

EXECUTIVE BRIEFING ON PRIVATE EQUITY INVESTMENTS IN TURKEY AND ENVIRONS

9 SEPTEMBER 2015



EVENT PROGRAM

Wyndham Grand Hotel | ISTANBUL / TURKEY

16:30	Registration	Coffee, tea & soft drinks served
17:10	Welcome Remarks	Baris Oney , Founder & Managing Partner, Globalturk Capital
17:15	Presentation	Turkey's recent strategic business moves with the United States, European and the emerging markets Omer Cihad Vardan , Chairman of the Board, DEİK (Foreign Economic Relations Board)
17:30	Data Presentation	Turkey's Private Capital Landscape: Investor sentiment and trends shaping the markets - What are recent fundraising and investment trends in Turkey? - How do LPs view the current investment environment in the country, and what is their outlook? - How do these trends compare to other emerging markets? Randy Mitchell , Vice President, Strategic Engagement, EMPEA
17:45	Keynote Speech	Turkey's growth prospects going forward Mehmet Simsek , Turkey Minister of Finance
18:15	Panel Discussion	- Private equity investors' views for investing in Turkey post-elections and in neighboring emerging markets - Improving local fundraising opportunities - The investment & exit environment Moderator: Baris Oney , Founder & Managing Partner, Globalturk Capital Baris Gen , Regional Lead, Private Equity Funds, IFC Mehmet Ilkin , Senior Banker, EBRD Anthony Stalker , Partner & CIO, ADM Capital Bert van der Vaart , Co- Founder & CEO, SEAF Selcuk Yorgancioglu , Partner, The Abraaj Group
19:15	Case Study	Driving Turkish Growth through Entrepreneurship: Hear from one of the most successful venture entrepreneurs on growing his business into a leading online food delivery services company Nevzat Aydin , Founder & CEO, yemeksepeti.com
19:40 - 21:00	Networking Reception	Cocktails, soft drinks & passed hors d'oeuvres served

Executive Overview

Globalturk Capital brought the Turkish Minister of Finance, Mehmet Simsek, and the world's leading private equity funds together for the first time at an event titled "Private Equity Investments in Turkey and its Environs".

More than 30 senior representatives of the world's important private equity funds attended the "Private Equity Investments in Turkey and its Environs" event that was recently hosted by Globalturk Capital. The investments and exits of Private Equity Funds today and in the days ahead for Turkey and its environs were the main topics discussed during the event that was organized jointly by Globalturk Capital and EMPEA, the global industry association for private capital in emerging markets, and the only global organization of its kind in the world (EMPEA) in Washington DC, USA. With the valuable participation and speech of the Turkish Minister of Finance, Mehmet Simsek, the current state of the Turkish economy, the long term positive dynamics of Turkey and their potential long term impacts on private equity funds were discussed.

Simsek attracted particular attention to the strong fiscal policy of Turkey and to the favorable demographics, education, and the emphasis on research & development. These would differentiate Turkey positively from other emerging markets in the long term. He also underlined that the harmony and stability that would be achieved after the elections would enable the realization of ready-to-apply structural reforms, and thus it would be better for investors with long term perspectives like private equity funds to evaluate Turkey from this perspective.



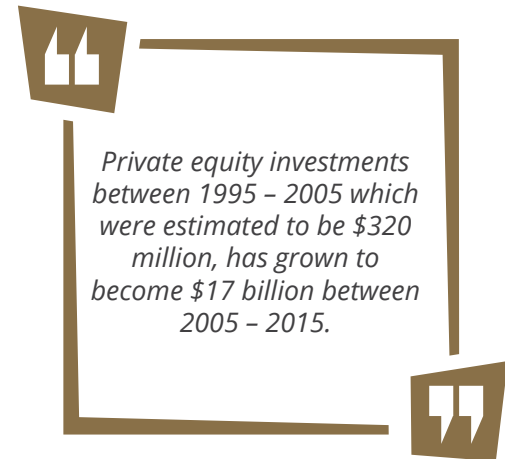
Strong fiscal policy of Turkey, coupled with favourable demographics, increased years of schooling and the emphasis on research and development will differentiate Turkey from other emerging markets in the long run.



Mehmet Simsek added that Turkish businesses have come along ways in the Middle East and Africa where the share of Turkish exports has risen from 12% to 33% between 2002 to 2012, just before the Arab Spring. Turkey currently is pursuing opportunities in the Far East in China, India, Korea, Japan and Southeast Asia. The government has a strong focus into these countries and actively visiting and seeking bilateral economic cooperations with these countries, where Turkish businesses are expected to benefit from these initiatives. This could in return further increase investors' appetite in investing in Turkish companies.

From 320 million dollars to 17 billion dollars

The event began with the speech of Baris Oney, Founder and Managing Partner of Globalturk Capital, about today's developing Private Equity Funds market and the current cooperation projects. Baris Oney stated that the private equity investments began 20 years ago with a small foreign fund, reaching only to some 36 investments having a total estimated value of approximately 320 million dollars in the first ten-year period from 1995 to 2005, and grew into more than 200 investments exceeding total of 17 billion dollars in the last decade, adding that it was more than 10% of the 150 billion USD FDI that entered into Turkey within the same period. Oney reminded that it was time for 150 companies to exit from their investments within the next two years, and underlined that if these exits could be performed successfully, more than the current number of private equity funds would invest in Turkey.



Private Equity Funds Yet to Discover SMEs

In the panel moderated by Baris Oney, the investments of Private Equity Funds in Turkey, their expected state after the elections and their futures were discussed with the participation of Baris Gen (IFC Regional Director), Mehmet Ilkin (EBRD Senior Manager), Anthony Stalker, Partner of CCL and ADM Capital Europe LLP, Bert van der Vaart (SEAF Founder and CEO) and Selcuk Yorgancioglu (Abraaj Capital Turkey and Central Asia President and Partner). Together with the large investments, the opinions of such funds about SMEs and how to invest in them were also discussed. The investors that participated in the panel expressed their confidence in Turkey's macro dynamics in the long term and their expectations about the future of the respective investments. They mentioned that Turkey has significant values and a dynamic outward-looking business community investing beyond borders, and the companies managed in this mentality will continue to grow, adding that the private equity funds that invest in these companies will have much greater returns.



DEIK's President Omer Cihad Vardan talked about the role DEIK plays in the foreign economic relations of the Turkish private sector together with 127 business councils, the establishment story of Foreign Economic Relations Board of Turkey (DEIK), and The Turkish-American Council that was founded as the first business council of Turkey 30 years ago. Vardan additionally emphasized that they as DEIK would do their best to support Private Equity investors with their very capacity.

Cihad Vardan further emphasized the fact that Turkey has become a very important center for multinationals conducting global business at various capacities. Turkish businesses are becoming integrated with the world more and more everyday. Being the G20 leader in 2015 and organizing all the events around it as B20, C20, W20, Y20 and the like, the investors' are following Turkey very closely. Turkish companies coupled with growth prospects in Turkey and its environs are becoming great targets for private equity investments.

Turkey has become an important center for multinationals to manage their operations in numerous countries.

Investors watch Turkey carefully

The detailed presentation of Randy Mitchell, Vice President of EMPEA, about Turkey and Private Equity Funds summarized the current state of private equity investments and fund raisings. Mitchell focused on the state of private equity funds in Turkey, the investor sensitivity, the trends shaping the markets, the latest funds and the local fund improvement methods. He pointed out that PE investments in Turkey in 2015 has already surpassed 2014. He reminded that even though the interest in Turkey was still behind the other emerging markets, this may rapidly change with the improvement of macro environment. Mitchell also underlined the fact that Turkey was followed closely as an important member of the top ten emerging markets.

Private Equity investments in Turkey in 2015 has already surpassed 2014.

One other important guest of the Private Equity Investments in Turkey and Environs was Nevzat Aydin, who came to the headlines with the sale of yemeksepeti.com to Delivery Hero for 589 million dollars. Aydin shared his success story with the guests, and also talked about the benefits of Private Equity Funds and company mergers both for Turkey and the individuals.



EMPEA

EMPEA is the global industry association for private capital in emerging markets. We are an independent non-profit organization with over 300 member firms, comprising institutional investors, fund managers and industry advisors, who together manage more than US\$1 trillion of assets and have offices in more than 100 countries across the globe. Our members share EMPEA's belief that private capital is a highly suited investment strategy in emerging markets, delivering attractive long-term investment returns and promoting the sustainable growth of companies and economies. We support our members through global authoritative intelligence, conferences, networking, education and advocacy.

EMPEA's Mission

Fostering a vibrant and informed industry to realize investment returns and sustainable growth in emerging markets.

The EMPEA Edge

EMPEA's member firms recognize that a holistic understanding of how emerging markets fit within both the global private equity and wider economic landscape is critical to their business. Whether it is an LP choosing an investment location or a GP seeking new sources of capital, EMPEA creates opportunities for members to succeed in a highly competitive investment environment. EMPEA powers the emerging markets private equity marketplace by delivering unparalleled intelligence and market data upon which investment decisions are being made every day. Development efforts, setting-up corporate governance and reporting structures as well as international expansion projects. We continue to work with them during the post-capital raising/partnership period to assist them during the life of the partnership.

With the support of



Globalturk capital

Globalturk Capital is a *Pre & Post Investment Management and Advisory Services Firm*, assisting and managing investments in Turkey and abroad. We provide our services to both foreign strategic/private equity investors and Turkish Entrepreneurs, by acting as their true *glo-cal partners* in their investments and growth respectively.

For foreign direct investors, among other things, our specialty is that we coordinate, assist and/or manage their current and prospective investments in Turkey, by aligning our interests with them as their glo-cal hands-on and unique investment partner in the country. Our main goal is to assist them in their post investment period by taking active hands-on roles at the board levels on behalf of them, with a professional yet candid approach towards their local partners. We work to eliminate the miscommunication and business issues starting from the pre investment period, which might potentially pose problems between the partners during the post investment period; or whenever during the life of their partnership.

For Turkish Entrepreneurs, as their glo-cal hands-on and long-term partner, we work with them on the overall strategy for their companies, develop detailed business plans, identify required resources and funding needs going forward and prepare their companies to raise capital and/or partner with private equity and strategic investors. We then assist them during the capital raising and/or M&A transactions, strategic business development efforts, setting-up corporate governance and reporting structures as well as international expansion projects. We continue to work with them during the post-capital raising/partnership period to assist them during the life of the partnership.

Our international advisory practice encompasses sell and buy side M&A advisory in emerging markets primarily for SMEs. Kindly find more information on our website: www.globalturkcapital.com

WELCOMING REMARK

by Baris ONEY, Founder and Managing Partner of Globalturk Capital

Minister Mr. Mehmet Simsek, DEIK President Mr. Omer Cihad Vardan, EMPEA Vice President Randy Mitchell, Distinguished Panelists, EMPEA Members and Our dear guests, Ladies and Gentlemen I'd like to welcome you all to this first of its kind Private Equity Briefing in Turkey and Environs which we as Globalturk Capital have jointly put together with EMPEA. We hope that this short but content-rich event will provide a great basis for many of the decisions private equity community faces nowadays when considering investments and exits in Turkey. This event has many firsts to offer to the participants. It is the first time EMPEA, which is the largest global emerging markets private equity association, has decided to organize such a gathering in Istanbul and will be presenting its important research findings about private equity investments in Turkey as compared to other emerging markets. EMPEA members manage more than 1 trillion US dollars of assets.

Randy Mitchell, the VP of EMPEA who will be presenting today, has an excellent background where prior to EMPEA, he worked as the Chief Strategist Private Equity and Venture Capital for the U.S. Government and before that he worked in Russia, South America and other emerging markets at various capacities within the industry.

We believe it is also the first time a Turkish Minister will be addressing to the private equity community in Turkey. We are honored to have Minister Simsek with us today. In his most successful career of coming from an investment banking background at renowned institutions such as Merrill Lynch, Deutsche-Bender Securities and UBS in London and New York for a total of 10 years, he has been successfully serving in the government since 2007, first as the Minister of Economy for 2 years and the Minister of Finance since 2009.



A Turkish Minister will be addressing to the private equity community for the first time in Turkey.

It is also the first time DEIK-TAİK, the Turkish American Business Council is welcoming the private equity community at the highest level where we have DEİK's president here with us as well. The Turkish American Business Council where I've been an executive committee member since 2003, has been promoting trade and investments between the American and Turkish firms in the U.S., Turkey and environs for the last 30 years. Since EMPEA is a U.S organization and U.S. LPs are heavily investing in Turkey and environs, TAİK wanted to support us and the community in its very capacity.

Private Equity investments go back 20 years in this country where it all started with a small Nomura fund Sparx in 1995. Between 1995 and 2005 we only saw around 36 investments of close to 320 million US Dollars which in any international standard this meant nil. However these investments have laid the ground work for the large surge of investments in the last decade. Between 2005-2015 we have seen quite a number of investments estimated to be more than 17 billion US dollars into 200+ companies.



Private equity investments between 2005 and 2015 were estimated to be more than 17 billion US dollars into 200+ companies.

These are ofcourse direct private equity investments. We also know that in today's environment, many of the strategic FDI coming to the country is driven by private equity investors who sit on the boards of these multinationals. Although there is no research readily available on this data, we know very well that this figure could go very high. Considering the fact that the total FDI in the last 10 years reaching close to 150 billion USD, we can safely say that direct PE investing is more than 10% of all FDI invested in Turkey over the last decade and with the indirect investing, it may reach to much more than 30%. Therefore Private Equity community has a great influence on FDI coming to Turkey. I begin to say lately that there is no longer strategic investing, there is only financial investing just with a longer period.

Despite these investments, private equity investing has still yet to be picked up in Turkey. There are many challenges investors are facing in investing and exiting where key aspects will be addressed in our panel later. New fund raisings among other macro conditions, depend largely on the success of these 200+ investments where at least 150 of them are looking for an exit over the next 2 years.



I am sure Minister Simsek will address the potential ahead very solidly, but just a few words specifically on the private equity investing in Turkey: I truly believe the private equity community and the Turkish business community have come a long ways in understanding each other to create good investment partnerships. This will continue exponentially in the coming years. Though it currently seems the country is struggling with many macro challenges and on the paper today we may observe some reluctance of investing in Turkey, the dynamism of the country and ability of the Turkish business community to make breakthroughs unlike any other emerging market businesses that we as Globalturk Capital can see, will provide great prospects for investors.

Turkish businesses for the first time are looking for investments abroad from U.S., Europe, to Asia and Africa in masses. There will be lots of opportunities for private equity investors in Turkey to invest in such businesses. Not to mention Turkish popular TV series attracting millions in the World and having a great influence on public opinion; these are also contributing positively to the investor sentiment. Further more than 200 foreign multinationals are managing numerous countries from Istanbul by Turkish professionals and we expect this number to go over a thousand in the next five years. We believe once the elections are over and a new government is formed, Turkish businesses will come back stronger than what we are seeing now. Our distinguished panelists have a great deal of experience in other emerging and frontier markets and I am sure they share similar views but we'll hear from them in few minutes.

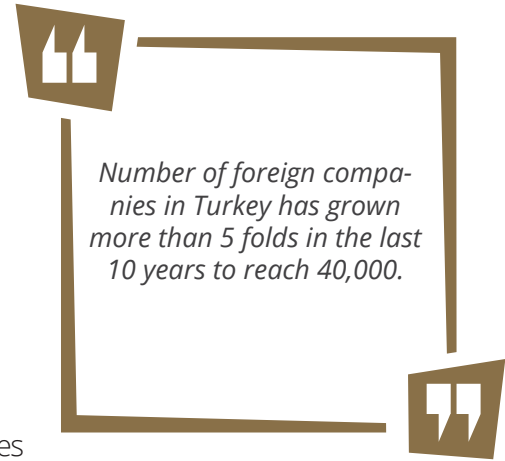
Currently the investment mismatch of the private equity community wanting to invest into large companies, where today the real private equity opportunities are in the SME segment, will eventually diminish over time and we'll see more investments into SMEs and hence faster growth prospects. Turkey is an SME country where we have hundreds of thousands of SMEs doing great things not just in Istanbul but all around Anatolia and capable of exporting their products and services to many countries. Many are run by young entrepreneurs who are investing heavily also on digitalization of their businesses to create innovative solutions for their clients.

We'll listen to the great success of one of those once SMEs "Yemek Sepeti" today. The Founder Nevzat Aydin was among the 150 entrepreneurs invited from all around the world to the Entrepreneurship Summit held by USA President Barack Obama in April, 2010. In 2013, he was named the first on Fortune's "40 Under 40" list. I am sure you'll be excited to listen to his story.

From an exit point of view, Turkey has almost no problem on trade sales since there are thousands of foreign strategics looking for acquisition opportunities in Turkey from everywhere in the World. Number of foreign companies in Turkey has grown more than 5 folds in the last 10 years to reach to around 40,000.

I am confident that the private equity community, apart from making large investments, will invest in such companies creatively via value added platform investments which has not yet happened but we are seeing the initiatives. Companies like Globalturk Capital has creatively developed and proven a partnership model for private equity investors to invest and exit from such companies and we are seeing great results.

To be short I'd like to wish once more all EMPEA members and all the distinguished participants to have a great and informative afternoon and after the event we'll be having a cocktail reception for networking.



TURKEY'S PRIVATE CAPITAL LANDSCAPE: INVESTOR SENTIMENT AND TRENDS SHAPING THE MARKETS

by Randy Mitchell, Vice President, Strategic Engagement, EMPEA

Key Trends and Takeaways

- Fundraising for Turkey-dedicated vehicles comprised 1% of total capital raised for emerging markets (EM) from 2010 to 1H 2015.
- Turkey ranks 3rd within CEE and CIS after Poland and Russia in terms of both number of deals and capital invested since 2010. Fund managers have completed 113 deals and invested US\$1.9B, 16% and 15%, respectively, of totals in CEE and CIS.
- Fund managers from around the world invest in Turkey, but Turkey also has a robust domestic pool of managers. 24% of all firms that have invested in Turkey since 2010 are based in Turkey.
- Private investment in Turkey offers exposure to consumer-facing sectors that LPs find attractive. 50% of all deals completed since 2010 were investments in the consumer goods or services sectors, which were ranked the most desired sectors in Turkey by LPs.
- Institutional investor (LP) sentiment towards Turkey has fluctuated over the past 5 years. Its attractiveness ranking among emerging markets fell from 5th place in 2013 to 9th place in 2015.



Turkey ranks 3rd within the CEE and CIS after Poland and Russia in terms of both number of deals and capital invested since 2001.

Turkey is picking up in Private Equity Investments in 2015 after 2 years of decline

- Fundraising for Turkey peaked in 2012, when fund managers raised nearly US\$2 billion, led by two closes:
 - Actera Partners Fund II at US\$1.1B
 - Turkven's Turkish Private Equity Fund III at US\$840m.
- The US\$2B raised in 2012 drove Turkey's proportion of EM to 4%, a 6-year high.
- In 1H 2015, more capital was invested in Turkey than in Poland and Russia combined. This discrepancy is due in large part to the downturn in private investment totals and general economic performance in Russia over the last two years.
- Russia and Poland combined for 13 deals in 1H 2015, equal to Turkey's 1H 2015 total.
- Turkey is becoming a leading market for private investment activity in the region.
- Annual deal activity in Turkey has steadily declined since 2012. However, for 2015, Turkey is on pace to exceed its 2014 investment totals in both capital invested and number of deals completed.
- The 13 deals completed in 1H 2015 already matches 2014's annual deal count.
- Looking ahead: established fund managers Mid Europa Partners and The Abraaj Group have completed large deals in Q3 2015, which suggests a strong momentum for 2015's annual investment totals.

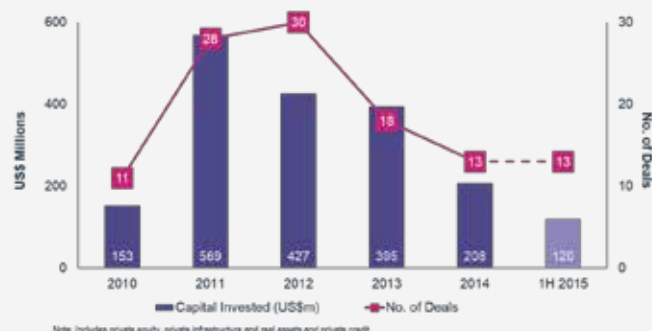
- Since 2010, 42 unique firms have invested in Turkey.
 - Of those 42 firms, 22 are headquartered in North America or Western Europe.
 - The remaining 20 firms investing in Turkey are based in emerging markets.
- Turkey is home to a robust pool of domestic investors. 24% of firms investing in Turkey are also based in Turkey.
- Turkish firms also completed more deals in Turkey than firms from any other region.
- Turkey has also proven attractive to Middle Eastern firms. 7 firms based in MENA have invested in Turkey since 2010.

LP Survey

- The latest global LP survey made between Jan-Mar 2015, included the views of 141 institutions that collectively represent more than US\$775B of assets under management. About 75% of respondents were at North America or Europe-based institutions.
- Turkey ranked 5th in the 2013 survey and has since fallen to 9th place in the latest survey. However, Turkey did improve one spot from its ranking in 2014.
- Other regions fluctuate in terms of attractiveness or perception frequently as well.
- It's important to note that oftentimes investors consider unfavorable markets as the ones with the best potential opportunities, thus the "contrarian" view.
- 30% of LPs expect returns on PE funds in Turkey to exceed 16%. However, LPs are more bullish on returns in Turkey than in Developed Asia. A higher proportion of LPs expect returns above 16% in Turkey than in Japan, Australia, or New Zealand.

After a 2-year Decline, No. of Deals Completed in Turkey in 2015 Will Surpass 2014

Turkey Investment by Year, 2010-1H 2015



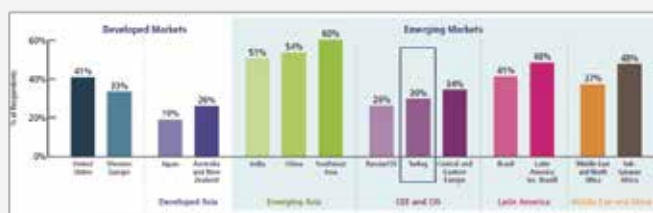
Turkey is Home to a Strong Domestic Fund Manager Community

HQ Region of Firms Investing in Turkey, 2010-1H 2015



Return Expectations for Turkey vs. Other Emerging Markets and Developed Markets

Net Return Expectations of 16%+ for Developed Markets and Emerging Markets 2014-Vintage Funds



Turkey's Attractiveness Ranking Among LPs Dropped from 5th in 2013 to 9th in 2015

The Attractiveness of Emerging Markets for GP Investment Over the Next 12 Months – LP Views

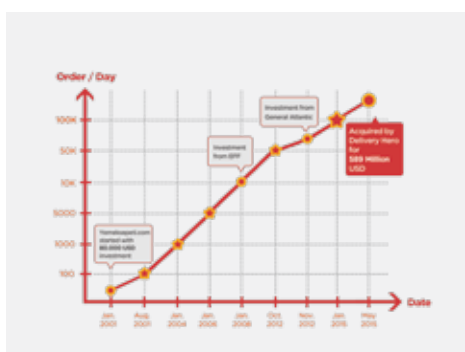
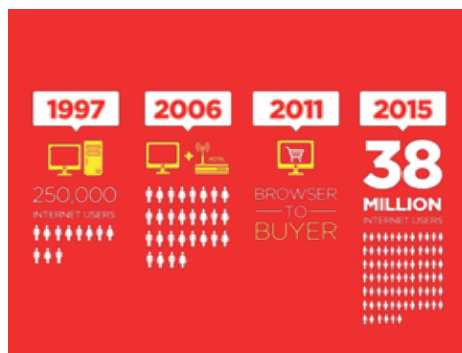


DRIVING TURKISH GROWTH THROUGH ENTREPRENEURSHIP

by Nevzat Aydin, Founder and CEO of Yemeksepeti.com

- Yemeksepeti idea was created by Nevzat Aydin back in 2000 when he was studying in the U.S. Yemeksepeti idea was simply to generate commission income from the food orders of consumers from the restaurants who are connected to each other via Yemeksepeti's online portal.
- The internet evolution obviously helped the business to grow with it. Internet grew from 250,000 users in 1997 to 38 million users in 2015 in Turkey.
- In addition, all the core business pillars were in favor of the business to grow. Among which the growth in food delivery, mobile and internet penetrations and demographics were the main factors.
- Today Yemeksepeti.com serves to an impressive figure of 4 million plus customers with 10,000 restaurants; processes 100,000 orders and 250,000 meals daily.
- From its start-up in 2001 to being sold in 2015 at a value of \$589 million, it had 3 rounds of investment: in 2001 as a startup, in 2008 and in 2012 from renowned foreign investors.
- As a passionate entrepreneur, Nevzat Aydin has successfully started-up the company, grew the company and exited in 14 years at a great valuation, showing a remarkable entrepreneurship and one of the - if not the - most successful exit story of Turkey.

From its start-up in 2001 to being sold in 2015 at a value of \$589 million, Yemeksepeti.com had 3 rounds of investment: in 2001 as a startup in 2008 and in 2012 from renowned foreign investors



PANEL HIGHLIGHTS

- Panelists commented that Turkey was a very important country among the many in which their institutions invest and they were quite positive in the countries long term outlook that they would continue to invest.
- The common view was that the peaceful and stable environment after the elections would have a positive effect on private funds to start investing alongside the major IFIs like EBRD and IFC, who have long been providing funds.
- It was pointed out that the 150 companies which have already been invested by private equity funds few years back now came to their exit stage. These exits need to be realized within the next 2 years or so and if successful, more private equity funds could flow to Turkey.
- These exits were most likely to be realized by selling the shares owned by private equity funds to foreign or domestic strategics, or selling to larger private equity funds, or selling back to owners. Since most such companies were small to midcap, exits through IPOs were not quite on any investors agenda.
- It was underlined that there were thousands of SMEs in Turkey who have the potential to attract investors. However they need to work closely with experts such as Globalturk Capital and get themselves prepared for investing by private equity funds.
- It was commented that, although Turkey was a strong country, it was not as big as China, India or Brazil, so it would be hard for Turkey to be attractive on its own. On the other hand, Turkey has more dynamic entrepreneurs and well qualified workforce comparing to the other countries, where creating growth opportunities outside of Turkey could create more investment opportunities for these companies to become investable.
- Companies which were well prepared, properly and transparently managed, offering more quality products and services comparing to their competitors, have more chances of attracting investors.
- It was discussed that macro problems which occur from time to time could cause devaluation of Turkish Lira and a loss in annual revenues. Therefore sometimes exiting from investments may take longer than desired. It was highlighted that the exits which were normally between 3 to 6 years could conclude between 6 to 8 years or more in some cases. It was suggested to be patient in Turkey but on the other hand it was advised to evaluate the opportunities whenever they pop-up, even when there was still time for an exit.



MAIN DISCUSSION TOPICS & KEY COMMENTS (in Panel Order)

General views on investing in Turkey as compared to other emerging markets:

Mehmet Ilkin | Senior Banker, EBRD

- EBRD has committed 2 billion Euros in Turkey, where 200-300 million Euros were allocated for equities.
- Half of this amount is approximately being invested through GPs, and there are also direct investments being made.
- EBRD is active in Turkey since 2009 and supplied funding to many start-up GPs like Mediterra Capital, Pera Capital and most recently to The Abraaj Group.
- They are committed and continue their investments in Turkey.

Baris Gen | Regional Lead, Private Equity Funds, IFC

- Turkey ranks within the top 5 countries for IFC in terms of annual commitments.
- Eastern Europe and MENA are being covered from the Istanbul Office.
- IFC invests in both existing fund managers and new teams.
- IFC invests into mid caps, SMEs and increasing looking into venture funds.
- There are conflicting signs for example Russia is currently out of the picture which leads one to think that Turkey would benefit from this where funds will move towards Turkey.
- Institutions like EBRD and IFC continue to invest in Turkey in a big way but on the private side this doesn't seem to be too much the case.

Bert van der Vaart | Co-Founder & CEO, SEAF

- SEAF has been investing in 30 emerging market countries including all around Turkey. Hasn't invested yet in Turkey but has been very closely looking into opportunities for some time now.
- There is a lot of activity in the South East Asia, MENA and Africa where Turkish companies could expand.
- Turkish entrepreneurs unlike other emerging markets have exceptional abilities and can expand into other regions.
- Turkey is a large country but not large enough like India or China to drive investments alone. However, if Turkish entrepreneurs start expanding into other countries, this will have a great influence and we are seeing a lot of Turkish enterprises in our geographies.
- SEAF's role is to identify such companies at the SME stage, help them go international.

“ Anthony Stalker | Partner & CIO, ADM Capital

- *ADM has been investing in SMEs in emerging markets with debt and equity products.*
- *There is a generational change happening in the Turkish market which can be good or bad. Education is a very important element of course in this change.*
- *Turkey needs to move up the value add chain. It is ok to invest in the consumer sectors like retail but now such investing should need to move up.*
- *ADM is trying to explore opportunities in such companies who have a niche in the value add chain of production or services.*

“ Selcuk Yorgancioglu | Partner, The Abraaj Group

- *Abraaj invests in 30 countries where Turkey is one of the most important ones.*
- *Started investing in Turkey in early 2008.*
- *Has invested in 11 companies todate and exited from 5, and its's been a very good round.*
- *They've made good returns only and will continue to invest in Turkey.*
- *Private equity investing is only 0,03% of GDP in Turkey, which is still very low as compared to other markets. There is a lot of room to go.*
- *EBRD, IFC and EIF and the like have been great in investing in Turkey and facilitating private equity investments but Turkey needs other investors (LPs) and more so private investors who have not yet invested in Turkey to increase this amount.*
- *It can be said that there is a lot of competition in Turkey, however healthy, high quality, disciplined and diligent competition is good and necessary since it improves the standards of investing, trains and disciplines the market and more investments can be done.*

Analysis of investing in SMEs as compared to larger companies – pros and cons:

“ Mehmet Ilkin | Senior Banker, EBRD

- *EBRD is involved in SME direct investments of ticket sizes less than 10 million US dollars.*
- *Though it is an interesting segment, it is not easy to invest due to lot of challenges.*
- *These companies require too much focus, dedication and support, unlike bigger companies where many of the corporate infrastructure has already been established. They require a lot of human resources to guide, control and monitor.*

“ Anthony Stalker | Partner & CIO, ADM Capital

- *It is not easy to invest in SMEs. Sometimes you need them to do their housekeepings to become ready for investing and this may take 2 years.*
- *But there is passion in the SME sector.*
- *ADM favors SME space and believes there are a lot of opportunities.*

Baris Gen | Regional Lead, Private Equity Funds, (IFC)

- SMEs are not easy companies to invest but there have been successful SME investments in the past.
 - IFC invests in SMEs among larger investments.
 - However to attract more money into SMEs Turkey needs more success stories from this space.
- Vintages of some of the big funds need to be closely watched from this point of view.*
- It wouldn't be sufficient to just be successful in Turkey, the success should also outweigh the respective successes in the CEE and other closer regions to have the funds flow into Turkey.

Bert van der Vaart | Co-Founder & CEO, SEAF

- Turkey is moving from large family owned companies into second generation well educated managers and entrepreneurs.
- SEAF is bringing a lot of global standards, know-how and relations to table besides funding which these young entrepreneurs need.
- As commented by the Minister, Turkey's one of the top key challenges is to increase productivity and this should start at the SME level in our view.
- SEAF would like to be part of this ecosystem to make an impact on the change.
- Consolidating SMEs in a "platform investing model" is a very good way of investing.
- South-South activity is anticipated more in the future, meaning increase of acquisitions between Indian, Brazilian, Mexican, African companies as compared to Western companies acquiring emerging market companies. And Turkey can have a leading role in this trend.
- For this, Turkish companies need to go more abroad and acquire/partner with other companies in those regions.

Selcuk Yorgancioglu | Partner, The Abraaj Group

- Abraaj believes money will be made more in the mid-cap segment rather than large investments.
- Investing and exiting large companies are difficult everywhere. Especially at the time of exit there are usually very few buyers who can buy them.
- In emerging markets it is even a bigger problem.
- Though it is difficult to invest in SMEs and midcaps, one needs to do more transactions instead of one big transaction, the returns are guaranteed to be higher.
- Abraaj made better returns from SMEs than big companies.

Mehmet Ilkin | Senior Banker, EBRD

- EBRD has started investing in 2012 and therefore it is early for them to start thinking about exits. They are not in an exit mode for the next few years.

Baris Gen | Regional Lead, Private Equity Funds, (IFC)

- IFCs horizon is mostly 6-8 years or in some cases more and as a fund of fund have more flexibility.*
- The high devaluations wipe out most returns in dollar/euro terms and therefore it is quite hard to make returns in such environments. Funds may need to stay longer to realize returns.*
- IPO exits are difficult in Turkey except for really large companies.*

Bert van der Vaart | Co-Founder & CEO, SEAF

- The biggest challenge is to have potential buyers know about your company. You need to increase your coverage and visibility.*
- This would be the only way to increase hitting the acquisition strategies and cycles of larger companies in your respective sectors so that you may become instantly attractive for buyers.*
- Also exits to larger funds are easier to be realized.*

Anthony Stalker | Partner & CIO, ADM Capital

- ADM believes Turkey is a great place in terms of exits.*
- ADM has done 16 investments in Turkey over period of 10+ years and exited 9 which were all good.*
- So far they have exited through two types of exits: one by selling to foreign strategics and selling back to the owners.*
- Also one should not get hooked into its portfolio companies since you never know when the opportunity comes for an exit. It may come in 18 months after you invest and that it may be the right time to sell. Therefore ADM acts opportunistically when exiting regardless of being bothered in terms of timing.*
- The most important factor also lies in the luck factor as well. You need to be lucky at the same time.*



Selcuk Yorgancioglu | Partner, The Abraaj Group

- *This is a good time to invest in Turkey rather than exit.*
- *The general macros are right in Turkey, so you if you are patient, you may always make good returns.*
- *We believe minority investing is better than majority when it comes to exits.*
- *They believe any good company with good governance can be exited any time as long as it is not too big.*



Add-on Comments and Remarks on the Panel Discussions:



Baris Oney | Panel Moderator Founder and Managing Partner of Globalturk Capital

- *Competition is fierce in the larger companies. Most fund managers are looking to invest in the 20-100 million US dollar bracket for ticket sizes, where there are limited opportunities and when there are, valuations are high and investment conditions are tougher.*
- *We've seen some larger funds leaving the country for this reason.*
- *There is hardly any competition in the SME segment. You can easily have 20-30 managers investing in this space. We are starting to see some initiatives as platform investing.*
- *Turkish business community is not an acquisitive community. Companies to date have grown mostly organically. Therefore we as a sector can lead this type of growth mentality.*
- *So far we had good few exits but have yet to see the success of exits in masses and this is a big challenge.*
- *In the last 10 years, the number of foreign compaines establishing in Turkey have grown more than 4x, so in my view there is no issue when exiting through selling to a foreign buyer. Almost all of those foreign companies came to Turkey via M&A and will continue to prefer that route.*
- *Some of the larger funds are now beginning to invest in smaller companies through venture partnering with companies like Globalturk Capital.*
- *The market is also getting more experienced. It is not like 10 years ago. There are now good quality professionals in this ecosystem, who are working towards educating companies in terms of corporate governance and financial reporting systems.*
- *We are one of those institutions working deeply with SMEs prior to inviting a larger fund as a co-investor.*
- *The longer run is fine for Turkey but we also need to focus in the exits of 150 companies who need to exit in the next 2 years or so.*
- *IPOs are difficult but trade sales are doable.*
- *Exiting via selling to a strategic or another PE should not be regarded as a simple M&A transaction. These transactions are between three parties not two parties, where there exists a single seller and a single buyer. When exiting there is also the existing and mostly founding shareholders who need to play along with you which is seldom the case. Therefore it needs to be handled with extreme care and start much earlier than usual.*
- *I believe Turkey has passed the threshold of getting too much effected by politics. Investment can move forward without being too much effected with it as long as the macro key dynamics are not affected.*
- *We expect to see an increase in investments post-elections.*



KEYNOTE SPEAKER

Mehmet Simsek | Minister of Finance, Republic of Turkey

Mehmet Simsek was appointed as the Minister of Finance in May 2009, after serving two years as Minister of Economy. He was elected to the Parliament in July 2007 and June 2011, representing the Justice and Development Party (AK Party). Minister Simsek has formulated fiscal policy which has helped Turkey recover strongly from the global financial crisis. He has also undertaken far reaching reforms founding the Tax Audit Board, simplifying tax regulations, enhancing taxpayers' rights, and reducing the shadow economy. Before entering politics, he worked for Merrill Lynch in London for seven years as an Economist and for the emerging EMEA region. From 1998 to 2000, he was a Senior Economist and Bank Analyst at Deutsche-Bender Securities in Istanbul. Earlier in his career, he worked on Wall Street for UBS Securities in New York (1997) and as a Senior Economist at the US Embassy in Ankara (1993-97). Minister Simsek holds a B.S. in Economics from Ankara University and worked as a research assistant in the University's International Economics and Economic Development Department. He also studied in England after being awarded a Turkish State Scholarship. He holds an M.Phil in Finance and Investments from Exeter University. Minister Simsek is also a member of the Global Economic Symposium (GES) advisory board. Minister Simsek was born in 1967, in a small village in Batman a, province in Southeastern Turkey. Minister Simsek is married and has twin girls. He speaks fluent Turkish, English and Kurdish. Minister Simsek, nominated as one of the 500 most powerful people on the planet by Foreign Policy in 2013 and also awarded as "Finance Minister of the Year for Emerging Europe 2013" by Emerging Markets magazine.



ORGANIZERS

Baris Oney | Founder and Managing Partner of Globalturk Capital

Baris Oney has over 28 years of worldwide and diverse experience in pre and post investment management, M&As, IPOs and strategic advisory as a CEO, CFO, board member/advisor, investment banker, corporate finance advisor, strategic/international business development manager and as a project manager and engineer.

As the Founder and Managing Partner of Globalturk Capital, he has been acting as a venture partner for Turkish companies in capital raising from private equity investors or strategic buyers and staying as a co-investor in companies after the investments are realized. He is further active in co-investing with and advising private equity and foreign direct investors in Turkey and abroad in M&A transactions and greenfield projects. Prior to establishing Globalturk Capital, his assignments covered setting up and/or managing investment banking/corporate finance advisory practices in three of the most renowned financial institutions in Turkey: Deloitte (Partner), Yapi Kredi Yatirim (acting AGM) and TSKB (Director), and the strategic /international business development – M&A Department of the Turkcell Group (Group Head). He has managed more than 100 cross-border M&A, private equity, IPO, privatization, due diligence and valuation projects on the sell and buy side for clients, both large conglomerates and small to mid-market companies in those respective companies. He is one of the top few persons who lead and co-lead managed most of the IPOs and SPOs in the Turkish Market in the last 20 years in the institutions he worked for. Almost all of those companies, i.e. Turkcell, Tüpraş, Sabancı Holding, Sasa, Vestel, Celebi, Baticim, Yapi Kredi Koray, Isiklar Ambalaj and Tekfen Holding were in the top 100 index of the Istanbul Stock Exchange (BIST) and in the ISO-500 List.

He also managed a private equity investee company in the mobile marketing sector, as the CEO and CFO/M&A executive and acted as a project manager, project engineer and controls manager and advisor in numerous companies in the oil and gas and chemicals sector namely P&G, Fluor Daniel, TPAO and Genel Energy and worked on their numerous projects.

Baris Oney holds a MSc. Degree from the U. of Texas at Austin as a Fulbright scholar; a BSc. Degree from the Middle East Technical University; and a Corporate Finance Diploma from The Institute of Chartered Accountants in England & Wales – ICAEW. He further holds a Management and Corporate Finance Certificates from the University of Tulsa and the New York Institute of Finance. He is a graduate of TED Ankara Koleji High School. Apart from his Board Memberships at Tempo Call Center and Sistem 9 Medya Digital Signage Company, Baris Oney currently serves at the executive and advisory boards of various companies and NGOs. He is actively involved in TUSİAD (Turkish Industrialists and Businessmen Assoc.), TUBISAD (Turkish Information and Communication Businessmen Assoc.), Turkish-American Business Council at DEİK, EMPEA (Emerging Markets Private Equity Association), TED College Businessmen's Association and ENDEAVOUR at various executive roles as a board, committee or a working group member. He further is a key ENDEAVOR Ethics-Discipline Committee member.



Randy Mitchell | Vice President, Strategic Engagement, EMPEA

As Vice President, Strategic Engagement, Randy Mitchell serves the membership in a new senior role created to oversee the planning, development and implementation of EMPEA's strategic engagement activities with our members. Randy is responsible for EMPEA's Leadership Councils and organizes EMPEA's participation in global industry initiatives focused on best practices, public policy and advocacy.

Most recently prior to EMPEA, Randy worked as Chief Strategist Private Equity and Venture Capital for the U.S. Government where he was responsible for the private equity and venture capital sector; advocating within Washington and in global capitals for the competitiveness of U.S. PEVC firms; and, supporting worldwide foreign investment into and by U.S. private equity and venture capital general partners. In this role, Randy also reviewed and cleared fund proposal documents coming in from GPs to OPIC and other DFIs. Randy created and executed a first-of-its-kind U.S. government initiative to increase exports of private equity and venture capital asset management services by leveraging the U.S. government as convener of stature as well as U.S. embassies and ambassadors to introduce hundreds of U.S. based GPs to over a thousand international LPs (family offices, superannuation funds, pension funds, sovereign wealth funds, etc.) in 32 cities around the world, resulting in US\$804 million in inward commitments during the programs first two years 2010-2012. Beginning his emerging market career in Russia, Randy has considerable emerging market experience especially around entrepreneurship and venture investing. He organized bilateral forums in emerging markets such as Brazil, Russia, India, China, Thailand, Chile, Peru, and Latvia. Randy has participated on the boards of or event planning committees with LAVCA, SAVCA, the Quebec City Conference Public Policy Forum and the Innovation Summit. He has also served on bilateral venture capital working groups with Australia, Brazil and the European Commission. Randy holds a Bachelor of Arts in History from New England College and has been certified in Venture Capital Management by the Venture Capital Institute.



SPEAKERS

Omer Cihad Vardan | Chairman of the Board, DEİK (Foreign Economic Relations Board)

Vardan was born in Sakarya in western Turkey on November 2nd, 1962. He received his Bachelor's degree in Industrial Engineering at the Istanbul Technical University and completed his Master's Degree on Manufacturing Engineering at Ohio State University, USA.

Upon completion of his studies, he was invited to work as a Research Engineer at the "Engineering Research Center for Net Shape Manufacturing" in Columbus, Ohio. Since 1991, he has been the partner and the General Manager of his family business, Cukurova Heating Systems. He chaired many non-profit Private Sector Organizations such as Economic Development Foundation (IKV), Independent Industrialists' and Businessmen's Association (MUSIAD), Natural Gas Equipment



Industrialists' and Businessmen's Association (DOSIDER). He also serves as the Board Member of Turkey-US Business Council (FSECC) and Turkish Climatization (HVAC) Assembly Sector Member under the Union of Chambers and Commodity Exchanges of Turkey (TOBB). He is one of the outstanding business leaders that underlined the importance of Turkey's finalizing the IMF Stand-by agreement as a cornerstone in its search for greater economic growth and resilience. "R&D and Innovation for Global Competitiveness" report was published during his chairmanship of MUSIAD in 2012.

His engineering background always supported his business vision and underlined his focus on technology as may be evident from the following quotation from him: "one of the pillars for the development of the country is the ability to produce its own technology". He is a true believer of freedom of speech and supporter of democracy as these values are indispensable factors for socio-economic development and achievement of a welfare society. He also defended these values in a report titled "Proposal for Constitution" that he promoted as the Chairman of MUSIAD.

As the Chairman of the IKV since the beginning of 2014, Vardan delved into Turkey-EU relations and oversaw and led the publication of several reports, bulletins, journals as well as organization of conferences and meeting on Turkey's EU process. He noted the significance of Turkey's EU bid and the great potential this process entailed for both parties. He particularly underlined the global implications for peace and democracy that Turkey's accession to the EU would stand for, as a process of multicultural integration.

His book "Cihad and MUSIAD" is a biography that shed valuable insight and recommendations for the next generation. Married with 2 children, Vardan speaks English.

Nevzat Aydin | Yemeksepeti CEO

Nevzat Aydin is the co-founder and global CEO of Yemeksepeti.com, the leading online food delivery portal in Turkey. In May 2015, Yemeksepeti was acquired by the global leader Delivery Hero with the biggest valuation ever yet in Turkish Internet History.

Nevzat Aydin was among the 150 entrepreneurs invited from all around the world to the Entrepreneurship Summit held by USA President Barack Obama in April, 2010. In 2013, he was named the first on Fortune's "40 Under 40" list. Currently, Mr. Aydin is a member of Endeavor Turkey Board, TOBB Young Entrepreneurs Supreme Board and a founding member of Galata Business Angels.



PANELISTS

Panel Moderator: Baris Oney | Founder and Managing Partner of Globalturk Capital

Baris Gen | Regional Lead Private Equity Funds - Europe, Middle East & North Africa International Finance Corporation (IFC)

Baris Gen is IFC's Regional Lead covering investments in private equity funds in Europe, Middle East & North Africa from IFC's Istanbul Operations Center. He represents IFC on the advisory boards of Mediterra Capital, Foursan Capital, CapMan Russia and Abraaj North Africa. Previously he was with IFC's Global Financial Markets Department, covering investments in financial institutions in Southeast Europe and Turkey, with a focus on equity investments. He holds a BSc in Economics from the Wharton School, University of Pennsylvania and an MBA from London Business School, University of London. IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. Working with private enterprises in more than 100 countries, we use our capital, expertise, and influence to help eliminate extreme poverty and promote shared prosperity. For more information, visit www.ifc.org. Emerging Markets magazine.



Mehmet Ilkin | Senior Banker, EBRD

Mehmet Ilkin is a senior banker with EBRD's Agribusiness team covering Turkey and Central Asia region. He has been with EBRD since 2004 and was stationed in London, Almaty and recently Istanbul.



Anthony Stalker | Partner & CIO, ADM Capital

Anthony Stalker is a Partner and Chief Investment Officer of ADM Capital Europe LLP and a member of ADM Capital's European Investment Advisory Committee. He joined ADM Capital in 2006 from Merrill Lynch where he spent 11 years based in Asia. At Merrill Lynch, Anthony was a Managing Director responsible for the global distribution of all equity and equity related products, including cash equity sales, equity derivative sales, and structured products, for Asia, Japan and Australia. Since 2005 he has sourced deals and developed ADM Capital's expansion into Turkey, including the country's first private debt restructuring. Anthony holds an MA and BA from Cambridge University and a Masters of Business Administration from the University of California.



Bert van der Vaart | SEAF CEO and Co-Founder

Bert van der Vaart is one of two co-founders of the Small Enterprise Assistance Funds (SEAF) (www.seaf.com) in 1989. SEAF is dedicated to investing in fast growing small and medium sized enterprises (SMEs). Mr. van der Vaart managed SEAF's first fund in Poland from 1994 to 1997, when he returned to Washington, DC to become SEAF's CEO and President. He has been involved with the establishment and supervision of each SEAF Fund, including frequent visits to each SEAF Fund office and seats on each investment committee. Mr. van der Vaart has led the growth of SEAF to more than \$700 million in committed capital, 35 investment funds, with operations throughout Central and Eastern Europe, Latin America, Asia and Africa. Mr. van der Vaart has also lived in New Delhi, India, where he directed the SEAF India Agribusiness Fund, in its initial phase from 2011 through 2012.



In furtherance of its focus, SEAF established in 2007 the Center for Entrepreneurial and Executive Development (CEED)(www.ceed-global.org), which is dedicated to facilitating the growth of early stage entrepreneurs to maturity. CEED has more than 35,000 members in 18 different countries.

From 1984 through 1994, Mr. van der Vaart was a Partner and Associate with Gibson, Dunn & Crutcher in Washington, D.C, Frankfurt, and Brussels where he specialized in corporate law and financial transactions. Prior to working for Gibson, Dunn & Crutcher, he was a management consultant with Bain & Company in London and Munich.

Mr. van der Vaart holds a J.D. from Yale Law School, where he also studied finance at Yale School of Management. He also received a B.A. in Politics and Economics and an M.Phil in Economics from Oxford University, where he was a Rhodes Scholar, and a B.A. from the University of North Carolina, where he was a Morehead Scholar. A Dutch national and dual citizen of the Netherlands and the United States, Mr. van der Vaart speaks Dutch, English, German, French, and some Polish.

Selcuk Yorgancioglu | Partner, Head of Turkey & Central Asia, The Abraaj Group

Selcuk Yorgancioglu is a Partner and Head of Turkey & Central Asia for The Abraaj Group, the leading private equity investor in the global growth markets.

Mr. Yorgancioglu led Abraaj in some of the most notable private equity transactions in Turkey such as the recent acquisition of Hepsiburada – Turkey's leading e-commerce player and Yörsan Group – the leading Turkish dairy producer.

Mr. Yorgancioglu also led Abraaj in exits from Acibadem Healthcare Group and Acibadem Insurance. Prior to joining The Abraaj Group, Mr. Yorgancioglu was the Chief Executive Officer of Deutsche Bank in Turkey. Prior to his role as the CEO, Mr. Yorgancioglu was a Managing Director for the emerging markets investment banking team in London. Mr. Yorgancioglu graduated with a BA in Economics from Istanbul University and holds an MBA in Finance from the University of New Haven. Mr. Yorgancioglu is married with three children.











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