

C/M/S

Law . Tax

Our Experience in Turkey



CMS – distinctively European

CMS aims to be recognised as the best European provider of legal and tax services. We combine deep local expertise and the most extensive presence in Europe with crossborder consistency and coordination. CMS has a common culture and a shared heritage which make us distinctively European.

Structure, organisation and coverage are relatively easy for other firms to copy. What is far more difficult to replicate is how we work with our clients to deliver a high quality, personalised service across all of our markets. CMS today comprises ten CMS firms, employing over 2,800 lawyers across 30 jurisdictions and 54 offices.

What really differentiates us is the genuine full service approach which CMS firms have adopted ever since CMS was founded in 1999: we are a one-stop shop across Europe for legal and tax services. CMS truly distinguishes itself in the investments it has made in this area. We understand the need of our clients to have access to top quality legal services delivered on time, as well as the pressure on our clients' general counsels, M&A project teams and other decision makers to choose the right law firm, to

complete their deals or meet their challenges successfully and to prove the value that they bring to their business stakeholders. Our experience tells us that we have chosen the right approach: league tables and legal directories regularly rank us in leading positions and we have been appointed to the panels of numerous leading multinational companies. Our success to date underlines that we offer precisely what our clients need: the right solutions delivered by the best experts available – all across Europe.

CMS lawyers have been working extensively on Turkey-related matters for more than 15 years. Over this time we have developed a deep understanding of how to structure and complete Turkey-European cross-border transactions, combining an awareness of the business environment with knowledge of the legal and regulatory framework. Our Turkey dedicated team comprises of specialists based in our European offices. The team advises clients on investments both into and out of Turkey, and provides advice on the full spectrum of corporate, commercial and regulatory issues.

Why CMS?

- Over 2,800 lawyers across 30 jurisdictions
- Excellent market knowledge, both locally and globally
- Comprehensive grasp of both national and international legal issues
- Interdisciplinary teams
- Industry expertise
- Integrated cross-border service
- Partner-driven approach
- Tailored, business solution-driven approach

Our services

- Banking & Finance
- Commercial & Regulatory
- Competition
- Corporate
- Dispute Resolution
- Employment & Pensions
- Intellectual Property
- M&A
- Real Estate
- Tax

Our industry focus

- Automotive
- Consumer Products
- Energy
- Financial Services
- Hotels & Leisure
- Industrials
- Infrastructure & Project Finance
- Insurance & Reinsurance
- Lifesciences
- Private Equity
- Technology, Media, Telecoms

Our experience in Turkey

With a GDP of well over EUR 600 billion Turkey is one of the 20 largest economies in the world. European countries are among the biggest importers and exporters of goods and services from and to Turkey. There are numerous European investors in Turkey linking both regions' economies very closely on many levels. Already a member of the European Customs Union since 1995, Turkey is also an aspirant joiner of the European Union.

It will not come as a surprise, then, that leading European provider of legal and tax services CMS has a long tradition in advising clients on Turkey-related matters. Our advice is rendered in cooperation with leading Turkish law firms with whom we have solid relationships built over years.

We advise European clients active, or considering doing business, in Turkey. Numerous successful clients have relied on our advice in relation to their cross-border dealings. Among our lawyers are Turkish-speaking partners and partners who have built a wealth of knowledge and good working relationships with local Turkish law firms, that have high levels of specialist skills and expertise. For you as a client this means that you will deal with experienced, knowledgeable and business-savvy lawyers who can help you navigate what for you may be uncharted territory from a legal perspective. The strong personal relationships between CMS lawyers and lawyers of leading Turkish law firms also remove language barriers: whether your first language is Turkish or a European language, you will be advised in the language in which you are most comfortable doing business.



Key Data for Investors in Turkey

Investment environment

The Turkish economy stands out with its continuously high growth rates in the recent years, and even the financial crisis in 2009 did not have a deep impact on the positive developments of the Turkish economy.

Due to the size of the country and its young population as well as the geographical position connecting Europe and Asia, the Turkish market is attractive for foreign investors.

Since 2003 Turkey grants foreign investors unrestricted access to the market and national treatment compared to companies established with Turkish capital. Furthermore the procedures for establishment and registration have been significantly simplified.

Corporate law / Common forms and business structures

Besides opening a representative office for purposes of market research or a branch office, investors may establish a subsidiary company in Turkey. The provisions of the Turkish Commercial Code do neither distinguish between foreign and Turkish partners or shareholders nor do foreign investors need a local partner to establish companies in Turkey.

The most popular forms among foreign investors of establishing a new company are the limited liability company ("Limited Şirket") or the joint stock corporation ("Anonim şirket"). While for the establishment of a joint stock corporation a minimum capital of TL 50,000.00 is needed, for a limited liability company a minimum capital of only TL 5,000.00 is prescribed by law. The Turkish Commercial Code as currently still in force requires at least 5 shareholders and 3 board members out of such shareholders for a joint stock corporation. A limited liability company can only be established and operated with at least 2 shareholders.

The new Turkish Commercial Code which has been adopted by the Parliament recently and will enter into force on 1 July 2012, reflects best practices of the respective statutes in other European countries. Among others, the new Turkish Commercial Code will terminate the current minimum shareholders requirements for both the limited liability company and the joint stock corporation. After entering into force of the new Turkish Commercial Code it will be possible to establish both a Limited Liability Company and a Joint Stock Corporation with both a single shareholder or partner and a single director. Furthermore the required minimum capital will increase to TL 10,000.00 in case of a limited liability company. Further transparency is aimed at with the obligation of corporations to create a website where certain corporate data need to be published.

Tax

Corporate income tax at 20% is comparably low in Turkey. On distribution of profits to non-resident shareholders, a dividend withholding tax of 15% has to be paid.

A system of progressive taxation applies in the personal income tax system starting with a rate of 15% for an annual income of up to TL 8,700 and ranging to 35% for an annual income exceeding TL 50,000.

Value added tax ranges between 1% and 18% and is complemented by a further special tax on consumption, the special consumption tax, in a range of up to 275% levied on certain types of goods such as vehicles, alcoholic beverage, cigarettes and tobacco products.

Except from this, further tax types which one might be faced with are property tax, bank and insurance transaction tax, inheritance and transfer tax, stamp tax and the special communication tax.



It creates a climate of trust, is extremely responsive to our demands and highly proactive regarding other topics.

Chambers Global 2011/2012

Friendly, 'can-do' approach and a clear desire to be excellent advisers.

Legal 500, 2011

Employment

The Turkish labour market offers attractive conditions for investors such as a well-educated workforce, a legal framework which allows flexibility and a comparably low wage level that, however, differs strongly between the main industrial centers such as Istanbul, Ankara, Izmir and Bursa and smaller cities.

The maximum amount of working hours per week is prescribed by law with 45 hours. Overtime has to be paid with 1.5 times the average hourly wage rate, and during the weekends the employer even has to pay twice the hourly wage rate. The minimum amount of paid annual holidays is defined as 14 days for employees employed between 1 and 5 years and increases up to 26 days for employees employed more than 15 years with the same company.

Termination periods are short – starting from 2 weeks during the first 6 months of an employment and ranging to a maximum of 8 weeks after 36 months of employment – and thus give the employers flexibility to react on developments of the market.

If foreign investors send key personnel to Turkey, they are required to apply for a work permit with the Ministry of Labour and Social Security. Although in most cases such work permits are finally granted by the authorities, the procedure which has to be started prior to entering the country and commencing work may take a few weeks or even months.

CMS' M&A expertise

Within CMS, transactions are the main focus of our corporate law advisory work. With over 600 M&A lawyers across Europe, we are a leader in this field and regularly outperform all other law firms. In 2011, CMS advised on the largest number of M&A transactions in Europe, Germany, Central and Eastern Europe. At European level too, CMS is a frontrunner in the M&A market. The success of our M&A team has been recognised by various accolades from respected industry commentators, including FT/Mergermarket and Acquisitions Monthly.

Increasingly, clients demand that their law firms deliver across multiple European jurisdictions. Thanks to the international capability of the CMS organisation, we regularly advise on a large number of cross-border transactions involving multiple international CMS offices. This strength is also reflected in our ranking both in the top tier of European M&A law firms and at the head of the relevant league tables. Our firm's Corporate/M&A lawyers work seamlessly with experts from a range of other practice areas both within their jurisdiction and internationally to deliver tailor-made advice from a single source.

Our range of services includes:

Private M&A

- Structuring the transaction
- Transaction management
- Negotiating confidentiality agreements and letters of intent
- Support in tender proceedings
- Support during and after due diligence
- Preparing the contracts and resolutions required for the transaction
- Contract negotiations
- Contract management and transaction documentation
- Preparation for signing and closing
- Assistance with post-closing activity

Distressed M&A

- Sale and purchase of distressed assets, distressed debts and distressed companies
- Purchase from the insolvency administrator

Public M&A

- Preparation and structuring of takeover bids
- Acting in concert/insider trading/ad-hoc publicity
- Integration (contract of domination/profit transfer agreement)
- Squeeze-out
- Delisting
- Advising management and supervisory boards

Advice rendered to international clients in Turkey in cooperation with leading Turkish law firms

- **Zentiva N.V.** | Advising on its EUR 460 million acquisition of 75% of Eczacibasi Generic Pharmaceuticals (from EIS Eczacibasi Ilac Sanayi VE Ticaret AS).
- **Advent International and Turkven PE** | Advising on their acquisition and financing of Roma Plastic.
- **Advent International and Turkven Private Equity** | Advising on the sale of 71,5% of the shares in Roma Plastik, one of the leading global edgeband manufacturers, to Egger Holzwerkstoffe wood processing company.
- **Consortium of private equity investors consisting of Advent International, IFC, FMO, DEG and Turkven PE** | Advising on their exit from one of the major independent car rental company with the ultimate buyer being Mitsubishi Corporation Group.
- **Two private equity sponsors, Partners in Life Sciences and Citigroup Venture Capital International** | Advising on the USD 250 million leveraged acquisition of Biofarma Ilac Sanayi ve Ticaret A.S., a leading Turkish generic pharmaceutical manufacturing company.
- **Citi Venture Capital International** | Advising on the ca. USD 200 million acquisition of strategic stakes in Beymen Magazacilik A.S, the leading luxury retailer in Turkey, and Boyner Büyük Magazacilik A.S, the leading department store chain in Turkey.
- **Consortium of private equity funds** | Advising in relation to the proposed acquisition of Turk Telekom from the Privatisation Administration of Turkey.
- **International private equity sponsor** | Advising on the USD 1.7 billion privatisation of the cigarette business assets of TEKEL, the State tobacco and alcoholic beverage company.
- **Axel Springer AG** | Advising in its acquisition of 25% minority stake in Turkish media company Dogan TV.
- **Private equity fund** | Advising on a proposed acquisition of Izocam, leading Turkish provider of insulation materials.
- **Saint Gobain** | Advising on intellectual property and IT issues.
- **Several German banks, in particular KfW and HSH Nordbank** | Advising on ship financings (including furnishing Turkish ship mortgages).
- **BC Partners** | Advising on antitrust issues including the review of a notification obligation and merger control issues regarding the acquisition of Synlab.
- **Austrian telecommunications company** | Advising regarding the foundation and running of a greenfield operation and in relation to obtaining licenses in Turkey.
- **Babcock & Brown** | Advising regarding the acquisition and development of a site for a residential project in Maltepe/Istanbul.
- **Kotányi Austria** | Advising regarding the foundation and running of a Liaison Office and NewCo in Turkey.
- **Austrian bank** | Advising regarding the financing and pledge of shares held by the client's customers in six Turkish companies given as securities.
- **TÜV** | Providing a due diligence report concerning TÜV Türk to TÜV.
- **Evonik Trading GmbH** | Advising on commercial issues.
- **ThyssenKrupp Steel** | Advising on the service agreement with a managing director.
- **Vossloh AG** | Advising on employment contracts including the termination of employment.

- **HSN Nordbank** | Advising on furnishing securities by a Turkish subsidiary in the context of the financing of an acquisition.
- **DekaBank** | Advising on ship financing issues.
- **KfW, UniCredit and other banks** | Advising in relation to project financing.
- **Fissler GmbH** | Advising in trade mark infringement proceedings.
- **Several clients** | Advising on trade mark issues, including opposition proceedings, trade mark applications and complaints.
- **Reifenhäuser** | Advising on intellectual property issues including merchandise and trade.
- **Lindenberg Anlagen GmbH** | Advising on issues in relation to plant construction works.
- **Swiss bank** | Advising on regulatory matters regarding cross-border internet banking for Turkish clients of the bank.
- **Real estate company Vizzion Europe** | Advising on a project in Turkey.
- **Automotive company** | Advising in a dispute involving a contract with a Turkish supplier.
- **Swiss pharmaceutical company** | Handling trade mark registration issues in Turkey.
- **Publicly listed US company** | Advising in an ICC arbitration procedure involving the acquisition of Turkish investment companies.
- **Swiss entrepreneur and his Turkish family members** | Advising in connection with relocation, property and inheritance law matters.
- **Lead arranger** | Advising on its proposed financing of the buyout of the Turkish operations of Migros.
- **Consortium of private equity funds** | Advising on a proposed acquisition of Digiturk, leading Turkish digital satellite company.
- **Private equity fund** | Advising on the potential acquisition of a major Turkish pharmaceutical company.
- **British Electricity International Ltd.** | Advising on the private sector KPP hydro power project in Turkey.
- **Arranging bank and lending banks** | Advising banks to the Ankara Light Railway project in Turkey.
- **Turkish Electricity Generation & Transmission** | Advising on the establishment of and its role in the newly liberalised electricity market in Turkey.
- **Mavi Europe AG** | Advising on the termination on service contracts.
- **German wind power project developer** | Advising on the sale of generation licenses in Turkey.
- **Major PE fund** | Advising on its proposed acquisition of an oil storage facility in Turkey and its further expansion to become a leading oil storage facility in the Middle East. A feature of the transaction, which unfortunately has not been completed, was the highly confidential and complex negotiations with Morgan Stanley Oil Shipping and Storage business about their involvement in the acquisition.
- **Reinsurers and local cedants** | Supporting in relation to long running coverage litigation following an explosion and fire at a petrochemical plant.
- **Turkish public procurement agency** | Advising on the drafting of a new public procurement law applicable to public sector enterprises and public utilities (mission financed by the World Bank).



CMS awards and recognition



- Chambers Europe Award for Excellence: Germany – Client Service Law Firm of the Year, 2011 (Chambers Europe)
- Regulatory Team of the Year 2011 (Legal Business Awards)
- Mid-Market Legal Advisors of the Year, 2011, 2010 (Acquisitions Monthly)
- 16th most active firm globally in International Arbitration, 2011, 2012 (Global Arbitration Review)
- Law firm of the year, 2010 (UNQUOTE CEE PRIVATE EQUITY awards)
- TMT Team of the Year 2010 (Legal Business Awards)
- Central and Eastern Europe Law Firm of the Year, 2010 (PLC Which Lawyer?)



Law Firm of the Year: **Central and Eastern Europe**



Cross-border expertise

- CMS offices
- ◀ Rio de Janeiro
- Beijing ▶
- Shanghai ▶





● Moscow

Kyiv ●

Bucharest ●

○ Istanbul

○ Ankara

