



This project is co-financed by the European Union and the Republic of Turkey

First Ever Private Equity Investment in a Kayseri-based Company

SME NAME: BRN SLEEP PRODUCTS

FOUNDER: MS. BERNA ILTER

FOUNDED IN: KAYSERI 2006

PRIVATE EQUITY GOES REGIONAL

An export-oriented focus is what differentiates Ms. Berna Ilter from her competitors - a trait that Ms. Ilter acquired during her university years in Izmir when she worked as an intern in export-oriented companies. Berna returned to her home-town of Kayseri after her studies and continued pursuing her export focus in a local company.

When the company was hit by the domestic financial crisis in 2001, Berna had to make a life changing decision - either to find a paid job at another employer or to set up her own business. It did not take her too long to decide on the latter as the course of her career. An entrepreneurial spirit, Berna started her consultancy business to identify export markets for small manufacturers in Turkey.

The first fair she attended was in Tanzania where she represented 50 companies from Kayseri. Over time, she expanded both the volume and variety of products exported. It was during this period that an importer asked for a special fabric used in mattress production, which eventually paved the way for the importer to order the mattress itself. Unsatisfied with the end-product, not only as a meticulous professional but also as an intermediary with a very good understanding of what the customer wants, Berna decided to take on the challenge of producing the end-product herself.

What she started out with her husband and five sewing machines in an 800 m² atelier in 2006 has transformed into a leading mattress and sleep products manufacturer

and exporter operating in a 25,000 m² facility, exporting to over 50 countries in a period of just five years. BRN Sleep Products (BRN) has also started expanding in the domestic market as of 2011 and currently has 11 company-owned retail stores in Turkey. This impressive success story caught the attention



of The Abraaj Group's (Abraaj) Turkey Team in early 2014. Abraaj has been present in Turkey since 2007 and had deployed close to US\$ 970 million across 11 transactions in the country covering sectors as diverse as healthcare, consumer goods and e-commerce. After detailed discussions and agreement on the long-term growth agenda and value creation plan of BRN, Abraaj, through its Anatolia Growth Capital Fund invested in BRN in January 2015.

The co-investment by the Anatolia Growth Capital Fund and a third investor, will assist Berna as she focuses on taking BRN to the next level by growing production capacity, enhancing the company's export footprint and further expanding in the Turkish market.

No market study can explain the misconception of receiving third-party equity investment in a family-owned enterprise better than the anecdote Berna shares when the news travelled fast on her partnership with Abraaj. "So you must be going bankrupt, sorry to hear that!" was the opening line of conversation when Berna came across her competitors and suppliers. Her employees were even more concerned about their future - to them having a third-party shareholder on board could mean only one thing. They were not only worried about losing their jobs but also losing their CEO whom they hugely value and respect. It took a great deal of effort to convince everybody that private equity was actually for the benefit and growth of the company.

What is the role of iVCi and IPA?

Thanks to the Istanbul Venture Capital Initiative (iVCi), Turkey's first dedicated fund-of-funds, EIF was able to leverage EUR 14 million from the Instrument for Pre-Accession Assistance (IPA) to support a dedicated fund for the emerging regions of Turkey. G43 Anatolian Venture Capital Fund's (G43) mandate is an example of how a local platform, is able to bring in additional funding for the benefit of the Turkish economy. EIF's experience on the ground and track record with iVCi was the catalyst for the authorities to channel further funds in combination with iVCi. Abraaj's co-investment alongside G43 further leveraged matching funds from a third investor – hence EUR 2 million from iVCi mobilised EUR 20 million for the Anatolia Growth Capital Fund, implying a multiple of 20 times investment into a region that would benefit enormously from the capital and expertise that would be heading its way.



BRN Sleep Products is the first investment of the Anatolia Growth Capital Fund, managed by Abraaj and backed by IPA funds of the European Union and the Republic of Turkey. The European Investment Fund (EIF) selected Abraaj within the IPA - G43 Anatolian Venture Capital Fund mandate to set up a regional equity fund which targets the 43 provinces that have a per capita income below 75% of the average national income. EUR 14 million of IPA funds leveraged EUR 2 million from iVCi, Turkey's first dedicated fund-of-funds into the Abraaj-managed Anatolia Growth Capital Fund.

Leverage of €1 of iVCi funds in BRN investment

ABOUT THE COMPETITIVE SECTORS PROGRAMME

Small businesses are the backbone of the Turkish economy. The Competitive Sectors Programme is a joint initiative between the Ministry of Science, Industry and Technology and the European Union that aims to strengthen the competitive power of those small enterprises in Turkey and abroad. The Competitive Sectors Programme has been operating since 2007 under the financial cooperation agreement between Turkey and the European Union with a budget of roughly EUR 600 million. It is distributing resources to 43 provinces from Hatay to Sinop and Mardin to Yozgat to meet the needs of small businesses, establish joint facilities, add value to production through innovative technologies, facilitate access to financial resources and develop tourism infrastructure.

ABOUT iVCi, www.ivci.com.tr

Established in November 2007, Istanbul Venture Capital Initiative (iVCi) (www.ivci.com.tr) is Turkey's first ever dedicated fund of funds and co-investment programme. Total fund commitments amount to EUR 160 million from public and private investors such as the Small and Medium Industry Development Organisation of Turkey (KOSGEB), the Technology Development Foundation of Turkey (TTGV), the Development Bank of Turkey (TKB), Garanti Bank, the National Bank of Greece Group (NBG Group) and the European Investment Fund (EIF). EIF is the adviser to iVCi.

ABOUT EIF, www.eif.org

The European Investment Fund (EIF) is part of the European Investment Bank group. Its central mission is to support Europe's micro, small and medium-sized businesses (SMEs) by helping them to access finance. EIF designs and develops venture and growth capital, guarantees and microfinance instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment. EIF's total net commitments to private equity funds amounted to over EUR 8.8bn at end 2014. With investments in over 500 funds, EIF is a leading player in European venture due to the scale and the scope of its investments, especially in high-tech and early-stage segments. EIF's guarantees loan portfolio totalled over EUR 5.6bn in over 350 operations at end 2014, positioning it as a major European SME guarantees actor and a leading micro-finance guarantor.

ABOUT THE ABRAAJ GROUP, www.abraaj.com

The Abraaj Group ("Abraaj" or the "Group") is a leading private equity investor, purpose-built for operating in the growth markets of Africa, Asia, Latin America, the Middle East, and Turkey. Employing over 300 people, Abraaj has over 25 offices spread across five regions with hubs in Dubai, Istanbul, Mexico City, Nairobi and Singapore. The Group currently manages c. US\$ 9 billion across regional, sector and country-specific Funds. Abraaj has realized c. US\$ 5.1 billion from over 70 full and partial exits, and Funds managed by the Group have made over 140 investments across 10 sectors including consumer, energy, financials, healthcare and utilities. The Group is committed to the highest environmental, stakeholder engagement and corporate governance standards and is a signatory to the United Nations-backed Principles for Responsible Investment and the United Nations Global Compact. Abraaj's founder, Arif Naqvi, was appointed to the United Nations Global Compact Board by UN Secretary-General Ban Ki-moon in 2012 and to the Interpol Foundation Board in 2014.