.

This Circular is for distribution only to persons who are Shareholders of the Company. If you have sold or otherwise transferred all of your Shares, please send this Circular, together with the accompanying Form of Proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of Shares, you should retain these documents and should contact the stockbroker, bank or other agent through whom the sale or transfer was effected.

THE OTTOMAN FUND LIMITED

(a public company incorporated in Jersey under the Companies (Jersey) Law 1991 as amended, with company number 91945)

Recommended proposals for the restructuring of the Company including its reclassification to "Listed Fund" status, and amendments to its investment policy and its articles of association

Circular and Notice of Extraordinary General Meeting

Your attention is drawn to the letter from the Chairman in Part I of this Circular, which contains the recommendation of the Directors that you vote in favour of the resolutions to be proposed at the EGM to be held at 8 Hill Street, St Helier, Jersey, JE4 9XB at 11 a.m. (Jersey time) on 22 February 2010.

The action which Shareholders are recommended to take is set out on page 14 of this Circular. Whether or not Shareholders intend to be present at the EGM, they are urged to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon as soon as possible but, in any event, so as to be received by post or by hand (during normal business hours only) by Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU no later than 48 hours before the time appointed for the EGM. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at the EGM, if you so wish and are so entitled.

Your attention is drawn to the "Risk Factors" set out in Part II of this Circular, for a description of certain factors that should be considered by Shareholders when considering what action to take in connection with the EGM.

This Circular is individually directed to existing Shareholders and does not constitute an offer to any person or to the public generally to subscribe for or otherwise acquire any securities of the Company.

You must not treat the contents of this Circular or of any subsequent communications from the Company or any of its respective affiliates, officers, directors, employees or agents as advice relating to legal, tax, accounting, regulatory, investment or any other matters. Shareholders must rely upon their own representatives, including their own legal, tax, accounting, regulatory and investment advisors, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Proposals.

LISTED FUND STATUS

The JFSC previously granted consent to the Company under Article 5 of the 2002 Order for the circulation of a prospectus (the “**Prospectus**”) in connection with an offer of up to 150 million Shares in December 2005. This Circular does not constitute a prospectus or an offer to the public for the purposes of the Companies Law, or the 2002 Order and accordingly no consent from the JFSC has been applied for or granted in this regard.

The Company was incorporated in Jersey and is regulated by JFSC as a closed ended unclassified collective investment fund pursuant to the CIF Law. In order to facilitate its proposed internalisation of management, the Company has applied for and been granted permission by the JFSC (subject to Shareholder approval) to be treated as a “Listed Fund” for the purposes of the Listed Fund Guide.

Jersey regulatory requirements, which may be deemed necessary for the protection of retail or inexperienced investors, do not apply to Listed Funds. Holding an investment in the Company is suitable, therefore, only for professional or experienced investors, or those who have taken appropriate professional advice. Any person holding an investment in the Company will be deemed to have acknowledged that he or she is a professional or experienced investor, or has taken appropriate professional advice, and has accepted the reduced requirements accordingly.

Shareholders are wholly responsible for ensuring that all aspects of holding an investment in the Company are acceptable to them. Holding an investment in Listed Funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless Shareholders fully understand and accept the nature of the Company and the potential risk inherent in the Company they should take appropriate advice in order to determine whether or not to continue to hold an investment in it.

In particular, the promoter policy requirements of the JFSC, which would have required the Company to have a separate management company, will not apply and the Company will not have a separate management company. Instead, management of the Company will be internalised as described in Part I of this Circular.

Further information required to be included in this Circular in compliance with the Listed Fund Guide is set out in Part III of this Circular.

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Circular includes statements that are, or may be deemed to be “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” and, in each case their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this Circular and include statements regarding the intentions, beliefs or current expectations of the Group. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

You should assume that the information appearing in this Circular is current only as of 25 January 2010, being the latest practicable date prior to publication of this Circular, unless otherwise stated. The business, financial condition or results of operations of the Company or the Group may change. Except as required by law or applicable regulation, neither the Company nor any member of its Group undertakes any obligation to update any forward-looking statements, even though the situation of the Company or the Group may change in the future.

All of the information presented in this Circular, and particularly the forward-looking statements, are qualified by these cautionary statements.

You should read this Circular and the documents available for inspection completely and with the understanding that actual future results of the Company or the Group may be materially different from what the Company expects.

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EXPECTED TIMETABLE OF EVENTS*

Publication of this Circular	27 January 2010
Latest time and date for receipt of Forms of Proxy	10:00 a.m. on 18 February 2010
Extraordinary General Meeting	11:00 a.m. on 22 February 2010

* Each of the times and dates in the above timetable are subject to change.
All times are Jersey time.

DEFINITIONS

The following definitions apply throughout this Circular:

“ 2002 Order ”	the Companies (General Provisions) (Jersey) Order 2002;
“ AIM ”	the AIM Market of the London Stock Exchange;
“ AIM Rules ”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“ Administration Agreement ”	the administration agreement between the Company and the Administrator dated 9 November 2009;
“ Administrator ”	Herald Fund Services Limited, a company incorporated in Jersey (registered number 99986) and having its registered office at 8 Hill Street, St. Helier, Jersey, JE4 9XB;
“ Alanya ”	Riverside Resort, a residential complex situated in Alanya, Turkey comprising 215 apartments of which the Group invested in 107 units;
“ Articles ”	the articles of association of the Company;
“ Assets ”	the assets of the Group which comprise its investments in Alanya, Bodrum, Riva and Kazikli;
“ Board ” or “ Directors ”	the directors of the Company for the time being, whose names appear on page 7 of this Circular;
“ Bodrum ”	undeveloped land which is owned by the Group having a total gross area of 185,175 sqm, located on the northern side of the Bodrum Peninsula, approximately 45 minutes drive from Milas Airport;
“ Business Day ”	means a day (other than a Saturday or Sunday, public or bank holiday) in which banks are open for normal business in London and Jersey;
“ CIF Law ”	the Collective Investment Funds (Jersey) Law 1988, as amended;
“ Circular ”	this circular to Shareholders;
“ Companies Law ”	the Companies (Jersey) Law 1991, as amended;
“ Company ”	The Ottoman Fund Limited;
“ Custodian ”	BNP Paribas S.A., Jersey Branch;
“ Custody Agreement ”	the agreement between the Company and the Custodian dated 21 December 2005;
“ EGM ” or “ Extraordinary General Meeting ”	the extraordinary general meeting of the Company convened for 11 a.m. on 22 February 2010 (or any adjournment thereof) at which the Resolutions will be put to the Shareholders;
“ EGM Notice ”	the notice convening the EGM which is set out at the end of this Circular;
“ Existing Articles ”	the Articles for the time being;
“ Form of Proxy ”	the form of proxy to be used by Shareholders in connection with the EGM, a copy of which accompanies this Circular;
“ Founders Share ”	shares in the capital of the Company designated as Founders Shares which are held by the Manager;

“FSA”	the UK Financial Services Authority;
“FS Law”	the Financial Services (Jersey) Law 1998, as amended;
“FSMA”	the UK Financial Services and Markets Act 2000, as amended;
“Group”	the Company and its subsidiary undertakings from time to time;
“Internalisation”	the proposals to restructure the Company, internalise its management, appoint the New Investment Adviser, amend the Articles and convert the Company to a Listed Fund as described in this Circular;
“Investment Advisor Agreement”	the investment advisory agreement between the Company, the Manager and the Investment Advisor dated 21 December 2005;
“Investment Policy”	the investment policy of the Company from time to time;
“JFSC”	the Jersey Financial Services Commission;
“Kazikli”	approximately 210,000 sqm of land in Kazikli, Milas;
“Listed Fund”	a fund established and regulated pursuant to the terms of the Listed Fund Guide;
“Listed Fund Guide”	the Jersey Listed Fund Guide published by the JFSC in April 2008 and updated in January 2009;
“London Stock Exchange”	London Stock Exchange plc;
“Management Agreement”	the agreement between the Company and the Manager dated 21 December 2005;
“Manager”	Development Capital Management (Jersey) Limited, a company incorporated in Jersey (registered number 85291) and having its registered office at BNP House, Anley Street, St. Helier, JE2 3QE;
“New Articles”	the Articles proposed to be adopted pursuant to Resolution 3 set out in the Notice of EGM which are summarised at paragraph 6 of Part III of this Circular;
“New Investment Adviser”	Civitas Property Partners S.A. a corporation limited by shares registered in the Republic of Panama with registered number 680414 having its registered office at East 53 rd Street, MNG Building, 2 nd Floor, Marbella, Republic of Panama;
“New Investment Advisory Agreement” or “NIAA”	the investment advisory agreement entered into by the Company and the New Investment Adviser on 2 December 2009;
“New Investment Policy”	the proposed new investment policy of the Company as set out on page 10 of this Circular;
“NIAA Assets”	the investments in Alanya, Bodrum and Riva which will be managed by the Board with advice and support from the New Investment Adviser;
“Offering Document”	the original offering document issued on 21 December 2005;
“Proposals”	the Internalisation and the proposal to reduce the Company's share capital;
“Registrar”	Capita Registrars (Jersey) Limited, a company incorporated in Jersey (registered number 64502) and having its registered office at 12 Castle Street, St. Helier, JE2 3RT;
“Resolutions”	the ordinary resolution and special resolutions set out in the

	Notice of EGM;
“Riva”	undeveloped land having a total gross area of 931,739 sqm, north east of Istanbul, approximately 40 minutes drive from central Istanbul which is owned by the Group;
“Royal Court”	the Royal Court of Jersey;
“Shareholders”	holders of the Shares;
“Shares”	the sterling participating shares in the capital of the Company;
“Side Letter”	the side letter to the Management Agreement signed by the Manager and the Company dated 21 April 2008;
“Turkish Subsidiaries”	Ottoman Finance Co II Limited, together with its Turkish subsidiary undertakings known as Osmanli Yapi 1, Osmanli Yapi 2, Osmanli Yapi 3 and Osmanli Yapi 4 which own the real estate assets;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“£” or “Pounds”	the lawful currency of the UK; and
“USD”	means the means the lawful currency of the United States of America.

All references to times in this Circular are to Jersey time.

PART I

LETTER FROM THE CHAIRMAN OF THE COMPANY

The Ottoman Fund Limited

(a no par value company incorporated in Jersey under the Companies (Jersey) Law 1991 as amended, with registered number 91945)

Non-executive Directors:

John Chapman, *Chairman*
Antony Gardner- Hillman
Andrew Wignall
Angelo Moskov
Eitan Milgram

Registered office

8 Hill Street
St Helier
Jersey
JE4 9XB

25 January 2010

To all holders of Shares, and for information only, holders of Founders Shares.

Dear Shareholder,

I write to recommend that you approve the Company restructuring that is explained in detail below. The restructuring essentially involves internalising Company management, terminating the existing manager and hiring a new investment advisor. Under applicable law, the mechanism for accomplishing the internalisation of management is to reclassify the Company to "Listed Fund" status in accordance with the Listed Fund Guide issued by the JFSC, amend the Company's Articles and enter into a contract with the new advisor. Our objective in making these proposals is to reduce operating costs and increase shareholder value. The Board therefore recommends that you vote in favour of the Resolutions at the EGM to be held at 11 a.m. on 22 February 2010 in accordance with the instructions set out on page 14 of this circular. Your properly executed proxy must be received by the registrar no later than 48 hours before the time appointed for the EGM.

1. Background

The Company was established on 9 December 2005 and admitted to trading on AIM on 28 December 2005 as a closed ended collective investment fund. As a closed ended collective investment fund, the Company was required to have an external manager and, pursuant to the Management Agreement, Development Capital Management (Jersey) Limited was appointed as manager.

The Board announced on 1 November 2007, that the Company intended to realise its assets in a managed way over the following 18 to 24 months, returning proceeds to Shareholders. The Board instructed the Manager to proceed with this realisation strategy and on 2 July 2008, the Company announced that the Company had given notice to the Manager to terminate the Management Agreement with effect from 31 December 2008. The Management Agreement has been extended since then on a month to month basis at a reduced fee.

Whilst units in the Alanya development have been sold since 31 December 2008, the bulk of the Company's assets are unsold.

Following the Manager's termination, the Board considered a number of alternatives and interviewed numerous companies and individuals. Following the completion of this search, the Board chose to appoint Civitas to advise the board in connection with the NIAA Assets of the Company.

The Board has experience in Turkish assets and property investments. To the extent additional expertise is required, the Board will rely on Civitas in relation to the NIAA Assets.

The Company entered into a New Investment Advisory Agreement with the New Investment Adviser on 2 December 2009. The Manager is not a party to the New Investment Advisory Agreement.

The New Investment Adviser was appointed by the Company initially to work with the Board to conduct a review of the NIAA Assets. The New Investment Adviser has not been engaged by the Company to work with the Board to conduct a review of Kazikli. If the Internalisation is implemented, the New Investment Adviser will have a larger role as described in paragraph 4 of Part III of this Circular.

On 22 January 2010, the Company received JFSC approval to internalise its management and reclassify as a Listed Fund, subject to the approval of the Shareholders.

On 5 November 2009, the Board invited Eitan Milgram to join as a Director. Mr Milgram, 30, is executive vice president of Weiss Capital LLC based in Boston USA. Weiss Capital LLC is a substantial shareholder in the Company. Mr Milgram is an experienced portfolio manager and has been a non-executive director of a number of closed ended investment funds. He holds a BA in Economics from Boston University. The Shareholders will be asked to confirm the appointment of Eitan Milgram at the EGM.

2. The Proposed Restructuring

It is proposed that the Company internalises its management by terminating the Management Agreement and taking over the majority of the day to day management of the Company. The remainder of the management role (essentially, a duty to monitor the investment management activities of the Directors) will be undertaken by the Administrator.

The internalisation will result in consequential savings on operating costs for the Company, but the implementation of the restructuring is driven, in part, by compliance with the Listed Funds Guide and the requirements of the JFSC. The Company will need to reclassify from being an unclassified collective investment fund pursuant to the CIF Law, to a "Listed Fund", which is an unclassified collective investment fund in accordance with the Listed Fund Guide. The Internalisation is conditional upon Shareholder approval and the issue to the Company by the JFSC of a certificate in accordance with the Listed Fund Guide and the CIF Law.

If the Internalisation is approved by Shareholders, the Company will terminate the Management Agreement. The Manager will cease to provide a management function to the Company and, in particular, the following will occur:-

Changes to investment management and advisory function

- The general duty to manage the Company's Assets and supervision of the Administrator and the secretary will not be carried out by the Manager. These functions will be undertaken by the Board.
- The duty to provide investment advisory services to the Company and management of the investment and reinvestment of the Assets of the Company will not be carried out by the Manager. This includes the duty to acquire, oversee, arrange financing for and manage the Company's investment properties. The termination of the management function means that the Manager will not report to the Board concerning the status of the property portfolio and will not be responsible for organising contracts in respect of maintenance, cleaning, landscaping or service installations for the underlying properties. Instead, these activities will be carried out by the New Investment Adviser in relation to the NIAA Assets, in conjunction with the Board who will carry out these functions in relation to all the Assets of the Company.
- At the same time, the Company proposes to terminate the appointment of the Custodian. The Company does not intend to appoint a new custodian as these functions are limited. The Company's real property assets are held through its Turkish Subsidiaries, and it is proposed that the Administrator will hold the share certificates to the Turkish Subsidiaries on behalf of the Company. Title documents to the Company's real property will remain with the legal advisers to the Company in Turkey with certified copies being held by the Administrator for reconciliation purposes.

New functions carried out by the Administrator

- In accordance with the requirements of the Listed Fund Guide, the Administrator will monitor the investment decisions of the Board to ensure that its decisions are consistent with the investment policy of the Company as amended from time to time.

Retirement of the Manager and Termination of Management Agreement

- The Management Agreement will be terminated and cease to be of any further effect, save that the Manager pursuant to a contract entered into between the Company and the Manager may be entitled to certain fees in relation to sales of Assets to persons introduced to the Company by the Manager.

New functions carried out by the New Investment Adviser

- If the Internalisation becomes effective, the New Investment Adviser will provide services to the Company that will include advisory, management, marketing, accounting and legal services in connection with the NIAA Assets of the Company. If the Internalisation becomes effective, the New Investment Manager will not be engaged to provide services to the Company in relation to Kazikli.

Further details of the New Investment Adviser and its contract with the Company and details regarding Kazikli are set out in Part III.

Copies of the New Investment Advisory Agreement and the Administration Agreement are on display during normal office hours on Business Days at the offices of the Administrator at 8 Hill Street, St Helier, Jersey, JE4 9XB and will remain on display until the date of the EGM.

3. Proposed Changes to the Investment Policy

The initial investment strategy of the Company was written in connection with its admission to AIM in the Company's admission document and no longer reflects the phase in the investment-divestment cycle in which the Company is operating. The Board does not currently intend to make any further acquisitions.

The initially stated investment policy and criteria of the Company were generally only to be varied by way of ordinary resolution of the Shareholders.

Accordingly, Shareholders are being asked to approve by ordinary resolution at the EGM a change in the Investment Policy such that the new policy is as follows:

"The Company shall only make investments in Turkey with a view to enabling a future sale of the Assets in whole or in part. To the extent investments have been or are made, the Company will actively manage those investments and seek to realise its assets in a managed way at an appropriate time, returning proceeds to Shareholders as and when it does.

Save as set out above, there are no restrictions on the investments which the Company may make or the leverage it may employ (up to a value of no more than 100% of the net asset value of the Company in relation to leverage) save as provided by the Listed Fund Guide and the Offering Document.

Shareholder returns are expected to be delivered by way of return of capital on their Shares, whether by dividend, repurchase or otherwise."

The Board is of the view that the New Investment Policy is in the best interests of the Shareholders, particularly in light of the current market conditions in Turkey and globally.

4. Proposed Reclassification of the Company to "Listed Fund" Status

When the Company was incorporated in 2005, it was established as an "unclassified" fund in accordance with the CIF Law. The authorisation process for the Company required the JFSC to review and approve the offering document, constitutional documents and material contracts of the Company. The regulatory requirements for the structure of the Company (as a closed ended unclassified collective investment fund pursuant to the CIF Law) were such that a Jersey based manager be appointed by the Company to perform an investment management role and carry out the administration of the Company (although this function was delegated to the Administrator). This provides the background to the appointment of the Manager and the nature of its current duties under the Management Agreement.

In January 2007, the JFSC issued the “Jersey Listed Funds Guide” which was re-issued in April 2008 and subsequently updated in January 2009. The purpose of the Listed Fund Guide was to enable a streamlined authorisation process for the establishment or reclassification of unclassified collective investment listed closed ended funds, provided that the fund complies with the requirements of the Listed Fund Guide.

The regulatory approach to a Listed Fund differs from the approach in relation to unclassified funds, because it relies on certification by a Jersey based functionary that the relevant fund complies with the requirements of the Listed Fund Guide. In this case, the Administrator has provided the relevant confirmation to the JFSC in respect of the Company.

In certain cases, the Listed Fund Guide enables collective investment funds to be established without a manager, provided that a Jersey based administrator is appointed. There is more flexibility regarding investment policy and borrowing powers, providing adequate disclosure is made with the offering document of the Company. There is a requirement for a majority of the directors of the investment fund to be independent of the manager or investment manager (if appointed).

In summary, the reclassification of the Company to Listed Fund status provides a suitable regulatory framework within which the proposed Internalisation may be effected. The reclassification amounts to a change in the regulatory treatment of the Company and, other than as set out in the Proposals, the general characteristics of the Company (including the investment policy and objectives) will remain the same in all material respects. It is worth noting that the Company would probably not have been established as an ordinary unclassified collective investment fund today but either as a listed fund or an unregulated exchange traded fund. Unfortunately, it is not possible, for legal and regulatory reasons to convert an existing unclassified collective investment fund to an unregulated exchange traded fund.

Further information in relation to the regulatory treatment of Listed Funds domiciled in Jersey may be found on the website of the JFSC at www.jerseyfsc.org

5. Financial Impact of the Internalisation

The Directors are of the view, that the financial saving on implementation of the Internalisation will be significant.

6. Tax

The following is a high-level analysis of the Jersey and Turkish tax implications of the proposed restructuring for the Company and its subsidiary undertakings and is provided by the auditors of the Company. It is not intended to advise individual investors of their tax position, and individual investors should seek advice as to the impact on their affairs of the proposed restructuring. The information given below is based on current law and practice, and may be subject to change.

Turkish tax position

A change in the Company’s regulatory status will not affect the liability of its Turkish subsidiaries to Turkish tax. Steps will be taken to ensure that the Company cannot be considered to be trading in Turkey through a permanent establishment, and therefore liable to

Turkish tax. To minimise the risk of the Company attracting Turkish tax, the Board will ensure that, following the proposed reorganisation, decisions regarding the investment activities of the Company are made in Jersey, and sufficient records are kept to document this.

Jersey tax position

A change in the Company's regulatory status will not affect its liability to Jersey tax. The Company is liable to tax in Jersey at the standard rate of 0% on the basis that it is not a "financial services company" as defined in the Income Tax (Jersey) Law 1961, as amended. It is the understanding of the auditors of the Company that the changes in the regulatory position and the activities of the Company will not bring it within the scope of a higher tax rate, and therefore the Company will be unaffected by the proposed restructuring. In addition, the auditors of the Company do not anticipate that the change in the Company's advisers will have an impact on its Jersey tax position.

The directors of the Company intend to conduct the affairs of the Company in such a way that central management and control remains in Jersey and such that the Company will not be carrying out any trading activity that could cause a taxable permanent establishment to arise outside of Jersey.

Recent concern, albeit unspecified, has reportedly been expressed by some members of the ECOFIN Code of Conduct group as to whether the current "Zero/Ten" income tax regimes in Jersey and the other crown dependencies are compliant with the spirit of the EU Code of Conduct for Business Taxation. Pending a review by the crown dependencies of their corporate tax regimes no formal objection has been raised by ECOFIN at this time. The outcome of these reviews cannot be pre-judged, however, Jersey's Minister for Treasury and Resources has announced plans to propose legislation to exempt companies, such as the Company, which are collective investment schemes from taxation in Jersey with effect from 1 January 2010.

7. Amendments to the Articles

It is proposed that the Existing Articles are replaced in their entirety in order to remove:

- the requirement for the Company to appoint a manager to manage the Company's funds;
- a provision requiring the Company to be wound up in the absence of a manager being appointed for a period of six months or more; and
- other non material amendments reflecting the absence of a manager.

A copy of the New Articles and a blacklined version showing the changes from the Existing Articles are available on the Company's website, www.theottomanfund.com

8. Consequential Amendments to the Admission Document

The Directors have resolved not to add to the expense of the Proposals by issuing a revised admission document. As such, assuming that the Proposals are approved, Shareholders

should treat the Admission Document as having been amended in accordance with the detail and information provided in this Circular, taken together with the New Articles.

The consequential amendments to the Admission Document are set out in Part III of this Circular.

9. Extraordinary General Meeting

A notice convening the EGM to be held at 8 Hill Street, St Helier, Jersey, JE4 9XB at 11 a.m. on 22 February 2010 to consider and, if thought fit, pass the Resolutions is set out on page 27 of this Circular.

All Shareholders are entitled to vote on the Resolutions to be proposed at the EGM. Resolutions 1 and 2 will be proposed as ordinary resolutions (which require votes in favour representing more than 50 per cent. of the votes cast) and Resolution 3 will be proposed as a composite special resolution (which require votes in favour representing at least two thirds of the votes cast).

The quorum for the EGM is two members present in person or voting by proxy. Any Shareholder may appoint a proxy to attend and, on a poll, vote on the Resolutions on his behalf.

The Resolutions which Shareholders are being asked to pass at the EGM provide for the following:

Resolution 1 (Ordinary Resolution) seeks Shareholder approval to adopt the New Investment Policy.

Resolution 2 (Ordinary Resolution) seeks Shareholder approval to the appointment of Eitan Milgram as a Director of the Company.

Resolution 3 (Special Resolution) seeks Shareholder approval that:-

- (a) the proposals described in this Circular and the reclassification of the regulatory status of the Company to "Listed Fund" status in accordance with the Listed Fund Guide be approved;
- (b) the termination of the Manager and the Management Agreement be approved for all purposes under the Articles;
- (c) any one director of the Company (or any two such directors, if required) be authorised to execute the required documentation in connection with the Proposals, together with all amendments as may be approved by such director or directors so authorised and executing such documents; and
- (d) with effect from, and conditional upon, the issue to the Company by the JFSC of a certificate in accordance with the CIF Law, the Articles be replaced in their entirety by new articles of association in the form submitted to the meeting, and signed by the Chairman for the purposes of identification.

10. Action to be Taken

A Form of Proxy for use at the EGM accompanies this Circular. The Form of Proxy should be completed in accordance with the instructions thereon and returned to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU as soon as possible, but in any event so as to be received by 10.00 on 18 February 2010 (or at least 48 hours before any adjourned meeting).

If you have not received the Form of Proxy please contact the Administrator on the number set out below. If you have any questions relating to completion and return of the Form of Proxy please contact the Administrator on +44 1534 610610 between 9.00 a.m. and 5.00 p.m. Monday to Friday (excluding bank and public holidays). Please note that calls to this number may be monitored or recorded, and no advice on the Proposals may be given.

The completion and return of a Form of Proxy will not preclude Shareholders from attending the EGM and voting in person should they so wish.

11. Recommendation

The Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and, accordingly, unanimously recommend that you vote in favour of the Resolutions to be proposed at the EGM.

Yours faithfully

John Chapman
Chairman

PART II

RISK FACTORS

Shareholders should carefully consider all the information in this Circular including the risks described below. The Directors currently consider the following risks are those that would have a material impact on the Company but these risks do not purport to be an exhaustive list or summary of the risks which the Company may encounter in effecting the Proposals and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors, or that the Directors do not currently consider to be material, may also have an adverse effect on the Company. The past performance of the Company is no guarantee of future performance. If any of the following risks were to occur, the Company's business, financial condition, capital resources and/or future operations could be materially adversely affected. In such a case, the trading price of the Shares and/or their net asset value could decline significantly and investors may lose all or part of their investment.

Prospective investors should immediately seek their own personal financial advice from their independent professional advisor authorised under FSMA, who specialises in advising on the acquisition of shares and other securities, or other advisors such as legal advisors and accountants.

1. RISKS RELATING TO THE INTERNALISATION

There can be no guarantee that the price of the Shares will increase as a result of implementation of the Proposals.

There can be no assurance that the market price of the Shares will increase after implementation of the Proposals. Factors that may cause the price of Shares to vary may include, but are not limited to, investor sentiment, local and internal stock market conditions and speculation in the press or investment community regarding the Internalisation, the performance of the Company's investments, and factors or events that may directly or indirectly affect its business or investments. Many of these factors will be outside the control of the Company.

There is no guarantee that the implementation of the Proposals will necessarily improve the Company's performance.

The Proposals will involve major changes to the Company's current management and governance structure, including internalisation of management. Although it is expected that implementation of the Proposals will reduce costs and increase management efficiency, an improvement of the Company's performance will depend on the performance of the entire management team as well as other factors, some of which are outside the control of the Company. Therefore, no assurance can be given that internalisation of management will increase the Company's performance and profitability.

2. CERTAIN RISKS RELATING TO FAILURE TO APPROVE THE INTERNALISATION

If Shareholders do not vote in favour of the Resolutions, the Proposals will not be implemented, in which case the Company may be required to seek other arrangements, with no guarantee of success.

If Shareholders do not vote in favour of the Resolutions, the Proposals will not be implemented. The Company may be required to seek further alternatives to deal with management of the assets and there could be no guarantee that the policy to realise the assets in a managed way could be achieved.

If the Proposals are not implemented, the Company may remain as an externally managed entity and will need to appoint a new manager.

Failure to implement the Proposals may mean that the Company remains as an externally managed entity. As the Management Agreement has been terminated the Company will need to seek a new manager and the Company will not be able to take advantage of the benefits of management internalisation described in this Circular. There can be no guarantee that a new manager could be appointed on terms that are suitable to the Company. Terms to be agreed with a new manager could be more onerous for the Company than the terms and fees agreed with the Manager currently. In addition, if the Proposals are not implemented, there can be no certainty that the Company will be able to negotiate terms with a suitable manager. Each of these considerations is an important element that, in the Board's view, contributed positively to the benefits of the Proposals.

3. RISKS RELATING TO THE COMPANY'S POLICY OF REALISING ASSETS IN A MANAGED WAY

The Company's managed asset realisation policy may not be met.

There can be no guarantee that the managed asset realisation policy of the Company will be met. If the valuations of the Assets or land values decrease significantly before the assets of the Company are realised, the potential returns from property investments, and, therefore available for Shareholders, may be less than those targeted by the Directors. The level of dividend to be paid on the Shares is not guaranteed and may fluctuate. Any dividend growth on the Shares will depend upon, inter alia, capital value growth in the Company's underlying Assets.

Macroeconomic Risks.

The Company's business is affected by economic conditions in the geographical areas in which it operates. The global financial markets and credit conditions have been affected by financial dislocations which are impacting the wider economy. Adverse economic conditions in these markets could have a material adverse effect on the realisation of Assets.

The value of the Company's Assets may be affected by various uncertainties such as economic, political or diplomatic developments, social and religious instability, taxation and interest rates, currency repatriation restrictions, crime and corruption and developments in the law or regulations in Turkey and, in particular, the risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level, or permissibility, of foreign ownership.

Currency Risk.

The Company will transact in currencies other than pounds Sterling, primarily in Turkish lira, Euros and USD and does not hedge its currency exposure. Consequently, the Company's realisation of assets will be subject to the effect of exchange rate fluctuations with respect to the currencies employed.

Tax Residency.

If the Company is found to be, or to have been, tax resident in any jurisdiction other than that in which it is incorporated or domiciled or to have a taxable permanent establishment or other taxable presence elsewhere, other than in the case of certain companies providing advisory and staff services which may have permanent establishments in Turkey, whether on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice, this may have a material adverse effect on the amount of tax payable by the Company. Any change in any member of the Company's tax status or in taxation legislation, practice or its interpretation, could adversely affect the post-tax returns to Shareholders.

Illiquid Assets.

Investments in property are relatively illiquid and more difficult to realise than equities or bonds.

Political Instability.

Significant political instability or social unrest could have a material adverse effect on the value of realisation of the Assets.

4. GENERAL RISKS RELATING TO THE COMPANY

Dividends.

If under Jersey law there were to be a change to the basis on which dividends could be paid by Jersey companies, this could have a negative effect on the Company's ability to pay dividends.

Accounting Standards.

If under Jersey law there were to be changes to accounting standards or the interpretation of accounting standards, this could have a negative effect on the Company's ability to pay dividends.

Changes in law.

Any changes to the laws and regulations relating to the Turkish property may have an adverse effect on the capital value and/or the rental income of the Assets.

PART III

ADDITIONAL INFORMATION

1. OTHER IMPACTS OF LISTED FUND STATUS

- 1.1 The Company may amend its memorandum of association and Articles by a special resolution of its shareholders. Following the implementation of the Proposals, the Company will have an internal executive function and will not have an external manager or management agreement. Under the existing consent granted to the Company by the JFSC pursuant to the CIF Law, any material change to the Company requires the prior consent of the JFSC. Under the Listed Fund Guide, only changes, which are not in accordance with the Listed Fund Guide require prior written approval of the JFSC. Any changes to the Company, which are in accordance with the Listed Fund Guide, must be notified to the JFSC within 28 days of the change taking place but no prior consent is necessary.
- 1.2 Under the Listed Fund Guide, there are no restrictions on the maximum level of borrowing permitted by the Company nor are there any specific investment or risk diversification requirements. Borrowing will be limited to no more than 100% of the net asset value of the Company (at the time of borrowing) though in practice due to the intention of the Company to realise its assets in a managed way returning proceeds to Shareholders, it is unlikely that any borrowing will take place.
- 1.3 Further information in relation to the regulatory treatment of Listed Funds domiciled in Jersey may be found on the website of the JFSC at www.jerseyfsc.org.

2. CONSEQUENTIAL CHANGES TO THE ADMISSION DOCUMENT

- 2.1 The Directors have resolved not to add to the expense of the Proposals by issuing a revised offering document in respect of the Company. As such, assuming that the Proposals are approved, Shareholders should treat the Prospectus as having been amended in accordance with the detail and information provided in this Circular, taken together with the amended Articles as described below.
- 2.2 In particular, the Proposals will materially alter the information contained in relevant sections of the Prospectus detailing the nature of the appointment of a manager, duties and responsibilities (pages 47-50), the extended duties of the Administrator (page 50), the fees and expenses of the Administrator to provide a monitoring role (page 52) and the description of the material contracts of the Company (pages 75-77).
- 2.3 In addition, the Listed Fund Guide requires the following investment warning to be provided to shareholders in respect of Listed Funds:

"This fund has been established in Jersey as a listed fund under a fast-track authorisation process. It is suitable only for professional or experienced investors, or those who have taken appropriate professional advice.

Regulatory requirements which may be deemed necessary for the protection of retail or inexperienced investors, do not apply to listed funds. By investing in this fund you will be deemed to be acknowledging that you are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced requirement accordingly.

You are wholly responsible for ensuring that all aspects of this fund are acceptable to you. Investment in listed funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of this fund and the potential risks inherent in this fund you should not invest in this fund."

- 2.3 Further information in relation to the regulatory treatment of Listed Funds domiciled in Jersey may be found on the website of the Jersey Financial Services Commission at www.jerseyfsc.org.
- 2.4 The directors of the Company have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of fact or of opinion. The directors accept responsibility accordingly.

3. COMPANY ADMINISTRATOR

- 3.1 Herald Fund Services Limited was appointed as administrator and company secretary to the Company on 9 November 2009. Its issued and fully paid up share capital is £200,000 divided into 200,000 shares of £1.00 each. It holds a licence under the FS Law in relation to the Company and is registered in Jersey for the conduct of fund services business under the FS Law and regulated by the JFSC.
- 3.2 In consideration for the services provided by the Administrator under the Administration Agreement, the Company pays the Administrator a fixed administration fee of £70,000 per annum. In addition, the Company is required to reimburse the Administrator for all costs, charges, expenses and other disbursements (including, without limitation, all reasonable costs and expenses incurred resulting from overseas travel) properly incurred in connection with, or incidental to, the provision of the contracted services. The fee payable to the Administrator may be revised from time to time by agreement in writing by the Company and the Administrator.
- 3.3 Herald Fund Services Limited is a subsidiary of Herald Trust Company Limited which was established in 1986 and remains owner-managed. Herald Fund Services Limited was established in May 2008.

The directors of Herald Fund Services Limited as are follows:-

Michael Capraro - Managing Director

Michael is a graduate of the University of Johannesburg and the Stellenbosch Business School in South Africa. His career in financial services started in 1985 at Old Mutual, one of South Africa's foremost life assurance and asset management

companies, now a FTSE listed plc. He relocated to Jersey in 2000 to join the Stonehage Group, a privately-owned wealth management and fiduciary services group, where he was a director of numerous group subsidiaries and head of the fund services business. Michael has a wide range of financial services experience. He has operated in a fiduciary capacity and acted as a director on numerous structures, most notably on investment management companies.

Robert Roynon-Jones – Director

Robert is a graduate of Edinburgh University and a fellow of the Institute of Chartered Accountants having worked for Deloitte & Touche and KPMG. Robert has worked in the trust and company administration industry since 1989. He has been a director and shareholder of Herald since 1992. Robert specialises in offshore structures dealing with property holding and property investment. He is experienced in UK tax matters and also has an Investment Advisory Certificate.

Robert Sharp – Finance Director

Robert is a graduate of Oxford University and a fellow of the Institute of Chartered Accountants having qualified with Deloitte & Touche in London. He has considerable experience as a forensic accountant in litigation support roles and was Deloitte & Touche's offshore fund expert. He has been engaged at director level in the trust and company administration business since 1995. As well as being Finance Director he is also managing director of Herald Sports & Entertainment. Robert has an investment advisory certificate and is involved in the appointment and monitoring of investment managers. Robert has been a director and shareholder of Herald since 1998.

3.4 The Administration Agreement will terminate on the occurrence of the following:-

- (i) the Company or the Administrator gives the other party not less than three months notice in writing;
- (ii) the Administration Agreement may be terminated forthwith if a party:-
 - (a) commits a material breach of its obligations under the Administration Agreement and fails to make good such breach within thirty days of receipt of notice from the non-defaulting party; or
 - (b) passes a resolution for the winding up (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other party) or if the Royal Court orders a winding-up of a party or if a party is declared "en désastre" or if a receiver is appointed over the whole or a substantial part of the assets of a party; or
 - (c) the Administrator ceases to hold all authorisations, licences or consents necessary for the conduct of its business under the Administration Agreement or ceases to be subject in Jersey for fiscal purposes;
- (iii) the appointment of the Administrator shall terminate automatically if the Administrator becomes or be deemed to become resident for tax purposes or carries on business within the United Kingdom or shall carry on any business

elsewhere outside the Island of Jersey (other than where the laws of Jersey and any other applicable laws, rules and codes of practice for the time being in force as may apply to the permit of the Company) or performs its duties in circumstances which cause the Company to become liable to pay any taxes or fiscal duties, levies or charges whatsoever which it would not otherwise be liable to pay;

- (iv) if the Administrator becomes aware that the Company has taken or proposes to take any action which, in the reasonable opinion of the Administrator, could prejudice the Company's tax status or the listing of its shares on any stock exchange, or which would be ultra vires or which would result in a breach of the Company's Articles or the offering document of the Company, or would otherwise constitute a breach of any law or regulation applicable to the Company, the Administrator has the right to terminate the Administration Agreement with immediate effect in the event that such action or breach is not regularised within one month of such notification.

Should the Administration Agreement be terminated, the Board of the Company would seek to appoint a suitable replacement.

4. THE NEW INVESTMENT ADVISER

- 4.1 The directors of the New Investment Adviser are as follows:

Ali Pamir

Ali has 17 years of real estate and 5 years of investment banking experience. He worked at the corporate finance department of the Bankers Trust affiliate in Turkey between 1988 and 1991. In 1991 he became the founding manager at Colliers Turkey. He co-founded DTZ Pamir & Soyuer in 1993. He is currently the Chairman of DTZ Pamir & Soyuer, Berggruen Project Development & Construction A.S., and European Property Consultants LLC. Ali has a B.A and MBA from Pennsylvania State University, and he is a CMB certified appraiser.

Firuz Soyuer

Firuz has 17 years of real estate experience and 3 years of investment banking experience. Firuz also worked at Bankers Trust between 1990 and 1991 and became a co-founding manager at Colliers and co-founding partner at DTZ in 1993. He is a Board Member at DTZ Pamir & Soyuer and Project Development & Construction A.S. He has a B.S in Engineering Management from Istanbul Technical University and an MBA from Southern Illinois University. He is the Vice Chairman of the Urban Land Institute Turkey Executive Committee. He is a MRICS / CMB certified appraiser and a lecturer at the property development graduate programme at Istanbul Technical University.

Kerem Saltoglu

Kerem has 20 years of strategy advisory and investment banking experience including real estate advisory. The key highlights of his career include: working for the World Bank/IFC between 1989 and 1992; initiating the establishment of Mc Kinsey Istanbul where he advised The Prime Ministry Privatization Administration (including strategic advisory on sale of real estate assets in the portfolio) and key conglomerates

between 1992 and 1997; leading Merrill Lynch's corporate finance and capital markets efforts in Turkey, Central Asia and Caucasus, between 1997 and 1999 (including advisory work on Real Estate Investment Trusts); spearheading ING Investment Bank's efforts in Turkey between 2000 and 2005; and as head of fixed income capital markets for ABN Amro for Turkey and Middle East between 2005 and 2007. During his career Kerem originated some of the landmark M&A, capital markets and financing transactions in Turkey (including Turk Telecom and Erdemir Steel). He has a B.S in Industrial Engineering from Bogazici University, an MBA (Beta Gamma Sigma) from Columbia University and an MA from Stanford University.

- 4.2 Pursuant to the New Investment Advisory Agreement, the New Investment Adviser has agreed to initially provide strategic advice in respect of the NIAA Assets of the Company in the form of a report to the Board concentrating on a disposal strategy and valuation in respect of each of the NIAA Assets. If the Resolutions are passed and the Proposals are implemented then the New Investment Adviser will also provide on-going strategy advice, such management services in respect of the NIAA Assets as are requested by the Company, including specified services in relation to each of Alanya, Riva and Bodrum, such marketing services in respect of the NIAA Assets as are requested by the Company, such accounting, legal and local audit services in respect of the NIAA Assets as are requested by the Company (including provision of directors to the Company's Turkish subsidiaries as required, maintenance of books and records, quarterly financial reports, and ensuring that the Company and its Turkish subsidiaries are in compliance with all laws and regulations of the Republic of Turkey including all tax legislation).
- 4.3 In consideration for its services pursuant to the Agreement, the New Investment Adviser will be paid an interim project fee equal to an annual fee of €425,000 payable quarterly for the period prior to the approval of the Proposals.
- 4.4 Thereafter, the New Investment Adviser will receive an annual fee of €425,000 payable quarterly in advance together with success fees based on sale proceeds received by the Company in relation to the NIAA Assets. The success fees for units sold in Alanya, amount to 8% of the gross proceeds (having deducted certain budgeted capital expenditure). The success fees for Riva and Bodrum, amount to 1% and 2% respectively of the sale proceeds (having deducted certain improvement expenditure). With respect to both Riva and Bodrum, the Agreement also provides that if either of those NIAA Assets is fully developed, the New Investment Adviser would be entitled to a fee of an amount equal to 10% of the net profits of sale, upon any sale.
- 4.5 No fee is payable to the New Investment Adviser in relation to any sale which occurs on or before 31 December 2010 with a purchaser introduced to the Company prior to the approval of the Proposals by a person other than the New Investment Adviser or with a specified list of purchasers who the Manager states the Manager has previously introduced to the Company.
- 4.6 The New Investment Advisory Agreement also contains warranties and indemnities customary for an agreement of this nature.

4.7 The New Investment Advisory Agreement will terminate on the occurrence of the following:-

- (i) by either the Company or the New Investment Adviser giving three months written notice to the other party to take effect three calendar months (or such other period as agreed in writing between the parties) after receipt of the notice by the party which did not give it, but no such notice may take effect prior to the date falling six calendar months after 2 December 2009;
- (ii) forthwith if either the Company or the New Investment Adviser commits any material breach of its obligations under the New Investment Adviser Agreement and such breach is not remedied within 30 days of receipt of written notice served by the non-defaulting party; or
- (iii) forthwith if either the Company or the New Investment Adviser goes into liquidation or the equivalent under any relevant jurisdiction (except a voluntary liquidation or the equivalent under the laws of the relevant jurisdiction for the purpose of a bona fide reconstruction or amalgamation upon terms previously approved in writing by the parties to this Agreement).

Should the Investment Advisory Agreement be terminated and the Company still requires investment advice, the Board of the Company would seek to appoint a suitable replacement.

4.8 The New Investment Adviser has not been engaged to manage Kazikli, one of the Assets of the Company. Kazikli is held through a joint venture with a partner and will be managed directly by the Board with appropriate assistance as needed in Turkey.

5. OPERATION OF THE BOARD OF DIRECTORS

5.1 The Board currently undertakes regular reviews of the investment strategy and risk profile of the Company, together with investment performance of the underlying assets of the Company. It is proposed that this will continue at not less than three monthly intervals, with the ability to call additional interim board meetings on an ad hoc basis should a Director require.

5.2 The Board proposes that the New Investment Adviser will prepare regular written reports, which will be reviewed by John Chapman. Mr Chapman will then report to the Board at regular intervals and the non-executive members of the Board will then have an opportunity to review and discuss the same.

5.3 In terms of the Listed Fund Guide, *“a majority of Directors (including the chairman) must be independent. It will be a matter for the board to determine whether a director meets the independence requirements established by the listing authority of the exchange or market where the fund company is listed, and whether there are relationships or circumstances (including financial dependence on a director’s relationships with the Manager or Investment Manager of the fund) which are likely to affect, or could appear to affect, the director’s judgement. As a minimum condition of independence, the director should not be a past (within the last five years) or*

present employee of the Manager or Investment Manager or any of their Associates even if permitted by the relevant listing authority”.

- 5.4 It should be noted by Shareholders that the Board now comprises two Jersey-based directors, two representatives of significant Shareholders and John Chapman. The board has resolved that each of the Directors, other than Messrs Milgram and Moskov is independent for the purposes of the AIM Rules as no director is an employee or has been an employee of the Manager or the Investment Adviser (and, save for Messrs Milgram and Moskov), none are nominees for a significant Shareholder.
- 5.5 Information about the current directors of the Company:-

John Chapman, Chairman

John D. Chapman, 53, is a lawyer, member of the New York State Bar, Chartered Financial Analyst, and member of the CFA Institute. He is currently the Executive Chairman of ACP Capital, ACP Mezzanine, and The Black Sea Property Fund. He is also an executive director of the South African Property Opportunities PLC. Mr. Chapman was invited to join the board of directors of the Company in October, 2007 and was elected Chairman in March 2009. He has no present or former relationships with the Administrator or the New Investment Advisor other than through his service as a director of the Company. He owns no shares in the Company.

Antony Gardner- Hillman

Mr Gardner-Hillman, 53, is a solicitor of the Supreme Court of England and Wales. He was a founding shareholder of the Jersey Trust Company group in 1987. He resigned as non-executive group chairman of Jersey Trust Company and disposed of his remaining shareholding in the group holding company in February 2008. He was a partner of Crills, a Jersey law firm, from January 1987 until May 2002. He was appointed as a director of the Company on 12 March 2009.

Mr Gardner-Hillman now works full-time as a self-employed independent non-executive director and currently holds eleven appointments (plus in some cases appointments to subsidiaries), namely: ACP Capital Limited, ARCK Alternative Asset PCC, Bellzone Mining Limited, Cape Verde PCC, Equiom Yachting Services (Jersey) Limited, Euroknights Asset Management IV Limited, Euroknights Asset Management V Limited, Kingsbridge Capital Limited, The Black Sea Property Fund Limited, The Ottoman Fund Limited and Smith & Williamson Trustees (Jersey) Limited. None of those companies is connected with the Administrator or the New Investment Advisor and Mr Gardner-Hillman does not have any current or past employment connection or other material connection with the Administrator or the New Investment Advisor or any shareholding in the Company.

Andrew Wignall

Mr Wignall, 45, a chartered accountant, is currently an independent Director of a number of private equity and other alternative fund structures. Until 2007 he was a director of Moore Management Limited, the Jersey based fund management and fund administration company. Earlier he worked as an auditor for Ernst & Young in Jersey, where he resides.

Andrew Wignall is an independent member of the Board of Directors of Quadriga Capital Limited (and associated entities); DN Capital Management Limited; Ocean General Partner Limited; Quintus European Mezzanine Fund (GP) Limited; Stirling Square Capital Partners Limited (and associated entities); Oasis Development Limited (and associated entities); OTL Trading Limited; Alden Global Management Limited (and associated entities); Kedge Capital Omega Fund Management Limited; The Black Sea Property Fund Limited (and associated entities); the Company (and associated entities); Greater Europe Fund Limited; Greater Europe Deep Value Fund Limited and Greater Europe Deep Value Fund II Limited. None of those companies is connected with the Administrator or the New Investment Advisor and Mr Wignall does not have any current or past employment connection or other material connection with the Administrator or the New Investment Advisor or any shareholding in the Company.

Angelo Moskov

Mr Moskov, 41, is a partner with QVT Financial LLP, an investment fund with offices in London and New York. He is a portfolio manager specialising in emerging Europe and holds an MBA from the University of Chicago.

Mr Moskov's other directorship is The Black Sea Property Fund. That company is not connected with the Administrator or the New Investment Advisor and Mr Moskov does not have any current or past employment connection or other material connection with the Administrator or the New Investment Advisor or any shareholding in the Company, apart from being a partner of QVT Financial LLP, which is an investor in the Company.

Eitan Milgram

Eitan Milgram, 30, is Executive Vice President of Weiss Asset Management, an investment manager in Boston. He is currently a Director of Indochina Capital Vietnam Holdings Limited and Clean Energy Brazil plc, two UK-listed funds. Apart from Mr Milgram's employment at Weiss Asset Management and being an investor in its funds, neither of those companies is connected with the Administrator or the New Investment Advisor and Mr Milgram does not have any current or past employment connection or other material connection with the Administrator or the New Investment Advisor or any shareholding in the Company. Over the last ten years, Mr Milgram has served on the board of directors of nine publicly traded corporations and has advised numerous corporations on reorganisations and restructurings. Funds managed by Weiss Asset Management own 29.78% of the Company.

6. DOCUMENTS AVAILABLE FOR INSPECTION

- 6.1 Copies of the documents listed below will be available for inspection at the offices of Herald Fund Services Limited at 8 Hill Street, St Helier, Jersey, JE4 9XB (contact: +44 1534 610 610) during normal business hours on any Business Day from the date of this Circular until the date of the Extraordinary General Meeting and copies will also be available for inspection at the Extraordinary General Meeting.

You should read this Circular, the documents available for inspection and the information on the Company's website in its entirety.

- (a) this Circular;
- (b) the Existing Articles;
- (c) the New Articles;
- (d) the New Investment Advisory Agreement;
- (e) the Administration Agreement; and
- (f) a copy of the AIM admission document relating to the Company dated 21 December 2005.

The Ottoman Fund Limited

(a public company incorporated in Jersey under the Companies (Jersey) Law 1991
as amended, with company number 91945)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING (the "EGM") of The Ottoman Fund Limited (the "Company") will be held at 8 Hill Street, St Helier, Jersey, JE4 9XB at 11 a.m. (Jersey time) on 22 February 2010 for the purpose of considering, and if thought fit, passing the following resolutions, of which resolutions 1 and 2 will be proposed as ordinary resolutions and resolution 3 will be proposed as a special resolution:

Ordinary Resolutions

1. THAT the investment policy of the Company be replaced by the following:

"The Company shall only make investments in the projects of the Company known as Alanya, Bodrum, Riva and Kazikli (the "Assets") or property adjoining the Assets with a view to enabling a future sale of the Assets in whole or in part. To the extent investments have been or are made, the Company will actively manage those investments and seek to realise its assets in a managed way at an appropriate time, returning proceeds to Shareholders as and when it does.

Save as set out above, there are no restrictions on the investment which the Company may make or the leverage it may employ (up to a value of no more than 100% of the net asset value of the Company in relation to leverage) save as provided by the Listed Fund Guide and the Offering Document.

Shareholder returns are expected to be delivered by way of return of capital on their participating shares, whether by dividend, repurchase or otherwise."

2. THAT the appointment of Eitan Milgram as a Director of the Company be approved.

Special Resolution

3. THAT:
 - (a) the internalisation proposals described in this circular to shareholders of the Company dated 25 January 2010 (the "**Internalisation Proposals**") and the reclassification of the regulatory status of the Company to "Listed Fund" status in accordance with the Listed Fund Guide issued by the Jersey Financial Services Commission (the "**JFSC**") be approved;
 - (b) the termination of Development Capital Management (Jersey) Limited ("**DCM**") as the manager of the Company and the termination of the management agreement dated 21 December 2005 between the DCM and the Company, as amended, be approved for all purposes under the Company's articles of association (the "**Articles**");

- (c) any one director of the Company (or any two such directors, if required) be and is hereby authorised to execute any agreement, ancillary agreement, certificate, application notice, form or any other document in connection with the Internalisation Proposals, together with all amendments as may be approved by such director or directors so authorised and executing such documents;
- (d) with effect from, and conditional upon, the issue to the Company by the JFSC of a certificate in accordance with the Collective Investment Funds (Jersey) Law 1988, as amended, the Articles be and are hereby replaced in their entirety by new articles of association in the form submitted to the meeting, and signed by the Chairman for the purposes of identification.

Dated 25 January 2010
By Order of the Board

Herald Fund Services Limited
Company Secretary

Notes:

1. Any Shareholder entitled to attend and vote at the EGM may appoint a proxy or proxies to attend and, on a poll, vote on their behalf. A proxy need not be a member of the Company.
2. Shareholders will find a form of proxy for use at the EGM enclosed with this Circular. To be valid, a form of proxy, duly completed and signed, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or other authority **must be deposited with Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU, not later than 48 hours before the time for holding the EGM.**
3. Completion and return of a form of proxy will not prevent a Shareholder from attending and voting at the EGM should they so wish.
4. Pursuant to Regulation 40(1) of the Companies (Uncertified Securities) (Jersey) Order 1999, the Company has specified that only those Shareholders registered in the Company's register of members 48 hours prior to the EGM shall be entitled to attend and vote at the EGM in respect of the number of Shares registered in their name at that time. Changes to the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the EGM.
5. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of member of the Company in respect of the relevant joint holding.
6. Copies of the Company's existing articles of association and copies of the new articles of association as proposed to be adopted pursuant to resolution 2 are available for inspection at 8 Hill Street, St Helier, Jersey, JE4 9XB during business hours until and including 22 February 2010.
7. Copies of the circular to shareholders of the Company of which this notice forms part are available at 8 Hill Street, St. Helier, Jersey, JE4 9XB during normal office hours.