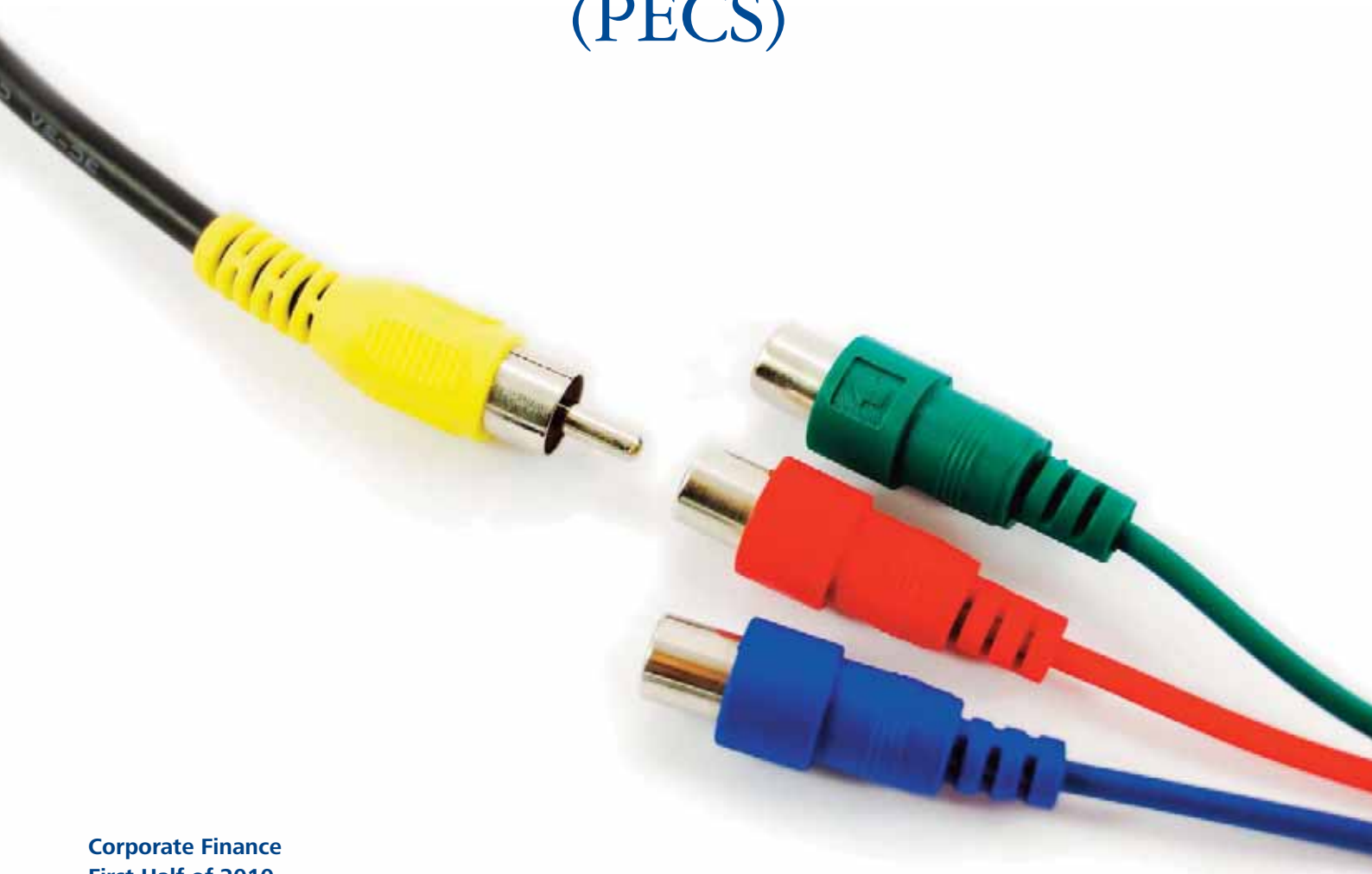


Ready to invest?
Private Equity
Confidence Survey
(PECS)



Introduction

Welcome to the latest edition of our Deloitte Turkey **Private Equity Confidence Survey (PECS)**, mapping the expectations of private equity professionals for Turkey. This seventh survey covers the outlook for the first half of 2010 and was conducted in January 2010.

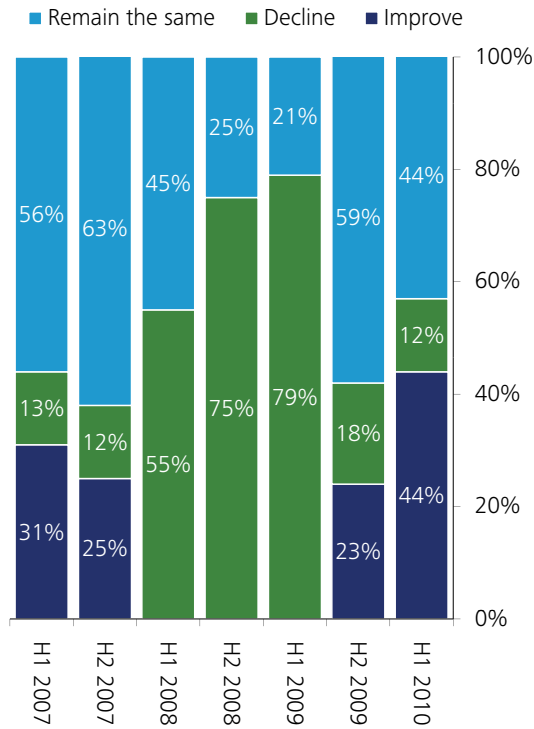
As expected, investors have generally shown further recovery in confidence, continuing the trend which started in the previous survey in July 2009. The turnaround in expectations compared to a year ago is quite dramatic in some – but not all - areas.

Our impression from meetings with Private Equity professionals is that activity has indeed recovered, with many small and mid-size deals under active consideration or negotiation. Nine months or a year ago there tended to be a wide gap between the value expectations of Private Equity investors and Turkish vendors; that problem may have eased as the uncertainties reduce. There is still plenty of statistical and anecdotal evidence of the trading difficulties faced by businesses in many sectors, but it appears that few people now expect a “W” double dip recession. While of course we are not seeing a recurrence of the large transactions which were such an exciting feature of the years 2006 – 2008, nevertheless the outlook for deal volumes in 2010 appears encouraging.



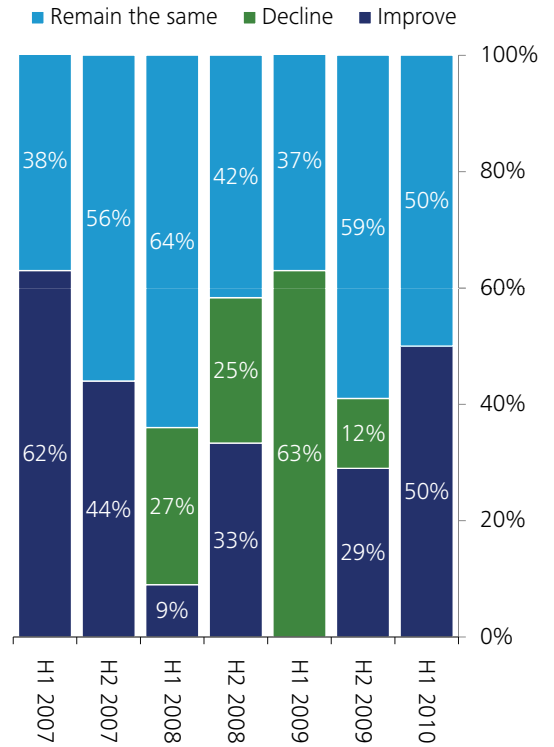
Survey results for the 1st half of 2010

What is your expectation of the overall economic climate for the next six months?



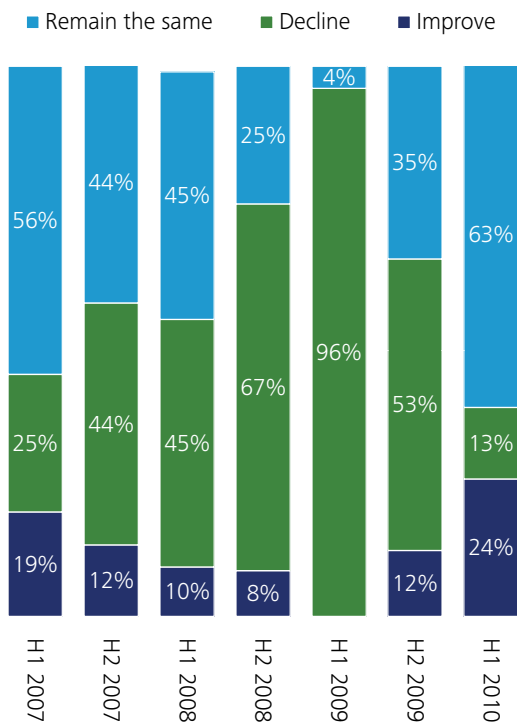
For three successive surveys in 2008 – 2009, no investors at all responded that they expected an improvement in the economy. Now that percentage expecting improvement has risen to 44%. But exactly the same percentage expect “no change”, which is hardly encouraging when one considers that the economy is currently struggling with recession. About one eighth (12%) of investors still expect a decline.

What is your expectation of the investee companies' financial performance for the next six months?



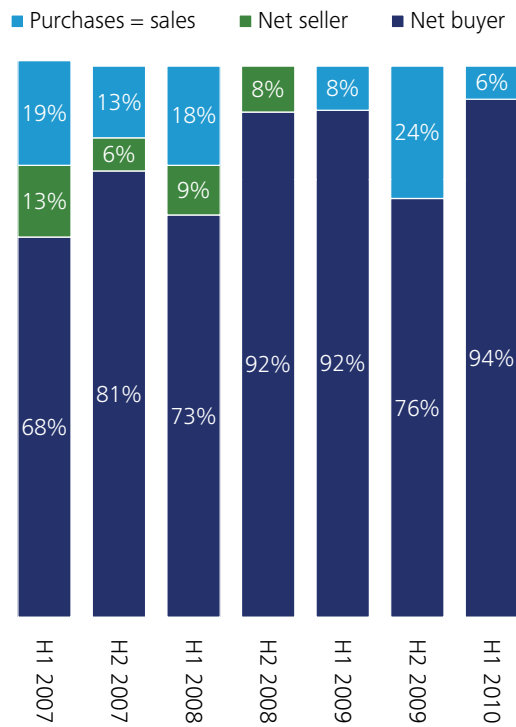
Respondents to these surveys have always tended to be more optimistic about their own investee companies than about the general economy. This latest survey continues that trend. 50% expect improvement and 50% expect no change, with nobody expecting deterioration.

What is your expectation of the transaction entry multiples for the next six months?



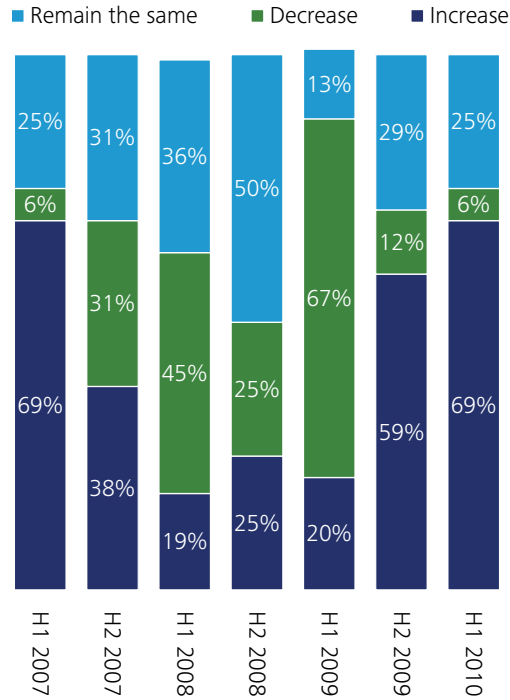
The majority view (63%) is that transaction multiples will remain the same over the next six months. A year ago, 96% were (correctly) expecting a decline in multiples

What is your business strategy on positioning yourself for the next six months?



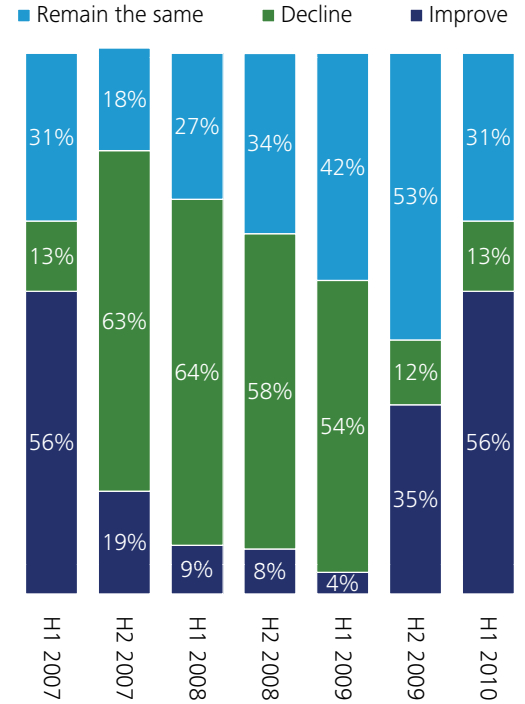
As in all previous surveys, net buyers far outweigh net sellers. The net buyers now represent 94% of the total sample, higher than ever before

What is your expectation on volume of transactions over the next six months?



One of the most encouraging aspects of this survey is the strongly positive response to this question, with 69% expecting an increase in deal volumes. Given that recent Private Equity deal volumes in Turkey have been so low, it is maybe not surprising that few people (6%) expect a decline. But we trust that the majority view about a coming increase is based on respondents' knowledge of deals already in the pipeline.

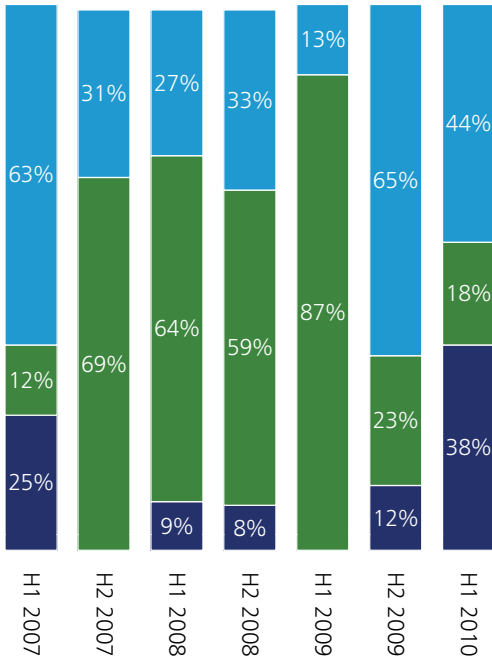
What is your expectation on availability of debt finance?



The views on availability of debt finance are broadly similar to the views on volume of transactions in the next six months, and are similarly encouraging. The percentage expecting availability to improve (56%) is higher than the last survey (35%) and far higher than anything that had been recorded in the preceding two years.

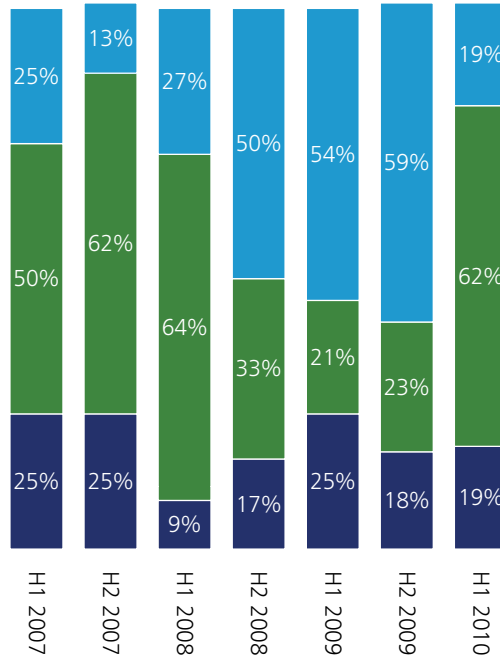
What is your expectation on raising new funds for investment for the next six months?

■ Remain the same ■ More difficult ■ Less difficult



What type of entry IRRs do you foresee in the next 6 months?

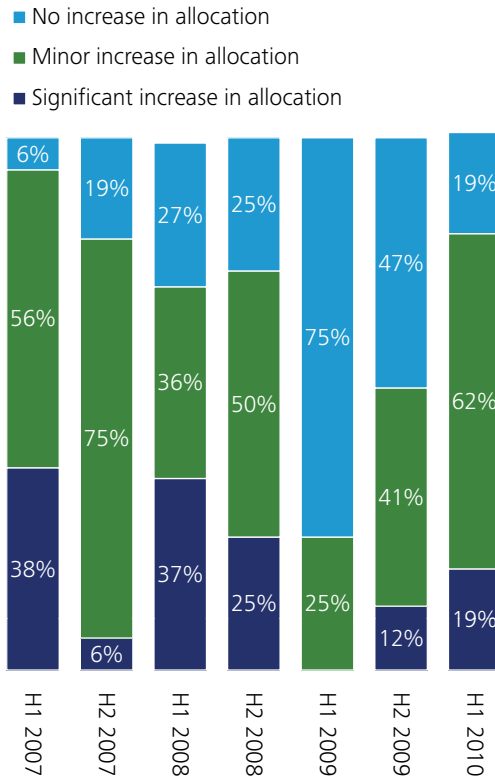
■ Over 25% ■ 20-25 % ■ 15-20 %



Raising funds has not been easy and 44% expect the situation to remain the same. But the percentage expecting it to become easier is almost as high (38%) and is a decisive break with the pessimism of past surveys; in fact the most positive response to this question that we have ever obtained in these surveys.

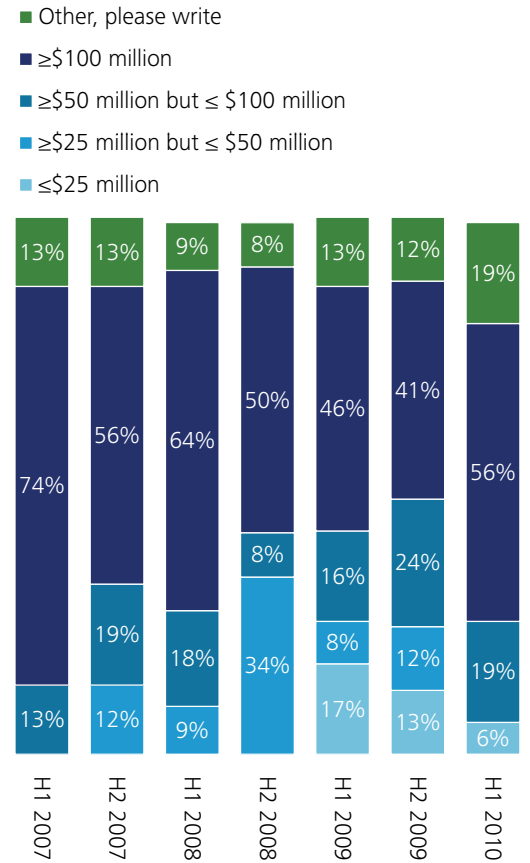
In line with the general recovery in the appetite for transactions, the majority view as to entry IRRs has now moved down from "over 25%" to "20-25%".

Given the Global economic situation over the past year, how do you anticipate funds will be directed towards Turkish opportunities over the next 12 months?



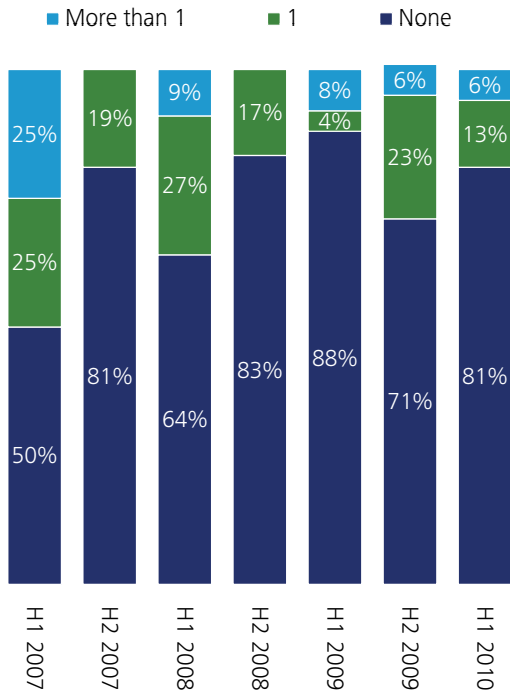
Although this question on the allocation of funds towards Turkish opportunities has generated a more positive result than last year, the optimism remains somewhat muted.

What is your expectation on the total funds invested in Turkish companies in the next six months?



Investors' views on the total funds to be invested in Turkish companies in the next six months are now very similar to the views ruling before the crisis.

How many exits are you planning over the next 6 months?



In all the surveys except the first, the majority of respondents were not yet planning any exits, which is a function of the relative newness of Private Equity investment in Turkey as well as any judgements about the appropriate market conditions for a sale.



Conclusion

69% expect an increase in the volume of transactions over the next six months.

56% expect the availability of debt finance to improve.

38% expect that raising new funds will be less difficult.



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