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COMMUNIQUÉ ON SQUEEZE OUT AND SELL OUT RIGHTS (II-27.2)

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PART ONE
Purpose, Scope, Basis and Definitions**Purpose and scope**

ARTICLE 1 – (1) The purpose of this Communiqué is to lay down the principles and procedures relating to the right of the controlling shareholder in corporations to squeeze out other shareholders, and the right of other shareholders to sell their shares out to controlling shareholder.

Basis

ARTICLE 2 – (1) This Communiqué has been prepared and issued in reliance upon Article 27 of the Capital Markets Law with No. 6362 dated 6/12/2012.

Definitions

ARTICLE 3 – (1) For the purpose of implementation of this Communiqué, the following terms shall have the meanings ascribed to them below.

- a) “Persons acting in concert” means real persons or legal entities who cooperate based on an explicit or implicit, verbal or written agreement, for the sake of acquiring management control over the corporation;
- b) Stock exchange: means the systems and marketplaces and foreign stock exchanges as defined in Article 3 of the Law with No. 6362,
- c) Emerging Undertakings Market: means the market defined in the stock exchange legislation,
- ç) Controlling shareholder: means the natural persons or legal entities who jointly or individually hold at least 98% of voting rights in the corporation;
- d) Law: means the Law numbered 6362,
- e) Board: means the Capital Markets Board,
- f) CRA: means Central Registry Agency (Merkezi Kayıt Kuruluşu Anonim Şirketi),
- g) Corporation: means joint-stock companies whose shares are offered to public or are deemed to have been offered to public,

SOURCE: Capital Markets Board (www.cmb.gov.tr)UPDATES: Eryürekli Law Office (www.eryurekli.com)

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- ğ) Take-over bid: means a bid as defined in the regulations of the Board pertaining to take-over bids,
- h) Takasbank: means İstanbul Takas ve Saklama Bankası A.Ş.,
- ı) TCC: means Turkish Commercial Code dated 13/1/2011 and numbered 6102,
- i) TTRG: means the Turkish Trade Registry Gazette,
- j) Investment firm: means the joint-stock companies as defined in Article 3 of the Law,
- k) Management control: means holding, alone or jointly with persons acting in concert, directly or indirectly, more than fifty percent of voting rights of the corporation or the majority of privileged shares granting the right to nominate candidates for a number of directorship positions corresponding to absolute majority of number of members of the board of directors at the meeting of the general assembly of shareholders.

PART TWO

Exercise of Squeeze-Out and Sell-Out Rights

Method for calculating voting rights

ARTICLE 4 – (1) If the shares held as a result of a take-over bid or in any other way, including, but not limited to, by acting in concert, reach at least 98% of voting rights in the corporation, or if additional shares are acquired when in such status, the controlling shareholder shall become entitled to squeeze out all of the other shareholders, whether their shares are privileged or not, and the other shareholders shall become entitled to sell their shares to the controlling shareholder.

(2) In determining the ratio of the voting rights, direct and indirect shares held by the controlling shareholder shall be taken into consideration. Privileges in voting or the voting rights of the persons who hold *usus, fructus* or buying right over the shares shall not be taken into consideration.

(3) Obligations of corporations arising under other legislation to which they are subject, other than capital markets laws, are reserved.

Procedure of exercising of the rights

ARTICLE 5 – (1) If the controlling shareholder gains controlling shareholder status or acquires additional shares when in such status, public disclosure will be made within the framework of regulations of the Board concerning disclosure of material events. The shareholders other than the controlling shareholder, wishing to exercise their sell out rights within the three-month time-period for lapsing of the right, after such disclosure, shall notify their requests for exercising their sell-out rights at the price designated within the framework of the 3rd paragraph of Article 6, to the corporation, in writing. If the controlling shareholder loses its controlling shareholder status within the time-period of three months, the right to exercise the sell-out rights shall be continued to be made available until the end of the time-period. The controlling shareholder may not purchase any additional shares, except for its purchases which it made due to exercising of the sell-out right, within the said three-month period.

(2) The corporation shall inquire the shareholder capacity of the shareholders who file a request for exercising their sell-out rights and shall cause a valuation report to be prepared pursuant to the relevant regulations of the Board for the purpose of determination of share values within a period of one month following its receipt of the initial sell-out request.

(3) The corporation shall, within at the latest one month following its receipt of the request, and in any event, within at the latest three business days following public disclosure of the results of the valuation report, notify the requests of the shareholders to the controlling shareholder through registered letter with return receipt or through notary public.

(4) The controlling shareholder must deposit the shares' prices within at the latest three business days following its receipt of the request for exercising the sell-out rights, into the corporation's account. The prices of the shares held by the shareholders who wish to exercise their sell-out rights shall be paid by the corporation at the latest on the second business day after the share prices are deposited by the controlling shareholder into the corporation's account and the share transfer procedures will be finalised upon payment. Sell-out right may be made available for exercising through the agency of an investment firm.

(5) When there is a wish to exercise sell-out rights, it must be exercised for all shares, whether privileged or not.

(6) The controlling shareholder wishing to exercise its squeeze-out right within at the latest three business days following the end of the three-month period after which the right to sell-out will lapse, shall apply to the corporation to exercise this right on the price specified within the framework of the 2nd paragraph of Article 6. Such application must include the name and surname/title and address of the controlling shareholder, sale price and bank's letter of guarantee, or the fund to be used for the squeeze-out right must be blocked in a special account.

(7) The board of directors of the corporation shall adopt a decision for cancellation of the shares of the other shareholders and for issuance of new shares in consideration of such shares, and apply to the Board, along with the documents given in the Schedule, in order to ensure that the issuance certificate is approved. The corporations whose shares are traded in the stock exchange shall simultaneously apply to the stock exchange in order for their shares to be delisted. The application to be filed with the Board shall be finalised in accordance with the principles concerning capital increase through private placement within the framework of the regulations of the Board concerning shares; however, in such case, the principles concerning price margins available in the regulations of the stock exchange regarding wholesale sales market shall not be applicable.

(8) Controlling shareholder shall deposit the total sum required for squeeze-out of other shareholders into the corporation's bank account within three business days following the date of approval of the Board. The capital increase to be made by the corporation through private placement to the controlling shareholder shall be realized on account of the blocked amount previously deposited into the corporation pursuant to and under the provisions of the 6th paragraph of this Article. The Board's fee to be calculated for the new shares to be issued based on the squeeze-out right exercise price, with the condition not to be less than the nominal value of such shares shall be deposited by the controlling shareholder to the relevant account of the Board prior to receipt of the issuance certificate.

(9) The Board-approved issuance certificate shall be registered with the trade registry and published in TTRG by the corporation within three business days following the date of approval of the Board. Previous shares which form the subject of the exercise of the squeeze-out right shall be deemed to have been cancelled as at the date of registration.

(10) On the business day following the day on which the controlling shareholder deposited the money into the corporation's account, the corporations whose shares are traded at stock exchange shall apply to CRA with the request that this sum be transferred to the accounts of shareholders other than the controlling shareholder, and that the shares of said other shareholders be cancelled, and newly issued shares be transferred to the account of the controlling shareholder. Amounts relating to shares dematerialized in the CRA's system shall be transferred by CRA to the accounts of the relevant investment firms for being further transferred to the accounts of the shareholders other than the controlling shareholder. The balancing amount, related to the shares registered in the name of the corporation in CRA system as of the said date, and related to non-dematerialized shares of persons proving to be a shareholder after the said date, is

required to be kept by the corporation through relevant investment firms for a period of three years in a special blocked interest-bearing account to be opened with Takasbank. A bank's letter of guarantee may be given instead of the amount to be blocked. At the end of the period of three years following the date of cancellation of shares, the blockage will be removed upon application of the relevant investment firm to Takasbank. The account balance plus the interests accrued over the blocked amount kept in Takasbank account for a period of three years shall be refunded to the corporation upon its demand at the end of three years. Share prices required to be paid to the persons proving to become a shareholder after that date, in consideration for their shares, will be borne by the corporation. For the purposes of this paragraph, the principles relating to bearing of interest over the moneys kept in the blocked account, and the principles of clearing in brokerage services, and the principles on removal of blockage shall be determined by Takasbank upon approval of the Board.

(11) The corporations whose shares are not traded at stock exchange shall make public disclosure, in accordance with regulations of the Board regarding disclosure of material events, and announce in a nationwide newspaper or in one of the local periodicals with the highest circulation in the city of the headquarters of corporation that the controlling shareholder is going to exercise its right of squeeze-out, and due to the exercising of the right of squeeze-out, shares will be cancelled, and that the holders of such shares are required to apply to the corporation for destruction of their share certificates against payment of sale price thereof. Prices of the delivered share certificates shall be paid fully and in cash on the same day. Share certificates shall be physically cancelled and destroyed, together with the relevant coupons, before a notary public, and such destruction shall be evidenced by a minutes to be issued by the notary public. Said corporations are under the obligation to purchase the previous shares, which form the subject of exercise of the squeeze-out right and which are deemed to be cancelled, upon application of their holders, without being subject to any time limitation.

(12) Following completion of CRA process described in the 10th paragraph, the stock exchange shall evaluate the application and resolve to delist the corporation shares from stock exchange, and to permanently prohibit their trading therein, and such decision shall become effective on the first business day after disclosure of the decision by the stock exchange in PDP.

(13) Corporations where the controlling shareholder exercises its squeeze-out right shall be removed by the Board *ex officio* from the scope of the Law.

(14) The process of delisting from stock exchange, to be carried out under this Article, shall be considered as being among the circumstances which do not lead to exit right.

PART THREE

Price for Exercise of Squeeze-Out and Sell-Out Rights

Exercise Price

ARTICLE 6 – (1) The price in the process of exercising squeeze-out and sell-out rights shall be paid in full and in cash, in Turkish Liras.

(2) The following shall be considered as the sale price in exercising of the squeeze-out right;

a) for corporations, whose shares are traded at stock exchange;

1) for each of the share groups traded in the stock exchange; arithmetic mean of weighted average prices occurring at the stock exchange within thirty days prior to the date of disclosing that the controlling shareholder status has been gained or additional shares were purchased when already in controlling shareholder status,

- 2) for each of the share groups not traded in the stock exchange; if there is only one share group traded therein, the price determined for that group pursuant to provisions of item (1) of subparagraph (a) of this paragraph, or if there are more than one share groups traded therein, arithmetic mean of prices determined for those groups pursuant to provisions of item (1) of subparagraph (a) of this paragraph,
 - b) for the corporations whose shares are not traded in the stock exchange, the price determined in the valuation report prepared for determining of the price for each share group.
- (3) The following shall be considered as the fair price with respect to the exercise of the sell-out right,
- a) for corporations whose shares are traded at stock exchange, the highest price to be found by comparing the price to be calculated within the framework of the 2nd paragraph of this article; the price designated in the valuation report prepared for the purpose of determining the price for each share group; if a mandatory take-over bid was made within the scope of Article 26 of the Law within one year before the date on which public disclosure was made on the fact that controlling shareholder status has been gained or additional shares have been purchased when already in controlling shareholder status, that price; and the average of the weighted average prices occurring in the stock exchange within the last six months, one year and five years before the date on which public disclosure is made on the fact that controlling shareholder status has been gained or additional shares have been purchased when already in controlling shareholder status,
 - b) for corporations whose shares are not traded at stock exchange, the highest price to be found by comparing; the price indicated in the valuation report prepared pursuant to the 2nd paragraph of this article, and, if a mandatory take-over bid was made within the scope of Article 26 of the Law within one year before the date on which public disclosure was made on the fact that controlling shareholder status has been gained or additional shares have been purchased when already in controlling shareholder status, that price.

If the Board resolves that action be taken pursuant to Articles 101 and 107 of the Law in relation to the transactions performed within the time periods set take action in this article, such time-periods shall not be included into the calculation periods.

PART FOUR **Miscellaneous and Final Provisions**

Public disclosure

ARTICLE 7 – (1) The gaining of controlling shareholder status or purchasing of additional shares when already in controlling shareholder status, loss of such status, deciding to exercise squeeze-out rights, along with the price for exercising of that right, shall be disclosed by the controlling shareholder to the public within the framework the regulations of the Board regarding disclosure of material events.

- (2) The following issues shall be disclosed by the corporation to the public within the framework of the regulations of the Board concerning public disclosure of material events:
- a) Information regarding the application filed with the corporation with the request for exercising squeeze-out right, the process of squeeze-out, and the results of the squeeze-out process,
 - b) In case of triggering of sell-out right, in case of filing of an application with the corporation with the request for exercise of sell-out right; on daily basis as long as applications are received, information on the number of shareholders wishing to exercise such right, and their shareholding ratios in the capital and the total sell-out right price,

- c) Sell-out right price, including the abstract and conclusion parts of the valuation report prepared for determining of the price,
- ç) at the end of the period of exercise of the sell-out right, the number and shareholding ratios of the shareholders who exercised such right, and the shareholding ratio of the controlling shareholder.

(3) If, at the time of filing application with the corporation for the purpose of exercise of the sell-out right, the share price is not known according to the result of the valuation report, the prices designated according to the other criteria set out in Article 6 must be disclosed to the public, along with the information that there is a request for exercise of sell-out right.

Exceptions

ARTICLE 8 – (1) For corporations in which governmental entities or organisations hold shares, unless requested otherwise by the relevant governmental entity or organisation, the provisions of this Communiqué shall not be applied for the shares held by the public.

(2) Provisions regarding investment firms are reserved.

Limitation on Exercise of Squeeze-Out and Sell-Out Rights

ARTICLE 9 – (1) The rights of squeeze-out or sell-out may not be exercised for a period of two years following the date on which the corporation's shares start to be traded at the stock exchange.

Repealed communiqué

ARTICLE 10 – (1) The Communiqué with No. II-27.1 on Squeeze-Out and Sell-Out Rights, published in the Official Gazette dated 2/1/2014 and numbered 28870 has been abolished.

(2) The references, in other regulations of the Board, to the communiqué mentioned in the 1st paragraph shall be deemed to have been made to this Communiqué.

Provisions on Shareholders Who Are Presently In Controlling Shareholder Status

TEMPORARY ARTICLE 1 – (1) For the shareholders who are in the status of controlling shareholder as at the effective date of this Communiqué, the squeeze-out right does not automatically arise. In this case, the sell-out right cannot be exercised, either. However, these rights become exercisable upon purchase of additional shares by the controlling shareholder.

Current applications filed with the Board

TEMPORARY ARTICLE 2 – (1) At the time of finalising the applications filed with the Board for exercising the squeeze-out right, the controlling shareholder shall be granted a period of one month as of the date of publication of this Communiqué, in order for the controlling shareholder to re-evaluate whether it wishes to exercise its squeeze-out right. During such time-period, the sell-out right may not be exercised. If the controlling shareholder publicly discloses that it has relinquished the idea of exercising its the squeeze-out right, in order for the sell-out right to start being exercised, the controlling shareholder must purchase additional shares. Whereas; if the controlling shareholder publicly discloses that it wishes to exercise its the squeeze-out right, the time-period for lapsing of the sell-out right shall start as of the date of such disclosure.

The starting date at the time of calculation of the price for exercise of the rights shall be deemed as the initial public disclosure made by the controlling shareholder in connection with its exercise of the squeeze-out right.

Transitory period for determining share ratios

TEMPORARY ARTICLE 3 – (1) The voting right ratio of 98% which is a requisite condition for being entitled to exercise squeeze-out and sell-out rights, and which is set out in Article 4 shall be considered as 95% in respect of exercise of rights that have arisen and will arise until 31/12/2014, and as 97% in respect of exercise of rights that will arise until 31/12/2017.

Effective Date

ARTICLE 11 – (1) This Communiqué shall become effective on the date of its publication.

Execution

ARTICLE 12 – (1) The provisions of this Communiqué will be executed by the Board.

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ANNEX**INFORMATION AND DOCUMENTS REQUESTED IN APPLICATIONS TO BE FILED WITH THE BOARD FOR EXERCISE OF THE RIGHT OF SQUEEZE-OUT**

1. Articles of association, duly signed by the authorized signatories of the corporation, containing all amendments made therein, combined into a single text,
2. Information on the share groups stated in the articles of association, and privileges granted and restrictions applied on these groups,
3. Name and surname/title and address of controlling shareholder, and the sale price,
4. Valuation report prepared according to the pertinent regulations of the Board with a view to determine the share prices,
5. Information and documents relating to letter of guarantee given by a bank holding license for banking operations in Turkey or to the funds blocked in a special account to be used for the squeeze-out right,
6. Decision of the board of directors for cancellation of the shares of other shareholders and for issuance of new shares in consideration for the cancelled shares,
7. Issuance certificate,
8. Draft article amendment showing the amendments in article "capital" in corporations subject to share capital system,
9. New version of article "capital" of articles of association showing the issued capital, to be registered and announced pursuant to 7th paragraph of Article 18 of the Law, in corporations subject to the registered capital system,
10. Financial advisor's report determining whether the existing capital of corporation is paid or not,
11. Information on existing members of board of directors, and shareholding structure showing the shareholders holding five percent or more of the shares in the corporation,
12. Copy of the TTRG containing the announcement of registration of the last capital increase made by the corporation,
13. Notary-certified signature circular of authorized signatories of the corporation,
14. Other information and documents as may be requested by the Board.