

18 July 2008 / İş Private Equity Press Release

İş Private Equity exited from its STEP investment in exchange for US\$ 6.75 million

The cooperation between İş Private Equity, an indirect affiliate of Isbank (Türkiye İş Bankası) and STEP, which redefined carpet retailing and achieved worldwide success, started in July 2004 and has come to fruition four years later. İş Private Equity supplied STEP with capital worth US\$3,500,000 as part of the project. As a result of their success, İş Private Equity sold its 33.33% stake to Swicorp, one of the most prestigious private equity funds in North Africa and the Middle East, for US\$6.75 million.

The statements regarding the subject are as follows:

Cem Şengör, Chairman of STEP's said in his statement *“When we became partners with İş Private Equity for the first time 4 years ago, we were a brand with 14 stores and a revenue of almost US\$7 million, while today we are a brand with over 80 sales points and budgeting sales of over US\$40 million, and we continue to grow rapidly. In the last four years, which have been very fruitful for us, we have enjoyed an ideal partnership with İş Private Equity. In the past four years, we have achieved growth at a CAGR of 45%. The managers of İş Private Equity thoroughly fulfilled their mission and supported entrepreneurship; during our time as partners they have been a motivating, and trustworthy partner with principles, who value our entrepreneurial skills. During the process of STEP becoming a world brand, we managed to open up to the world at a*

very critical point for our organization thanks to our partnership with İş Private Equity. I hereby would like to thank them once again.”

“In the forthcoming period, we are cooperating with Swicorp, an international partner; during this period, we will concentrate on our growth abroad with our Stepevi brand. We will reach or target thanks to the contributions of our new partner: Swicorp.”

Şengör continued with the following:

I am the third generation representative of a family of carpet sellers. In the 1990’s, when I took over the family business, I found myself in a problematic sector, which faced erosion in its value. I had the belief that with a redefinition and a change of image, the carpet business, one of the most traditional economic values of Turkey could set an example to the whole world. We created Step with this belief. Step first set the pace for the carpet sector in Turkey with its retail model and then planted the concept of fashion and luxury in carpet business in developed economic markets with its Stepevi brand, and took charge of these concepts. Today, this adventure which we embarked upon 10 years ago has reached a point where it has value in world capital markets, further stimulating us. We aim to distribute the Step and Stepevi brands, which are the most advanced and modern interpretation of the Turkish carpet culture and traditional Turkish carpet business, all over the world. We are happy and proud to be the agent of modern Turkey with Step and Stepevi brands throughout the world.”

Murat Özgen, General Manager of İş Private Equity *“As part of the exemplary partnership we have with the Management of Step, the company has successfully implemented its growth plan. If we briefly summarize this growth in numbers, during our four-year partnership, Step’s*

- Revenue increased by 245%
- Exports increased by 2400%
- Number of locations increased by 82%
- Number of workers increased by 38%

and the share of domestic sales in its revenue increased from 6% to over 40%. Swicorp, which was interested in Step, had a mission and targets which closely matched Step’s growth targets, and we believed Swicorp’s principles would ensure it could be a very good partner for Step. When we considered the advantages the offer made would bring to Step, we - as İş Private Equity - decided that we had completed our mission, and we decided to sell our shares. Step reached the targets it had stated to us four years ago and never let us down as a partner. We believe that with a partner like Swicorp and with the support of foreign capital, Step will quickly reach its target of becoming a global brand. İş Private Equity will continue to support organizations which it believes will contribute to the development and growth of the Turkish economy.”

Nabil Triki, General Manager of Swicorp Private Equity Department said “*Swicorp is a leading corporate finance advisory and private equity firm established 20 years ago. We have been watching Step’s development across the world and the success of its exemplary business model for some time. We are happy to become a partner of Step, the management of which we look to in admiration. At the same time, we are excited about our first investment in Turkey with this partnership. We believe in Turkey’s growing economy, its production and export potential and in Step’s future.*”

About Step Halıcılık ve Mağazacılık Sanayi ve Ticaret A.Ş.

STEP, shown as an example in increasing the value of carpets in day to day life over the last 10 years and creating a world brand, has rapidly become an innovative and leading brand, which has changed the outlook on the market for carpets and the usage habits in Turkey. It has become an authority on carpet fashion in foreign markets such as Europe and the U.S.A.

STEP has over 50 sales points in Turkey and more than 30 sales points under Stepevi brand abroad, including capitals such as London, New York, Dubai and Johannesburg totaling 80 sales points. Today Step exports to over 50 countries.

Supporter of Success: İş Private Equity

Established as a subsidiary of Isbank in October 2000, and floated on the Istanbul Stock Exchange in September 2004, the mission of İş Private Equity (İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.) is to provide SME's that operate in high growth sectors and have a competitive advantage, with capital and management know-how in order to support them during the execution of their projects.

İş Private Equity is especially interested in firms that operate in high growth sectors and command competitive advantages and a transparent management approach. It has provided US\$47.5 million in funds to 10 companies by investing capital (Cinemars Cinema Chain, Step Carpet, Tüyap Exhibition Group, Beyaz Fleet, ODE Insulation, Ortopro, Turkmed Dialysis and Probil, ITD and Nevotek, which are technology companies).

As of December 2007, İş Private Equity, as an investment trust company helped its portfolio companies, and hence the Turkish economy to raise a total capital of US\$267.5 million.

With the Step transaction, the number of exits İş Private Equity has made to date has increased to four.

Cinemars	August 2006
Tüyap Fuarçılık	February 2007
Beyaz Filo	June 2008
Step	July 2008

The amount of capital transferred by İş Private Equity to the 4 aforementioned investments which it exited from has reached US\$26 million, while İş Private Equity has earned a total of US\$45.67 million from these 4 investments.

About Swicorp:

Swicorp, founded in 1987 by Kamel Lazaar, a Tunisian businessman and financier, developed Swicorp into a leading corporate finance advisory, private equity and principal investment firm in the Middle East and North Africa (MENA) region over a period of 21 years. Kamel Lazaar, Chairman & Chief Executive Officer, was Vice President of Citibank in North Africa and Europe before he founded Swicorp. Operating with the mission of building a bridge between the Middle East and North Africa and European Markets, Swicorp is an international private equity firm with offices in Geneva, Dubai, Tunisia and Riyadh managing funds worth US\$ 1.4 billion.