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A financial campaign in Turkish markets to boost IPOs

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There is no doubt the most interesting and widely discussed issue in Turkish capital markets in the year 2010 was the initial public offering campaign launched by the Istanbul Stock Exchange (the ISE), in collaboration with the Capital Markets Board of Turkey (the CMB), the Union of Chambers and Commodity Exchanges of Turkey, and the Association of Capital Market Intermediary Institutions of Turkey. The campaign aimed to encourage the non-listed companies to consider Turkish capital markets as a financial funding source through the IPOs and thus, increase the number of listed companies.

Why a campaign?

Over the last decade, Turkish companies have been reluctant to benefit from opportunities offered by capital markets. Due to overvaluation in Turkish liras, financing the investments with foreign currency loans was more attractive, easier to manage and was subject to more simple procedures. As a result, the IPOs were considered as an alternative funding option only by companies with very high leverage.

In line with the changes in global economic considerations, traditional perspective has been changing and tapping into capital markets has taken its place once again in the agenda of Turkish companies. The relevant authorities and self-regulatory bodies, particularly the CMB and the ISE, initiated the IPO campaign with an intention to increase awareness about public offerings.

The fruits of the campaign?

If there is a campaign, there must be incentives that make it notable and attractive!

The CMB has revised the legal infrastructure of public offerings with an aim to facilitate the offering process. For this purpose, the new Communiqués governing stock offerings and the sales methods, both of which have entered into force on April 3 2010, have been announced with a view to contribute to the long term optimism surrounding Turkish capital markets.

The major revision in the public offering regulations is about underwriting practices observed in Turkish Capital Markets. In former public offerings, brokerage firms constituting the underwriting syndicate were required to provide a commitment to the issuer for purchasing unsold shares for a specific portion of the offering calculated in accordance with the free float rate and size of the offering.

This new regulations abolished such requirement in parallel to the international practice and the type of underwriting (i.e. firm commitment, best effort, and standby commitment) to be applied in a public offering is regulated as such to be at the mutual discretion of the issuer and brokerage firms.

Furthermore, new provisions also abolished minimum free float requirement and granted the issuers the opportunity to determine the number of shares to be sold. Unlike former principles requiring at least 5%, 15% or 25% free float depending on the size of the issuer's share capital, new principles provide issuers the liberty to determine the free float rate.

However, due to ISE listing requirements, such liberty is only applicable for certain issuers (i.e. issuers to be listed on the ISE National Market with a market capitalisation of publicly offered shares exceeding TL45 million and issuers to be listed on the ISE National Second Tier Market or New Economy Market).

New principles also change allocation thresholds which are designed to secure the participation of local individual investors to a public offering. As per the former principles,

depending on the size of the offering, at least 30% or 50% of the shares to be offered to public were required to be placed to local individual investors. Since this requirement has negatively affected the participation of foreign investors to public offerings, the threshold was decreased to 10% with an aim to enlarge tranches for foreign investors.

Another amendment introduced under the new legislation is the requirement to allocate minimum 10% to local institutional investors in local private pension funds, investment funds and investment companies, in order to support the development of the said institutions.

Shelf registration system which was solely applicable for listed companies has been revised to encompass private and public companies having intention to be listed on the ISE. According to the revised system, a company scheduling to initiate public offerings at different times within a period of one year has been given the liberty to register all offerings with the CMB at once so that the offering costs may be decreased.

As part of the new legislation, Prospectus, the main information source in a public offering, has become more accessible to investors. Under the new rules, draft prospectus shall be published both on the website of the issuer and on the website of the CMB following the public offering filing. In addition, when the public offering is registered with the CMB, the final version of the prospectus shall also be published on the website of the issuer and on the Public Disclosure Platform, an electronic disclosure system operated and managed by the ISE. Electronic accessibility of prospectuses may facilitate informed decision making and thus may result in public offerings to be a worth-considering investment option for Turkish investors who have long been reluctant to show strong interest to public offerings.

Payment methods, already applicable in Turkish IPO practice, are clearly defined in the new Communiqués. Accordingly, issuers

and brokerage firms may provide investors the opportunity to make payments either through depositing foreign exchange, government bonds, liquid investment funds or any other liquid assets during the public offering process. In addition to the above, the new rules grant issuers and brokerage firms the opportunity to adopt any type of sale, allocation and pricing methods in relation to public offerings. This new flexibility may serve for convergence of international pricing and allocation practices with domestic pricing and allocation practices.

Hopes for the future?

The IPO campaign has started bearing fruit with five IPOs in the first half of 2010.

The aforementioned revisions in the applicable regulations liberalising the legal infrastructure of public offerings are expected to encourage more companies to go public in the upcoming term. However, recent steps largely deal with the supply side of the issue and therefore it will be helpful to take additional steps regarding minority rights and investor protection. We believe that such changes will follow shortly and Turkish markets will welcome further IPOs in the near future.

Capital markets

Recommended firms
Tier 1
Akol Avukatlık Bürosu Hergüner Bilgen Özeke Pekin & Bayar Pekin & Pekin
Tier 2
Esin Law Firm Paksoy Taboglu & Demirhan Verdi & Yazici YükselKarkinKüçük Attorney Partnership
Tier 3
Bener Law Office Birsell Law Offices Çağa & Çağa Çakmak Avukatlık Bürosu Dogru Law Office Eryürekli Law Office Güner Law Office Ismen Law Firm Özel & Özel

Banking

Recommended firms
Tier 1
Hergüner Bilgen Özeke Paksoy Pekin & Bayar Pekin & Pekin Verdi & Yazici
Tier 2
Akol Avukatlık Bürosu Birsell Law Offices Çakmak Avukatlık Bürosu ELIG Güner Law Office Pekin & Bayar
Tier 3
ASC Law Firm Bener Law Firm Bezen & Partners Cerrahoglu Law Firm Özel & Özel Somay Hukuk Bürosu Taboglu & Demirhan YükselKarkinKüçük Attorney Partnership

Mergers and acquisitions

Recommended firms
Tier 1
Akol Avukatlık Bürosu Hergüner Bilgen Özeke Pekin & Bayar Law Firm Verdi & Yazici
Tier 2
Cerrahoglu Law Firm Esin Law Firm Özel & Özel Paksoy Pekin & Pekin Taboglu & Demirhan YükselKarkinKüçük Attorney Partnership
Tier 3
Balcioglu Selçuk Akman Bener Law Office Birsell Law Offices Çakmak Avukatlık Bürosu ELIG Güner Law Office Ismen Somay Hukuk Bürosu
Tier 4
ASC Law Firm Çağa & Çağa Kolcuoglu Demirkan Mehmet Gün & Partners Moroglu Arseven Özdemir Postacioglu Law Office

Project finance

Recommended firms
Tier 1
Çakmak Avukatlık Bürosu Hergüner Bilgen Özeke Pekin & Pekin Verdi & Yazici
Tier 2
ASC Law Firm Birsell Law Offices Güner Law Offices Özel & Özel Paksoy Pekin & Bayar
Tier 3
Bener Law Office ELIG Fidan & Fidan Law Firm YükselKarkinKüçük Attorney Partnership
Tier 4
Akol Avukatlık Bürosu Bezen & Partners CCAO Law GSI Meridian Ismen Law Firm Yegin Legal Consultancy

The Turkish legal market has had an exceptionally dynamic year. Competition has increased most notably in M&A and financing, where new arrivals and spin-off firms have been spreading clients around the market and, as some partners point out, putting pressure on fees as firms strive to win mandates.

In major developments, the market saw the arrival of DLA Piper in partnership with YükselKarkinKüçük and Kinstellar with an association with newly established firm CCAO. This is part of a recent trend as young firms begin to win the largest mandates, especially in M&A and privatisations.

“As long as Turkey grows we will see more law firms coming in,” says a partner who pointed to Turkey’s high growth rates compared to the rest of Europe and the recent upgrading of its credit rating. “By 2050, we will have a larger economy than Germany,” says the peer.

This optimism can be especially seen in the energy market. “Given Turkey has one of the fastest growing energy markets, deals within the sector are set to increase and we have seen an increase already of the last 12-18 months,” says a peer, adding: “The energy sector has a current size of \$30 billion and a projected size of \$55 billion by 2015.”

“Hydro, wind, solar and geothermal technologies ... we are seeing more interest and investment, and in the wind energy sector

alone, it is expected that €1.2 billion will be invested,” says another lawyer. While project finance is only five or so years old, the boom in energy work and the lack of relative expertise has given firms a window of opportunity.

The growth of mandates in energy and infrastructure has opened a gap for new firms and a number of up-and-comers won mandates on large projects and privatisations. Many firms are also anticipating a spate of privatisations. These areas are very open fields for firms.

Clients and lawyers consistently mention unpredictability and grey areas of law as reasons to have a more cautious outlook and approach. The recent difficulties, in which a number of the biggest firms in the market had some dramatic losses of staff, will also inspire caution.

Capital markets also had a very slow year. The Capital Markets Board (CMB) has issued new regulations to advance the capital markets (especially bonds and corporate bonds) and legislation continues to evolve more towards EU standards.

Hergüner Bilgen Özeke (HBO)

HBO remains the all round dominant firm. It has a “very wide legal knowledge,” says a client, “we worked with them on a variety of issues; it is in no way a boutique.” Another client notes that the firm was “very thorough and knowledgeable on banking and in particular with financing in the energy sector.”

Hakki Gedik attracts a good number of clients to its banking and finance practice co-headed by Gökhan Eraksoy. “Gedik is fluent in German, and is German and Turkish Bar qualified so it is very good to be able to talk with him,” says a German client.

The firm acted in a high profile transaction in capital markets advising Erste Group Bank on its acquisition of Lehman Brothers Turkey and the Chapter 11 administrator Alvarez & Marsal.

In banking, it advised Citibank as coordinator of 20 banks for a €400 million facility to Türk Telekom, and advised BNP Paribas and four French banks on a €27 million acquisition financing to Centragroup Favea. Other clients included Rabobank on a €200 million financing to Gamma Holding.

The firm closed many M&A deals, among which was Bridgepoint Capital’s acquisition of the entire share holding of Akfen Holding in Tüvtürk and UPS Europe’s acquisition of the UNSPED group.

And in projects, it was advising MMK-Atakas on a €1 billion bridge facility and long-term facility for a steel plant, and the European Bank for Reconstruction and Development (EBRD), the International

Finance Corporation (IFC), European Investment Bank (EIB), HSBC and Denizbank on a €145 million loan to Rotor Elektrik Wind Farm Project.

Leading lawyers

Gökhan Eraksoy
Hakki Gedik
Ümit Hergüner
Ender Özeke

Pekin & Bayar

Pekin & Bayar is praised by clients in each practice area for the expertise of its senior lawyers. Sefika Pekin is renowned in M&A, while Selin Bayar is consistently rated in finance and telecoms matters. The leading practices for the firm are capital markets and M&A.

“They are one of the known and old firms, very experienced and very well established, they are our number one problem solver,” says a finance client. In projects “they have a very strong relationship with government authorities which provides us with an advantage when we go for approvals,” says another client.

The firm is a favourite of Credit Suisse, especially for banking regulatory, and in high-light deals advised Qatari Diar Real Estate Investment Company on a \$530 million *murabaha* (deferred sale) financing agreement to Kat Turizm, and Calyon Bank and Nordea Bank on a \$284 million loan agreement to Turkcell.

The firm closed a number of large M&A deals. It advised Akfen Holding and its subsidiaries on the \$150 million sale of its 33% stake in Tüvtürk Kuzey, Guney and Istanbul, and a 100% acquisition of AIH Companies, including a \$225 million share transfer. It also assisted CEZ in its 37.5% acquisition of Akenerji Elektrik Üretim.

In projects the firm advised ABN Amro Stockholm on a \$378 million facility to Turk Telekomunikasyon and Crédit Agricole and Calyon Bank on a \$295 million ECA (Export Credit Agency) facility loan agreement to Turkcell.

Leading lawyers

Selin Bayar
Sefika Pekin
Sila Yavuz

Pekin & Pekin

Pekin & Pekin is widely considered by competitors and clients as the front runner in banking under the leadership of Ahmed Pekin.

The firm invests strongly into its office facilities, IT and management practices and is highly experienced with foreign clients. “They are experienced and hard-working people,” says a client, “all credit to the team work they show.” The firm is proficient in Isda (International Swaps and Derivatives Association) work, loan participation note (LPN) issuances and helped draft *sukuk* (Islamic bond) legislation.

In capital markets, it advised a group of global banks as underwriters on four eurobond issuances totalling €5 billion and it recently handled five LPN (loan participation note) issuances for different international banks: two for \$1 billion and three for \$199 million, \$132 million and \$662 million.

In a high-profile banking M&A deal, the firm acted for a liquidated foreign bank on a sale of shares to an asset management company and foreign governments, and state DFIs (development finance institutions) on the acquisition of local banks with a multi-billion dollar value globally. Elsewhere, it also advised on a series of acquisitions in the renewable energy and IT sectors.

Pekin also advised a group of global banks on a \$1.7 billion financing for MMK for the construction of a steel plant, and assisted four local banks on a \$440 million financing of a privatisation and foreign banks on large financings into energy. In projects, the firm advised an international DFI on energy projects in the region worth \$500 million.

Leading lawyers

Sezin Okkan Çaliskan
Ahmed Pekin
Ayça Sevimay

Verdi & Yazici

Verdi & Yazici has an excellent reputation in banking, project finance and M&A under partners Hakan Yazici and Can Verdi, who is consistently recommended by competitors as a “dealmaker”.

In capital markets, the firm advised arrangers and originators on future flow securitisations, structuring of covered bonds under new regulations, eurobonds and LPN (loan participation note) structures. The firm also won mandates from international finance institutions on derivatives and investments.

The firm has close relations with several banks, most notably Garanti Bank who it advised alongside Eurobank Tekfen, Merrill Lynch and Deutsche Bank on a wide range of corporate and finance issues and in one transaction, acted for Credit Europe Bank NV’s shareholders (Fiba Holding) on a €62 million acquisition of majority shares in Millenium Bim Bank from BCP Internacional II.

The firm closed three notable M&A transactions, advising investors in the acquisition of radio broadcasting companies from an international entity, Fiab Holding on its 100% sale of shares in its non-life insurance business to Sompo Japan Insurance for \$325 million and Abdul Latif Jameel on an \$85 million acquisition of 65% of shares in Toyota from Sabanci Holding.

In project finance, the firm advised Garanti Bank as lead arrangers on a string of large financings, including an \$895 million loan to Eren Energy for the construction and operation of two 600MW coal fired thermal power plants, a \$750 million financing for the construction and operation of the Boyabat Dam and 513MW hydro plant and a \$186 million financing and restructuring of debts for the acquisition of Tüvtürk.

Leading lawyers

Can Verdi
Hakan Yazici

Akol Avukatlık Bürosu

Akol is White & Case's Istanbul office. The firm has had a hard couple of years, says a peer, and "it is not quite the same as it was before". However consensus is that Akol will grow again thanks to the expertise of Meltem Akol on capital markets and M&A, and the resources of White & Case.

"Very good, especially the lawyers I was working with who were very talented and very responsive," says a client, "[I'm] generally very happy with the work."

A different client says: "Ceren Sen led the deal and was very good. They are very hands on and the team worked very hard," while another adds: "They have expertise which is important for project finance and acquisition finance."

However the turnover of lawyers at the firm is a concern to another client. "Too many partners left the firm; we had confidential projects but every week there were new people," says one.

But nevertheless the firm's reputation means it is present on some of the most high-profile mandates in the market. In capital markets, the firm advised Goldman Sachs, JPMorgan, Akbank and Is Bank as coordinators in the \$438 million IPO of gold mining company Koza, the largest IPO since 2008. It also won mandates to advise Aksa Energy, and Deutsche Bank and Garanti Securities on proposed IPOs.

In M&A, the firm advised a private-equity fund owned by National Bank of Kuwait Capital in the acquisition of a 30% stake in a chain of ophthalmology hospitals, and acted for Tire Kutsan Corrugated Board, Box and

Paper Industry, part of the Izmir based Mondi Group, in the 67% acquisition of Teknik Paper.

In projects, the firm advised AES-IC Ictas Consortium on a \$93 million loan to finance a series of energy projects, Garanti Bank and Yapi Kredi for a €150 million financing of a shopping mall and Garet Enerji on a €40 million financing of two wind farms.

Leading lawyers

Meltem Akol

Paksoy

Paksoy remains a leading practice across the board under M&A expert Serdar Paksoy. However some competitors comment that the firm has faded slightly and it recently lost head of project finance Halide Çetinkaya to new firm CCAO. Çetinkaya was a key link with the banks for banking and project financing.

Clients however are pleased with the service the firm provides. "They are experienced in working with international partners for quite a long time and have enough resources to close deals on time and to give advice on particular matters," says one.

The firm is a leader in debt capital markets and recently advised Ulker Çikolata on a proposed IPO. Çetinkaya led on three large financings for Akbank on two shopping mall projects of \$70 million and \$20 million and a \$240 million refinancing for Bainbridge Holding.

Çetinkaya also advised Eria Partners Pramerica Real Estate Investors on a \$150 million financing and refinancing of a shopping mall, TSKB on \$78 million and €28 million financings for three hydroelectric plants, and Akbank and TSKB on \$33 million financing for a hydroelectric plant.

Ömer Çollak led a team advising Enerjisa on a loan facility with a number of banks for power generation plants, and JPMorgan on a \$140 million corporate loan to Dogus Group. In a high-profile deal, Elvan Aziz was advising BioCity on a \$2 billion real-estate project development.

In M&A, the firm advised Union Investment on a \$38 million acquisition of a 35% stake in Forum Mersin shopping mall from Multi Corporation and won a mandate to advise BNP Paribas in connection with a 75% stake acquisition of Fortis Bank Belgium.

Leading lawyers

Elvan Aziz
Ömer Çollak
Serdar Paksoy

Çakmak Avukatlık Bürosu

Çakmak is White & Case's Ankara office. The firm is widely considered the leading energy practice though its long-established banking practice is being increasingly praised by competitors. Its base in Ankara is strategically important for its proximity to government ministries and energy authorities.

"We were working on an untested renewable law and they were very good at explaining the risks, their work is precise and they seem to have had a lot of experience," says one client. Another client commends partner Tugba Bayman.

In capital markets, the firm advised Cimpor in relation to a merger, AEI in relation to a proposed IPO in the US, and Inmet Mining on a potential \$500 million private placement.

In banking, it advised Visa Europe on regulatory issues, AEI on a \$75 million loan from Trakya Elektrik and Trakya Elektrik on a \$155 million loan facility. Other clients include Bank Julius Baer and the Czech Export Bank.

The firm's M&A practice is mostly energy driven, and among top deals it advised Alamos Gold in a share purchase agreement with Frontier Development Group and Teck Resources to acquire the Agi Dagı and Kirazlı gold projects for €58 million. It also advised ExxonMobil in the tender of the TPAO for exploration licenses in the Black Sea.

In projects, the firm advised Sabanci/Verbund on a \$1.2 billion privatisation of Baskent Electricity Distribution, acted for Petrobras on a \$700 million contract for deep sea oil exploration and advised Evonik Steag on a \$1.2 billion financing for a 600MW coal-fired power plant.

Leading lawyers

Mesut Çakmak
Zeynep Çakmak
Sednem Önder
Mehtap Yıldırım

YükselKarkinKüçük Attorney Partnership

YükselKarkinKüçük (YKK) made the news of the market last year with its association with DLA Piper. The partnership dramatically changes YKK in terms of resources, training and IT. The firm has now exceeded 50 lawyers and has a dominant M&A practice which produces "very good quality" according to one client.

In capital markets, the firm advised a construction client on a proposed IPO, and completed various Isda (International Swaps & Derivatives Association) and Isla (International Securities Lenders Association) deals for MV Holding/Türk Telekom.

The firm provides ongoing advice to JPMorgan, Tekfen Bank and Çalık Bank on security issues and represents Bank Asya on regulatory issues, new products, convertible bonds and all banking matters. It also assists TBC Bank on corporate law and securities-related issues.

The firm was very busy in the M&A sector. It acted for the Carlyle Group on a \$109 million acquisition of a 40% stake in Medical Park Hospitals, which included conducting due diligence on 13 hospitals, and advised Essentium Grupo Turkey on a €180 million acquisition of a portfolio of 100MW hydroelectric plants. Elsewhere, the firm helped Ülker form a \$10 million joint-venture with Danish company Gumlick. Other clients include Turkish Airlines and Bristol Myers Squibb.

In project finance, the firm advised a Malta-based company involved in shipping and tourism, among other activities, on a \$75 million financing from Yapi Kredi and Is Bank. It acted for Grupo Essentium on a €45 million financing for hydroelectric power plants from TSKB, Mondial on the \$80 million financing for Bodrum-Milas airport and Bank Asya on a €15 million financing for Sabiha Gökçen Airport.

Leading lawyers

Muharrem Küçük
Cüneyt Yüksel

Birsel Law Office

Birsel Law Office has been a leading firm in the market over many years under name partner Mahmut Birsel, although he has ceded way to younger partners who led on most of the big deals.

The main name in project finance, the firm's strongest practice, is head of department Begum Durukan, who led on all high-light deals. Nilüfer Türkçü, Ilke Türeyen and Hikmet Fadillioğlu also featured on many of the large mandates.

In June 2010 the firm suffered a set back losing well-known managing partner Arzu Aksac.

In significant mandates, a large team advised the Overseas Private Investment Corporation (Opic) on loan agreements for \$130 million to Garanti Bank and DT Metal.

The firm also acted for Türk Telekom on various transactions borrowing loans from foreign institutions and entering into derivatives transactions. In an M&A mandate, it advised BankMed on its \$26 million acquisition of a 9% stake held by Mehmet Nazif Günal in Turkland Bank.

In another significant deal, the firm advised H&M retail company on its entrance

into the Turkish retail market. The firm will also act as the company's counsel for all other matters. Other recent clients included medical sector company Zimmer.

Leading lawyers

Begum Durukan

Esin Law Firm

Esin Law Firm has found a strong position in its new form. It hired nine lawyers at associate level or above, including M&A expert Melis Aritman Alp from Somay Hukuk Bürosu and Aylin Aksun, former head of M&A at Gür Law Firm.

"A very good business approach, they understand the aims of a transaction and have a good litigation and arbitration practice so they don't only write contracts for writing contracts but understand what happens if you have a dispute afterwards," says a client. Another client highlights availability of partners as a key strength.

One client experienced "a very professional practice ... very qualified personnel that deliver everything on time, with high quality and international standards and good communication."

In capital markets matters, the firm advised QVT Fund on minority stake investments into the Istanbul Stock Exchange (ISE) and on regulatory matters, Frigo-Pak and its majority shareholder Gerber-Emig on capital markets disclosure rules and TSKB with respect to its role as underwriter on an IPO.

The firm also closed a list of high profile M&A deals and was noted for being particularly active in this area. It advised EnBW in its acquisition of 50% of the shares in Borusan Energy to form a joint venture with a total investment of €2.5 billion, and Medical Park in its €109 million sale of a 40% stake to the Carlyle Group, the biggest private-equity deal closed in the market.

Esin also assisted Turkon and MNG Holding on the sale of Turkon-MNG energy generation companies to Energo-Pro for €308 million.

Leading lawyers

Melis Aritman Alp
Ismail Esin

ASC Law Firm

The consensus among partners, clients and in-house counsel of banks is that Aksu Savaş Çalışkan Law Firm is within the top handful of project finance practices. Okan Beygo is known across the market as one of the leading lights and clients consistently recommend

Mithat Özgün Özok, Çağdas Selvi, Melis Alkan and Canset Birgül.

"Very fast and reliable," says a client, "they can easily reflect the commercial terms of a deal in the facility agreements: a very good team that understands complicated commercial aspects and is especially good on a complex privatisation." Another client says the firm is "very good at negotiations; very controlled and convincing."

ASC is strong in capital markets and banking, where it advised Akfen Holding and its affiliates on a \$66 million IPO and Anel Elektrik on a \$5.4 million IPO. It also won some large mandates for M&A, for example advising GMR Group on an unsuccessful \$3 billion acquisition of three power plants with a total capacity of 2,000MW.

In handled a long list of big financings, advising Diler Holding on a \$318 million loan for a thermal power plant and TSKB on a string of facilities for the construction of hydroelectric power plants and wind farms and Garanti Bank on a €165 million loan for the construction of a shopping mall and amusements park.

The firm advised TSKB, Finansbank, DenizBank and Yapi Kredi on a €302 million financing for the construction of eleven hydropower plants to Akfen Holding and Boyabat Elektrik and shareholders on a \$750 million financing for the construction of a hydroelectric plant.

Leading lawyers

Okan Beygo
Mithat Özgün Özok

Cerrahoglu Law Firm

Cerrahoglu Law Firm continues to cultivate a leading position in the M&A market. Managing partner Fadlullah Cerrahoglu has stepped back a bit from the transactions, which are now managed by a younger group of senior lawyers. The challenge will be for the firm to manage this shift against increasing competition.

However, the firm closed a list of large and complex M&A deals through the year in highly regulated sectors such as media and finance. It also acted on some good financing transactions and in one banking deal advised Urart Gümrüksüz Magaza İşletmeciliği on an €80 million loan to finance the duty free department at Antalya Airport.

Among the other highlights, the firm acted for Canwest Media in its sale of various radio stations in Turkey, and advised Unsped, the exclusive agent of UPS in Turkey, on the \$100 million sale of its share capital to UPS and the establishment of a joint venture in the Jebel Ali free zone.

The firm also advised Lafarge Cement International on a €33 million sale of all its shares in Lafarge Van Çimento to Askale Çimento, and acted for Financière Lafarge SAS in connection with its €130 million sale of a 93.7% stake in public company Lafarge Aslan to Ordu Yardimlasma Kurumu. Other clients included Sanko Holding, which the firm advised on the acquisition of coal mine operation license and permits.

Leading lawyers

Selen Ibrahimoglu Güres
Sezin Turan
Aysegül Yalçınmani

Güner Law Firm

Güner Law Firm is the local affiliate of SNR Denton. The firm has a very strong energy practice and a particular expertise in media sector M&A, where it advises clients including Time Warner, Newscorp and Disney.

Güner has strong relationships with a number of foreign and local banks and is a panel law firm for HSBC, Barclays and the Royal Bank of Scotland, among others. "They are very organised and they keep up to date with all the developments," says one client in relation to energy and public-private partnership (PPP) issues.

In capital markets, the firm advised a private-equity company on a proposed share transfer in a listed group and assisted an international insurance group on a proposed establishment of a pensions company.

In banking highlights, it won a mandate from the National Bank of Kuwait to advise on a proposed \$15 million loan to Alas Cargo company and acted for Wells Fargo as agent of a \$1.3 billion syndicated facility to Akbank. It also assisted HSBC London on a €20 million export facility into the wind energy sector. The firm advised on a long list of cross-border, multi-currency and syndicates loans.

In one highlight M&A mandate, the firm advised a global energy company on a joint venture with a local partner to bid for the acquisition of two state energy companies, Osmangazi Elektrik and Yesilirmak Elektrik, for \$1 billion. In continuing projects, the firm is advising a global insurance group on a proposed acquisition of a local insurance company.

In projects, the firm advised Çelebi Holding on a \$125 million financing for the expansion of Bandirma Port.

Leading lawyers

Ece Güner

ELIG

Key lawyers at ELIG are M&A partner Tunç Lokmanhekim and banking and finance partner Serkan İçtem. The firm receives high praise from clients in banking and joins the project finance ranking after successes on some of the largest mandates.

"They are correct people, I have done many transactions with them and recently a contract for a \$1 billion credit and it was perfect, very good opinion of them," says one client. Another stresses the firm's experience: "It has been in the market for many years and has a history in Turkey; all lawyers there are well known."

İçtem is "very pro-active, helpful and knows his stuff," says a client, "he is easy on bespoke things, very, very good in understanding the commercial needs of a client, very responsive and very flexible with his approach." A client also recommends associate Özge Lokmanhekim.

In highlight banking transactions, the firm advised the National Bank of Greece subsidiary Finansbank as one of the lenders on a \$292 million and €659 million syndicated term loan facility to Akbank. It again assisted Finansbank as part of a group on a \$145 million and €99 million dual-tranche dual currency term loan to Türkiye Vakıflar Bank, and TSKB on a €50 million credit facility from Agence Française de Développement.

In a top projects deal, ELIG advised Eren Enerji Elektrik on an \$895 million financing for the construction, commissioning and operation of two 600MW coal-fired thermal power plants and BYN Gayrimenkul Gelistirme, Boyner Holding and Altinyildiz Mensucat on a €20 million financing for a shopping mall.

Leading lawyers

Serkan İçtem
Tunç Lokmanhekim

Özel & Özel

Özel & Özel is the local affiliate of Salans. It has been in the market for over forty years and has deep experience. "It is a very serious law firm," says one client, "they gave us partner contact all the way through, even a simple phone call would get us to the partner." Another client says the firm was "precise and reliable, I would recommend them."

In banking, the firm advised JohnsonDiversey on a \$2 billion refinancing of an existing debt with Citibank and worked with Clifford Chance to advise Ideal Stelrad Group on restructuring a loan from the Royal Bank of Scotland. It was also mandated by Bainbridge Holding to advise on matters

related to \$240 million of financing from Hypo Real Estate.

Elsewhere, it advised on €107 million of acquisition financing for Goksu Gayrimenkul by Bank Austria and Yapı Kredi.

In highlight projects, the firm was selected by the state Privatisation Administration to advise in connection with the privatisation of over 100 facilities owned by the electricity generation corporation, and by public port companies Petkim Petrokimya Holding and Turkas Petrokimya for the eventual sale of a majority stake.

It acted for Spanish insurer Mapfre on the acquisition of shares in one of the biggest Turkish insurance companies and, in a final top deal, Dongwon Enterprises in connection with the proposed acquisition of a majority stake in a food processing company - one of the largest potential M&A deals so far in 2010.

Leading lawyers

Ekin Guncan
Goksan Gurel
Haluk Can Ozel

Taboglu & Demirhan

The firm is widely recommended for M&A and capital markets primarily due to the expertise of Esin Taboglu. The firm has maintained its smaller size compared to many competitors, however some commentators argue that this allows them to keep a more consistent level of quality.

A highlight in M&A was the firm's advice to BCP Internacional II on a €62 million sale of shares in Millenium Bim Bank to Credit Europe Bank, and Akenerji on its sale of a 37.5% stake to CEZ for \$302 million.

Leading lawyers

Esin Taboglu

Eryürekli Law Office

ELO is a specialist capital markets firm and widely recommended for its knowledge of capital markets regulations and relationship with the Capital Markets Board and stock exchange. It is a leading firm for opinions and advice rather than transactions according to clients.

"In capital markets, not on the contract side but on the relationship with the regulator and knowledge of the regulations, I would recommend Murat Eryürekli," says a client. "Mustafa [Unal] is an absolute genius on capital markets," says a peer.

In top deals, the firm advised Franklin Templeton Investments on the establishment of a \$333 million local mutual fund and

Unicredit Securities regarding bond offerings by Koc Fiat Consumer Financing and Keskinoglu Feed Company, valued at \$53 million and \$33 million respectively.

The firm also advised Integral Securities on its establishment as the first brokerage firm in the country, and Arma Portfolio Management on a share transfer. The firm also regularly advises Deutsche Bank, Deutsche Securities, HSBC Bank and HSBC Investment, ING, Citibank and Is Portfoy Management.

Leading lawyers

Murat Eryürekli
Mustafa Unal

Other ranked firms

Bener Law Office is beginning to establish itself among clients as a regular go-to firm for large transactional mandates from projects to banking. Litigation and corporate retainer work are the firm's mainstays. Bener recently recruited associates from Nike and other leading firms.

"Very pragmatic, very practical and business minded," says one client. Another client recommends Win Michaelsen and Gözde Esen Sakar for banking and finance: "Very responsive and thorough, competent at what they do and they know the client and market."

The firm advised Marti Reit on its proposed IPO and won repeat mandates from the International Finance Corporation (IFC). It assisted Credit Suisse Securities and Goldman Sachs in connection with a \$100 million sale of notes and pledge on a security, and Deutsche Bank Trust Company Americas on a \$570 million pledge as security for a loan.

The firm closed three key M&A deals, advising Weinmann Co on the acquisition of minority shares in Pro-Tip, Hella KGaA Hueck & Co in connection with the exercise of option rights at Intermobil Otomotiv Mümessillik and Tarkett with the formation of a joint venture with Aspen Yapi Ve Zemin.

In projects, the firm advised Yapi Kredi and Bank Austria on a €100 million financing of the Optimum Shopping Mall in Adana. It was also mandated to act for Philips Vamed joint venture in connection with public-private partnership (PPP) health projects and Zorlu Enerji on the development of two HEPP Projects.

"In terms of responsiveness Bener is the best," says a client.

Leading lawyers: Onur Kordel and Win Michaelsen

Ismen Law Firm has built a good name for itself especially in competition, M&A and privatisations. In recent developments it has

started to work very closely with UK firm Bird & Bird.

According to a client of a large ongoing project, Ismen provided "plentiful" support and "always declared their opinions and [produced] new articles on the subject whenever it was necessary."

The firm clinched some important capital markets transactions through the year and in one deal it advised TSKB Reit on a \$38 million IPO. It also acted for Invest AD, QFIB, TSJB on the pending IPO of Aksa Enerji and Unicorn Capital on a recently permitted issuance of Turkish sukuk (Islamic bond) instruments.

The firm closed two notable M&A deals, advising Invest AD on the acquisition of Ekol Lojistik by Rigond Finance, a subsidiary of Invest AD, and Sahap Çak on the purchase of the shares of Ülker, Sabri Ülker, Murat Ülker and Yildiz Ülker in Netlog Lojistik, corresponding to 45% of Netlog by Sahap Çak.

The firm won a mandate to advise the National Bank of Dubai subsidiary Sana Capital on the acquisition of shares in Turkish telecom company Borusan Telekom.

Ismen is advising the Turkish Privatisation Authority on the privatisation of the Port of Salıpazarı (Galataport), the only cruise port in Turkey, and on the privatisation of toll motorways and highways, including two Bosphorus bridges. It also advised EPV Solar as lender to a Greenfield energy company investing in a solar panel production facility.

Leading lawyers: Tolga Ismen and Arzum Günelçin

Somay Hukuk Bürosu advised on a number of the large deals in the market and maintains a strong reputation. The firm this year lost its M&A star Melis Aritman to Esin Law Firm.

Çaga & Çaga is a well-known firm in the market most recommended for media-related M&A and capital markets work.

CCAO was established in 2010 by the former head of project finance at Paksoy, Halide Çetinkaya, and Gamze Cigdemtekin, a former partner at White & Case Istanbul. The firm will act as the local affiliate of Kinstellar and will work closely with managing partner by Charles Dunn.

Çetinkaya has a very close relationship with a number of banks for project financing work especially.

GSI Meridian was established in 2009. The firm is mostly focused on energy, natural resources and privatisations. It has also diversified into the M&A field with recruitment from some of the leading firms. Hasan Akicioglu and Ali Goksu lead the projects department.

The transaction that has put the firm on the map is its role advising the government on

the proposed privatisation of IGDAS, the Istanbul gas distribution company. The privatisation would be one of the biggest ever in Turkey and GSI's appointment has made it a widely recognised firm.

GSI was active in banking, and in a top deal advised Kat Turizm on a \$700 million master *murabaha* (deferred sale) agreement with Qatari Diar Real Estate Investment Company. It also advised Baylan Gayrimenkul on the acquisition of a mid-sized bank and Alentek Enerji on an ECA (export credit agency)-backed *murabaha* (deferred sale) agreement with Commerzbank to finance a wind farm.

In significant M&A deals, the firm helped establish a \$33 million joint venture between its client NTF Insaat Ticaret and Stratex Gold for future gold mining projects and acted for Eksim Yatirim Holding, a regular client, on a \$118 million share purchase in Achar Energy 2007 LCC, which owns four hydroelectric power plant projects with an 84MW total capacity in Georgia.

Elsewhere, the firm advised Borusan Holding on a \$150 million share purchase agreement with NTF for a 400MW dam, and the firm also drafted an EPC (engineering procurement and construction) contract for the \$500 million construction.

Bezen & Partners was established by former Allen & Overy and Clifford Chance lawyers and is most known for its finance expertise. The recent recruitment of the former legal head of the Privatisation Administration Aykut Bakirci also positions it well for upcoming privatisations.

Yesim Bezen and Serdar Bezen lead the firm along with Nadia Cansun. "A differentiator for them compared to other firms is that they [Bezen] have both worked in the magic circle so they know exactly how to work with them," says a client. "It is our preferred counsel for finance related matters," says another client, "they recently set up so they are therefore quite hungry."

The firm won a top mandate advising Russian sponsors on a \$20 billion to \$25 billion nuclear power plant project with the Turkish government, the first ever. It is also advising a South African banking group on a €90 million financing for the development, operation and maintenance of Skopje, Ohrid and Shtip Airports in the Republic of Macedonia, and a Turkish subsidiary of a global renewable energy company on the construction of a wind farm.

The firm also won some good M&A mandates, advising the minority shareholders of an international media group on renegotiating a shareholder's agreement with the majority investor. It advised investors on a \$5 million investment into a Russian digital thermal

imaging company and is acting for a UK company on its acquisition of a US drinks subsidiary in Turkey.

Yegin Legal Consultancy was established by former senior lawyers at Pekin & Pekin. Partner Mete Yegin is widely recognised as one of the leading finance lawyers in the country. The consultancy receives regular referrals from Clifford Chance and has been winning mandates in the booming energy industry.

The firm's first major mandate was advising Is Bank on a €9 million financing to IC Çesme Marina Yatirim for the construction of the Çesme Marina Project.

It followed this up with two larger financings, advising Yapi Kredi Bank on an \$80 million loan for the construction, commissioning and operation of the Yavuz and Midilli hydroelectric power plants by Masat Enerji Elektrik, and acting for the International Finance Corporation (IFC) on a \$75 million financing for Akenerji Elektrik to support four small scale hydropower projects in Adana.

Leading lawyers: Mete Yegin

Kolcuoglu Demirkan was rebranded in mid 2010 with the recruitment of Okan Demirkan and Serhan Koçakli; lawyers with up to ten years experience in one of the tier one law firms.

Kolcuoglu Law firm was originally established in 2006 by Umut Kolcuoglu, who previously practised in New York and Germany.

Its strongest suit is M&A, although it is also building a strong practice in finance, cross-border, capital markets and funds and it has experience working with Shearman & Sterling, Jones Day and Hengeler Mueller, among others. "Very happy," says a client, "whenever I ask anything on any particular part of law they always answer very quickly and I am happy with the amount of detail."

The firm provided capital markets advice to Dom Maklerski X-Trade Brokers, a brokerage house, on an acquisition and restructuring, Is Private Equity on an acquisition and restructuring and Deutsche Bank Financing on a purchase of commercial papers issued by Hypo Real Estate.

In banking, it advised Wittur Holding on a €120 million revolving facility from Bank Austria and Unicredit Bank, among others, and Beko on a €50 million loan from the International Finance Corporation.

In M&A, the firm advised Sancak Group on a \$500 million partial sale of Hedef Alliance Holding and restructuring, it acted for Talanx Group/HDI-Gerling on its unsuccessful \$350 million bid for the acquisition of Fiba Insurance and Saya Group on a €25 million sale to Carrefour; the biggest Turkish retail M&A deal in 2010.

"In real estate and construction the laws are quite flexible so you need good advice,

they do very important things for us and their speed is important," says a client.

Mehmet Gün & Partners has a strong corporate and M&A team led by Sebnem Isik, which has handled some significant projects.

In one highlight mandate, the firm was engaged by a major Turkish holding company involved in construction and investment on a \$550 million sale of a 50% stake in its construction division to an Azerbaijan company. This is potentially one of the biggest M&A deals in the market and will grant the Turkish company certain privileges related to construction.

The firm also advised a Russian Steel Company on a \$3 million cross-border acquisition of a 100% stake in a steel production and sales company and a multinational holding company, involved in advertising and media, on a \$14 million acquisition of an additional 60% of shares in a Turkish advertising agency.

Moroglu Arseven Özdemir has a broad based practice and has recently developed a strong M&A department and projects experience. Seyfi Moroglu and Benan Arseven lead the corporate practices.

The firm has been supporting Fortis Securities Turkey and Fortis Investment Management Turkey on capital markets issues including Isda (International Swaps & Derivatives Association) agreements that arose from the bankruptcy of Lehman Brothers. It recently advised La Caixa on an application for the establishment of a representative office in the country and advised Fortis Bank on a \$50 million facility agreement.

In M&A, the firm advised Gaf Bros on its sale of a 50% stake of Hete Pack and Hete Export to the original sellers, and is currently involved in five ongoing mergers. The firm also clinched a project finance deal working on amendments to a €120 million facility agreement granted to client Edip Uluslararası Gayrimenkul by Aareal Bank.

Other notable firms

Bircanoglu Attorneys at Law is led by Erol Bircanoglu and Behum Ozbey. It has a reputable and broad practice and has been in long-term negotiations with an international firm regarding a potential association.

In capital markets, the firm was involved with transactions for shares listed on the Aim market in London, and won mandates to advise on two potential IPOs for logistics and real-estate companies.

In banking, the firm won mandates from White Young Green, Lombard North Central (part of the Royal Bank of Scotland), Alfa Wassermann Pharmaceuticals and UPS to

advise on loan agreements, shipping finance and a bridge loan.

In project finance, the firm handled financings in the infrastructure, hospital and energy sectors.

Cukur & Yilmaz Law Firm has a good record of representing foreign entities, notably from Italy, and advising on cross-border deals. Projects are the firm's strongest suit.

In capital markets it recently advised a well-known Turkish hotel chain on a prospective Reit (real estate investment trust) and IPO in Germany, which would be the first-ever listing of a Turkish company on the German Stock Exchange. It also assisted on a potential IPO of a manufacturing company and the first potential IPO of a mining company on the Aim in London.

The firm advised UBI Banca on its acquisition of a local factoring company and the Italy-based Centrobank on financing to a cement company. It has also advised 15 international and local commercial banks on matters of securitisations and credit transactions. In M&A, Devrim Çukur, Ozlem Kurt and Izzet Gurler and Irem Soyman led on deals advising an Italian home devices company on the acquisition of Turkish Holding's burner business and assets in Turkey.

One project finance highlight saw the firm advise a Korean subsidiary of a US real-estate development group on the largest real-estate development in Istanbul in 2009. The firm also advised a construction company on a public-private partnership (PPP) regarding a real-estate project in Ankara with the Turkish Prime Ministry Housing Development Administration.

D&D Law Firm has a good relationship with Garanti Bank and with Finansbank. The firm has the strongest track record in project financing for infrastructure projects and has many retainer clients. Berna Akkor and Yagiz Ali Dagli lead on most deals.

In M&A, D&D is advising Yasar Holding/Pinar Group companies on acquisitions worth €11 million and advised Syham Telecom on the €9 million acquisition of subsidiaries of Avea Telecom. It was also engaged by Chemo Group on acquisitions and company incorporations.

In projects, it is advising Dubai Port World & Erdemir Group on a \$500 million in relation to a privatisation and Maya Group Companies on a \$350 million financing. It also advised UBM Consultancy & Istanbul Metropolitan Municipality on a \$20 million infrastructure project.

Erdem & Erdem is notable for its exposure to big projects in industry and infrastructure.

The firm advised Çelebi Hava Servisi and Çelebi Ground Handling on a common loan agreement in relation to its ten-year conces-

sion to manage and develop the handling facilities at Indira Gandhi International Airport, as well as a \$25 million bridge loan from Yes Bank. The firm also advised Emaar Properties on a credit agreement with Akbank, and fleet company Beyaz Filo on an \$80 million loan from Merrill Lynch.

In M&A, the firm is advising Çelebi Holding on the sale and transfer of shares of Ortadoğu Antalya, the operator of Antalya port, the shareholders of the company Hakan Ertaç on a share transfer and İzmir Perlit Madencilik on the establishment of a joint venture for the production, processing and trade of perlite mining.

In project finance, the firm won a mandate from HSBC to restructure a €73 million loan granted to Teknik Aluminium, and until it was cancelled it was advising the winning consortium on the \$1.4 billion privatisation of the Port of İzmir.

Fazlıoğlu Law Office advises clients in the financial and corporate sectors on an ongoing basis, for example, Citibank and Société Générale.

Reisoglu-Ensari-Dogrul Law Firm is a small but well-known firm, most notable for its in-depth expertise on a broad range of corporate matters. Seza Reisoglu is highly respected in academia.

Foreign firms active in Turkey

White & Case works very closely in conjunction with Akol Avukatlık Bürosu based in Istanbul and Çakmak Avukatlık Bürosu based in Ankara. As a group, the firm has a huge presence in Turkey across all fields.

The well known Asli Basgoz heads White & Case's operations in the country and is highly reputed for M&A.

Laura Sizemore manages the capital markets practice, which won mandates to advise Goldman Sachs, Akbank and Is Bank on a \$436 million IPO, Aksa energy on its proposed IPO and Credit Suisse and Finansbank on a proposed bond issuance.

In top banking deals, the firm advised Yapi Kredi and Garanti Bank on a €150 million Islamic financing to EricaAmerica for the building of a shopping mall. It also acted for LBBW on a \$60 million financing to develop the Nissan hydropower plant, Akanci power plant and Karaburun wind project. Other clients included Eurohypo and Is Bank.

In M&A, the firm advised Eczacıbasi Group on a €170 million on a sale of a 25% stake in Eczacıbasi Health Products and Fine Chemical Manufacturing to Zentiva and Sisecam on a €10 million joint venture with Saint-Gobain.

In projects the firm handled some high-light deals, advising Garret Energy (Gama

Holding) in relation financing for the development of two wind farms with a €44 million loan from TSKB. The firm also represents Gama Holding on all its financings.

The firm also acted for Sabanci/Verbund consortium on the \$1.2 billion privatisation of Turkish electricity distribution company.

Gide Loyrette Nouel is active in the country through its correspondent lawyer Güniz Gökçe, a former associate at Birsell Law Offices. The firm won some large mandates in banking and finance, where it work often with Finansbank and Akbank. Jean-Gabriel Flandrois handled a number of corporate transactions for the firm.

One highlight in the finance sector was the firm's advice to the International Finance Corporation (IFC) and European Bank for Reconstruction and Development (EBRD) on a €100 million financing to İzmit Gaz Dagitım and represented the IFC and Proparco on a total \$200 million financing to a local glassware company.

Other clients included HSBC London for financing of wind projects, and Akbank on a €1 billion syndicated loan.

The firm closed some interesting deals in corporate M&A, acting for Taiwan Iron & Steel and Shanxi Jinzhong Wanbang Industrial Trading on a \$300 million joint venture with a Turkish mining company. It also advised Groupama on a large restructuring and merger transaction, and Unibail-Rodamco on matters related to the impact of an acquisition on a local shopping mall subsidiary.