

Listing in Borsa İstanbul

A detailed analysis





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Foreword



Mert Tüten
PwC Turkey,
Capital Markets
Leader

The Turkish economy, 17th largest economy in the world in terms of total GDP, experienced a compound average growth rate of 4.2% in the last decade. According to the latest PwC World 2050 report, Turkey is forecasted to move up to the 14th spot in global rankings in terms of total GDP by 2030, and maintain this ranking until 2050. Turkey has a great potential with its strong fundamentals and demographics and it is expected to post higher growth rates with the help of the structural reforms.

Shift in global economic power towards emerging economies has been increasingly impacting the global landscape of capital market transactions. Recent PwC Capital Markets in 2025 Report mentions that companies from all over the world looking to go public will have more alternatives than before. However, development of deep domestic capital pools and completion of local regulatory infrastructure are the key success factors for the emerging economies to attract these companies. Recently, Turkish capital market authorities and its leading actors have been introducing new project initiatives to create a regional -then global- financial hub in İstanbul.

İstanbul International Financial Centre is one of these ongoing initiatives, intended to transform İstanbul to a regional then an international financial centre, which is considered a bold move jointly supported by the public and private institutions. İstanbul has already fulfilled pre-requisites on a wide range of topics to become a regional financial center and is working for ameliorations in various segments (regulation, infrastructure, education and so on) in order to raise the attraction of Turkish financial system. Stock exchanges are crucial for the formation and sustainability of an international financial centre, in that they act as the primary capital market institutions. We consider the recent strategic partnerships with NASDAQ, European Bank of Reconstruction and Development and London Stock Exchange, as well as the stock exchange acquisitions carried out in Balkans and Central Asia as remarkable steps toward realizing the potential of Borsa İstanbul in its quest to become a global financial institution.

In this publication, building on the Listing in Borsa İstanbul document that was published earlier this year, we prepared a more detailed report analyzing the strengths of Borsa İstanbul, while providing comprehensive information about its markets, application processes and continuing obligations for companies considering an IPO.

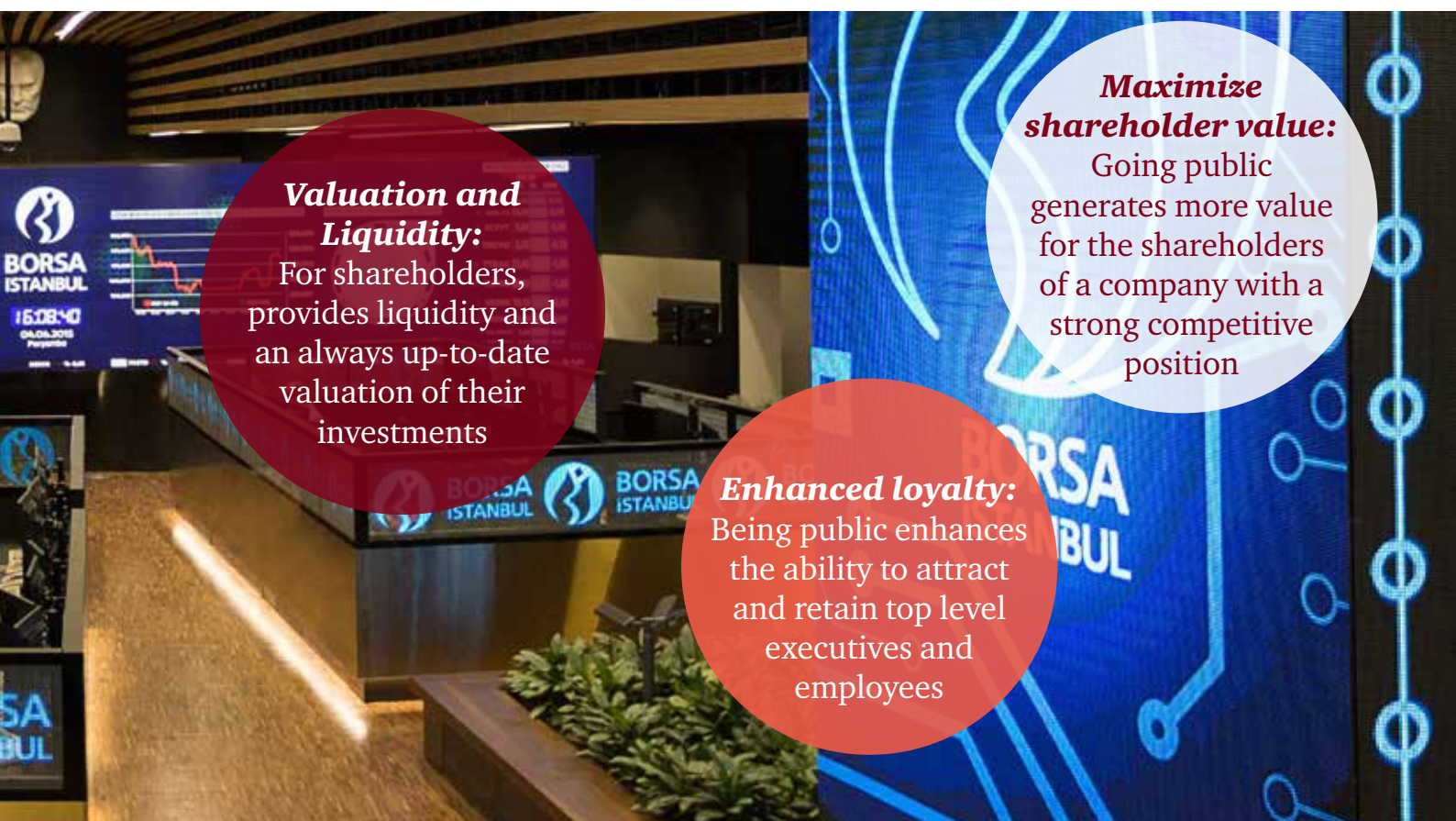
Why IPO?



Raise funds at more attractive rates:
Allows to raise higher amount of capital at minimum costs

Institutionalization:
Increased corporate governance, transparency and stature

Prestige:
Increased reputation and credibility for all stakeholders



Valuation and Liquidity:

For shareholders, provides liquidity and an always up-to-date valuation of their investments

Maximize shareholder value:

Going public generates more value for the shareholders of a company with a strong competitive position

Enhanced loyalty:

Being public enhances the ability to attract and retain top level executives and employees

Initial Public Offering (IPO)

Initial public offering broadly means selling a certain percentage of a company's shares to a broad group of investors. IPO often comes to table as an option of financing. There are also other financing options available to a company, such as borrowing from financial institutions or issuing debt instruments rather than shares for public markets.

In addition to financing, further benefits are derived to a company through an IPO.

- **Raise funds at more attractive rates:** Allows to raise higher amount of capital at minimum costs
- **Institutionalization:** Increased corporate governance, transparency and stature
- **Prestige:** Increased reputation and credibility for all stakeholders
- **Valuation and Liquidity:** For shareholders, provides liquidity and an always up-to-date valuation of their investments
- **Enhanced loyalty:** Being public enhances the ability to attract and retain top level executives and employees
- **Maximize shareholder value:** Going public generates more value for the shareholders of a company with a strong competitive position (e.g. sharing future dividends)

Needless to say, benefits come at a cost to the company. These could be summarized as follows:

- Listing costs
- Costs associated with operating as a public company
- Public disclosure requirements
- Being subject to an exchange's regulations
- Requests of minority shareholders

Publicly issuing debt instead of an equity offering may have less burden, however, this could only be a "temporary" solution.

Borsa İstanbul offers different alternatives in this respect.

For equity listings, there are several options available: BIST Stars and BIST Main include bigger companies but has stricter requirements in terms of corporate governance and reporting, while BIST Emerging Companies includes start-ups and companies in their earlier growth phase by requiring relatively less corporate governance and reporting work.

Finally, Borsa İstanbul also introduced a market for private offerings to qualified institutional investors.

For listing of debt, Borsa İstanbul has the Debt Securities Market.

Companies may choose to do a public offering of their debt instruments or issue debt through private placement.

IPO is a lengthy process, and its success may be affected by factors outside the company's control. Best time for an IPO is generally when the overall economic outlook is positive. As preparation takes a considerable amount of time, it is not always easy to catch the best window for an IPO. Having said that, we think temporary fluctuations in the stock market should not drive a company's decision to go public. That decision should be linked to longer term market trends and overall corporate strategy.

Comparison of Financing Options:

Criteria	Private company	Company that has listed debt	Company that has listed shares
Number of shareholders	Small	Varies	Large
Changes in shareholding structure	Relatively constant	Relatively constant	Constantly changing
Financing model	Permanent	Temporary	Permanent
Shareholders' investment horizon	Long-term, focus on profits and value growth	Long-term, focus on profits and value growth	Mixed, some focus on faster profit realization rather than long term value growth
Possibility of trading shares	Limited	Limited	Unlimited
Valuation	Difficult	Difficult	Publicly available information
Transparency	Limited	Some	High
Management style	Less formal	Somehow formal	Fully formal
Company's reputation	Relatively indistinguishable from competition due to low recognition	Somewhat higher recognition	High recognition and media coverage

To become member of an elite league...

Trade barriers between nations are vanishing, and it is possible to engage with clients or suppliers from different parts of the world that was previously unknown to you. Benefits of being listed in a prestigious market like Borsa İstanbul may furnish the companies with the necessary "edge" to get ahead of the competition. Hence, listed companies that have "gone the extra mile" may be rewarded with further opportunities.

To make your legacy eternal...

Family companies take up a considerable amount of the total economy, especially in the developing world. Only about 30% of family and businesses survive into the second generation, 12% are still viable into the third generation, and only about 3% of all family businesses operate into the fourth generation or beyond. The statistics reveal a disconnect between the optimistic beliefs of today's family business owners and the reality of the massive failure of family companies to survive through the generations. The corporate governance requirements of being public makes a company much more stable and long-lived compared to a private company. Family business owners should not perceive listing as an event where they loose control, but rather see it as the next step of creating an eternal legacy.

Why is Istanbul

A global capital

Turkey has a great potential with its strong fundamentals and demographics

An opportunity to reach to reach high global investor base

Penetration level shows that there is a significant growth potential

Istanbul aims to become an international financial centre by 2023

Istanbul

attractive?

and a global exchange

Room for growth

International
investor base

Liquidity

Latest
technology
trading platform

Borsa İstanbul



For more information



www.listingistanbul.com

Liquidity

4

1

China

2

Korea

3

Brazil

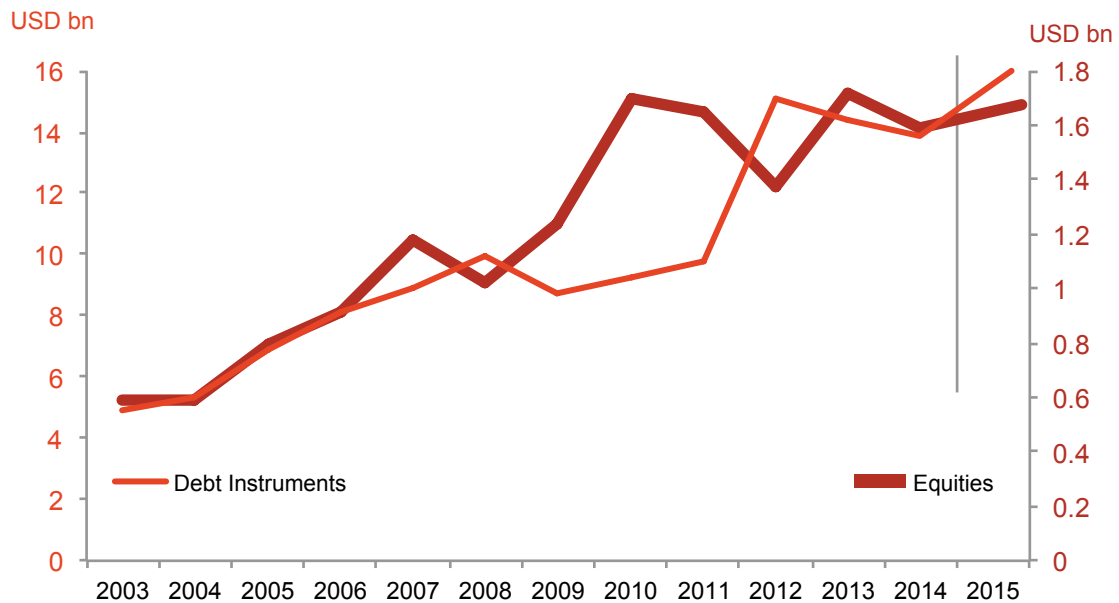
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Turkey

Turkey ranks 4th among Emerging Markets in terms of equity market traded value, and is the only Eurasian exchange included in the top 10.

Source: World Federation of Exchanges, PwC Turkey

Traded Value Daily Average



Source: Borsa İstanbul, PwC Turkey

Turkey's bond market daily volumes grew significantly in the last three years.

In the last five years, Borsa İstanbul has constantly ranked in the “Top 5” in Share Turnover Velocity terms among the World Federation of Exchanges (WFE) members.

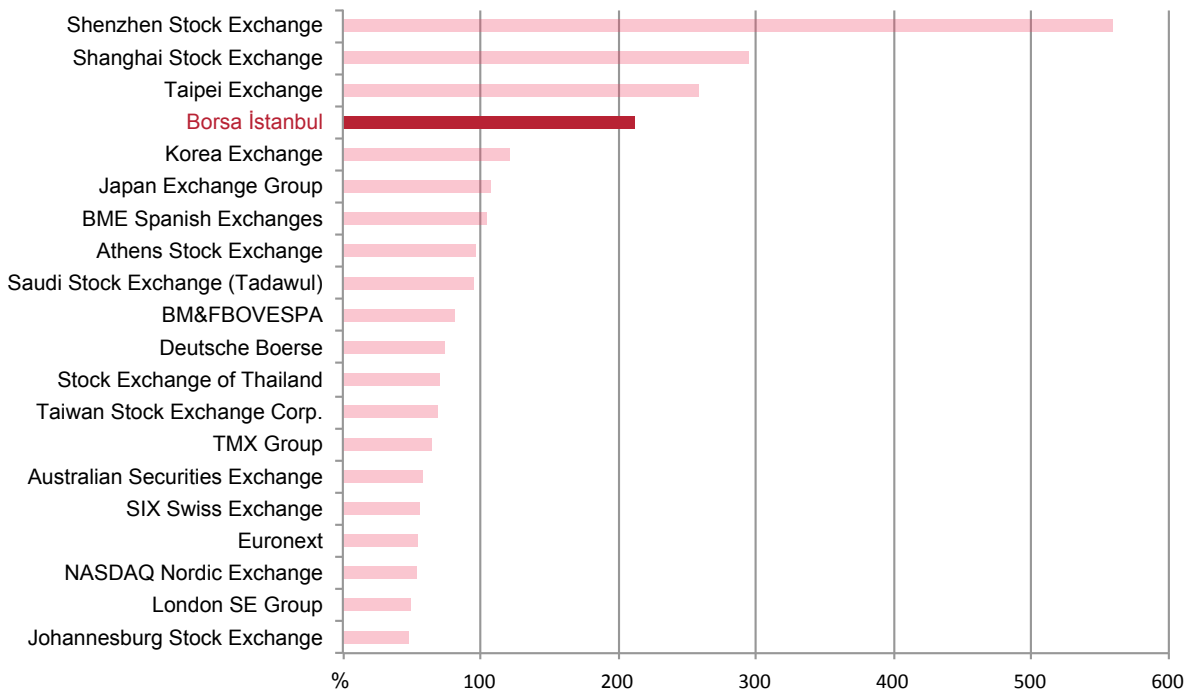
Liquidity

A convenience of buying or selling an asset is crucial from an investor point of view. Therefore the liquidity of a stock exchange will be a key determinant during shaping investment choices. To examine this, average daily trading value is one of the indicator that could be resorted. A glance at Borsa İstanbul’s equity and debt securities markets reveals a significant upward mobilization during the last decade. As a result of the increased liquidity in the market, trading a stock or a bond has required less effort and is a streamlined process. Not only Turkey has shown its

own development, comparing among Emerging Markets, Borsa İstanbul ranks 4th in terms of equity market traded value and is the only Eurasian exchange included in the top 10.

Additionally, Borsa İstanbul constantly records the highest share turnover velocity* figures among the member exchanges of the World Federation of Exchanges (WFE). This not only indicates the presence of enhanced liquidity, but also points out to a healthy price-discovery mechanism and efficient dispersion, something welcomed by investors across the world.

Share turnover velocity top 20 in the world (2015 Q4)

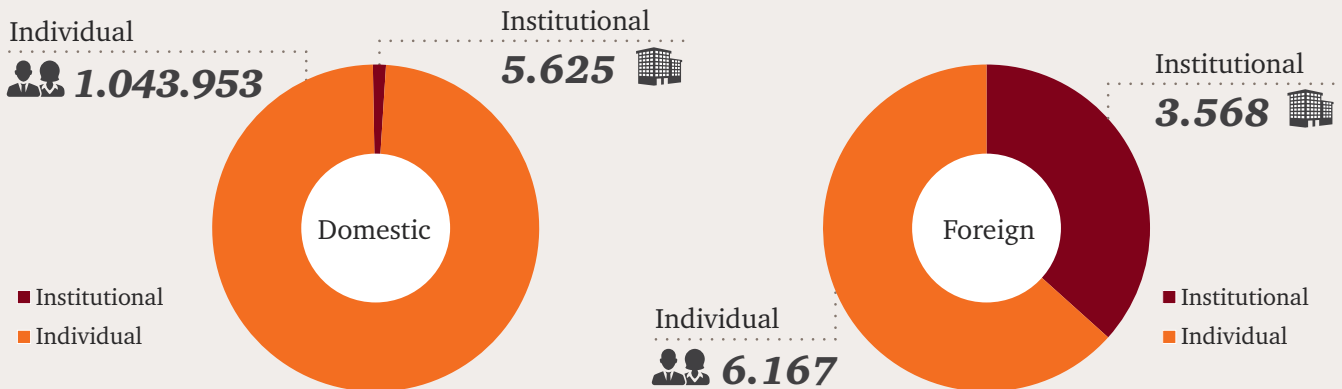


Source: WFE

* Share turnover velocity is the ratio of traded turnover to market capitalisation. Higher the turnover velocity, lower the impact cost for investors buying and selling shares. Conversely, a lower turnover velocity drives up the impact cost.

International investor base

Number of investors



Market Capitalisation by Nationality

Domestic
USD28,201 mn

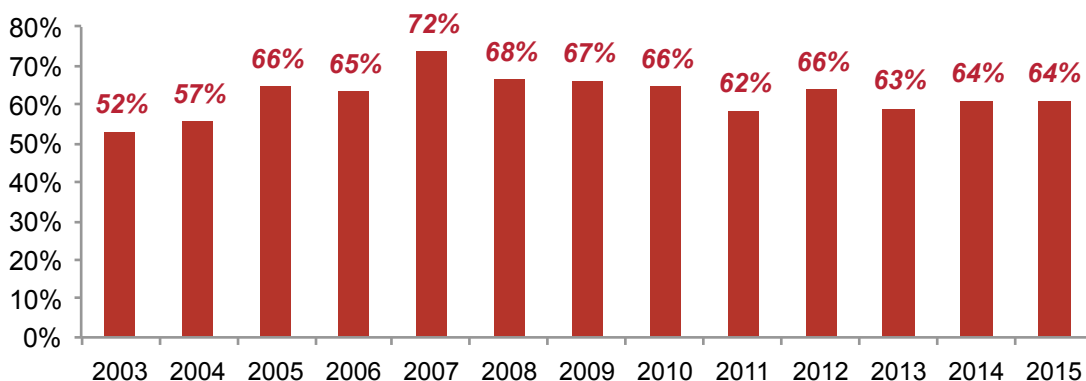
Foreign
USD47,461 mn

As of December 2015, foreign investors represent only 1% of the total Borsa Istanbul investor base. Their share in trade volume is 22% and they hold 64% of the total market cap.

Source: BIST Trends Report / Volume XV: January – December 2015

Historically, foreign investors have had a significant interest in the Turkish equity market as the average foreign share in market capitalization was 64% between 2003-2015.

Foreign Participation as of % of Free Float Market Capitalization



Turkish equity markets offer an opportunity to reach a global investor base with a high foreign participation share.

Source: Borsa İstanbul, PwC Turkey

International Investor Base

Equity market in Borsa İstanbul is a foreign investor dominated market that embraces a vast amount of international investor portfolio. Within non-resident investors, corporates and global investment funds are leading the market where domestic players are more effective in individual stock investments.

Historically, foreign investors have had a significant interest in the Turkish equity markets as the average foreign share in market capitalization was 64% between 2003-2015.

Therefore, Turkish equity markets offer an opportunity to reach a global investor base with a high foreign participation rate.

Foreign Investors By Portfolio Value And Residence

	2012	2013	2014	2015
USA	33%	33%	33%	30%
UK	18%	20%	16%	18%
Luxembourg	7%	6%	6%	8%
Netherlands	3%	3%	4%	5%
Norway	3%	*	3%	3%
Ireland	3%	4%	4%	3%
France	3%	2%	2%	*
Saudi Arabia	3%	*	*	*
Greece	2%	2%	2%	4%
Singapour	2%	3%	3%	3%
Germany	*	2%	*	*
Canada	*	2%	*	2%
Cayman Islands	*	*	3%	3%
Other	22%	22%	23%	21%

In 2015, the top three countries with the highest portfolio value remained unchanged as US, UK and Luxembourg. 30% of the total foreign investments belong to 1,359 investors resident in US, while the investors based in US and UK hold 48% of the total foreign investment at BIST.

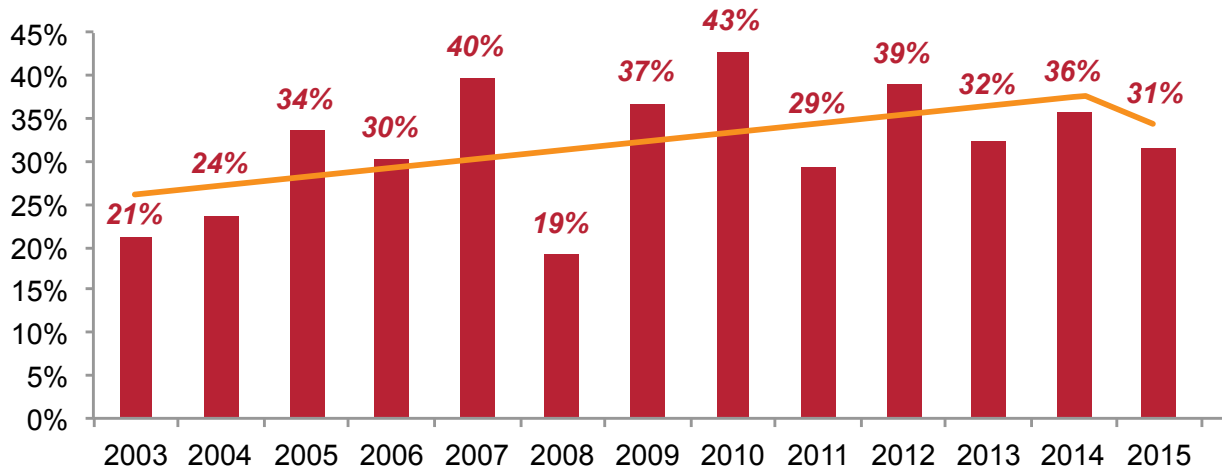
In 2015, the holding period of foreign investors in BIST All Shares Index was 251, while this figure was 230 days for BIST 100 Index. Conversely, in 2015, the holding period of domestic investors in BIST All Shares and BIST 100 were 39 and 33 days respectively. Foreign investors' relatively longer positions have a stabilizing effect on Borsa İstanbul's equity market.

BIST Trends Report by TÜYİD - Turkish Investor Relations Society and MKK - Central Registry Agency

* If the aggregate portfolio value of investors from a foreign country is not listed among the "Top 10 Rankings" in a given year, the data pertaining to it is included in the "Other" breakdown."

Room for growth

Market Capitalization / Gross Domestic Product



Source: Borsa İstanbul, Turkstat, PwC Turkey

Room for growth

Penetration rates are considerable during analyzing the growth potential of a subject. Market capitalization (Mcap) to Gross Domestic Product (GDP) ratio is a very useful indicator when searching for opportunities in stock markets.

Borsa İstanbul completed 2015 with an average Mcap of USD 224 billion which is 31 % of GDP in USD terms. Looking for the historical series, Turkey's stock market has an upward trend in Mcap/GDP ratio. Emerging market comparison demonstrates that Turkish stock market has relatively low level of Mcap to GDP ratio within its peers. Hence, Turkish equity markets accommodate a significant room for growth.



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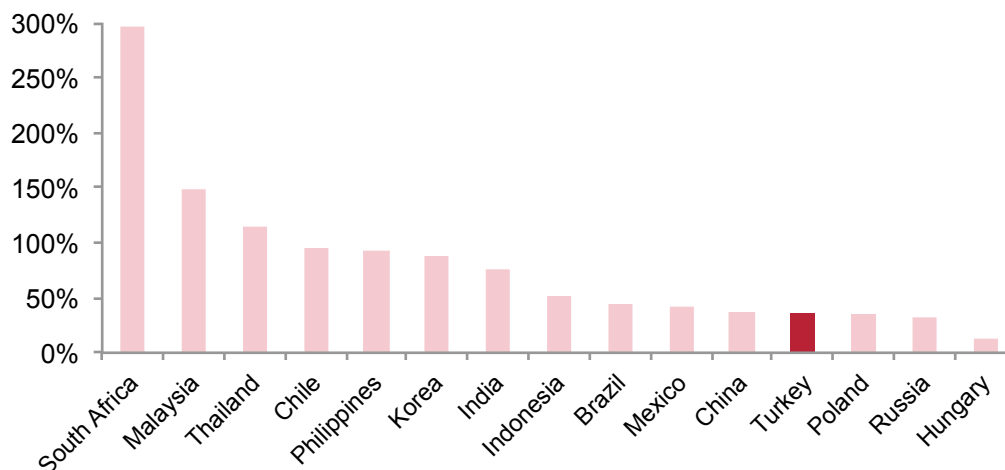


Mert Tüten

Capital Markets Leader,
Partner

Peer group comparisons to similar emerging market economies show that both equity and debt capital markets are underdeveloped in Turkey. The current situation presents an untapped opportunity for many players, as well as an opportunity for Turkey to finance the next chapter of its economic growth.

Emerging Markets Market Capitalization / GDP, 2014



Source: World Federation of Exchanges, IMF, PwC Turkey

Latest technology trading platform

Borsa İstanbul is identified as one of the “key partners” of the “İstanbul International Financial Center” project and duties attained to it includes the “strengthening of Turkish capital markets’ technological infrastructure”. Therefore, since 2012, the scale of investments allocated to technological betterments have risen significantly and as a result, Borsa İstanbul’s IT infrastructure and know-how have reached to a level attainable only by the leading exchanges of the world.

In 2013, Borsa İstanbul entered into a strategic partnership with **NASDAQ** for a technology transformation program initiated to create a single platform, enabling simultaneous trading on all four main Borsa İstanbul markets namely; Equities, Debt Securities, Derivatives and the Precious Metals.

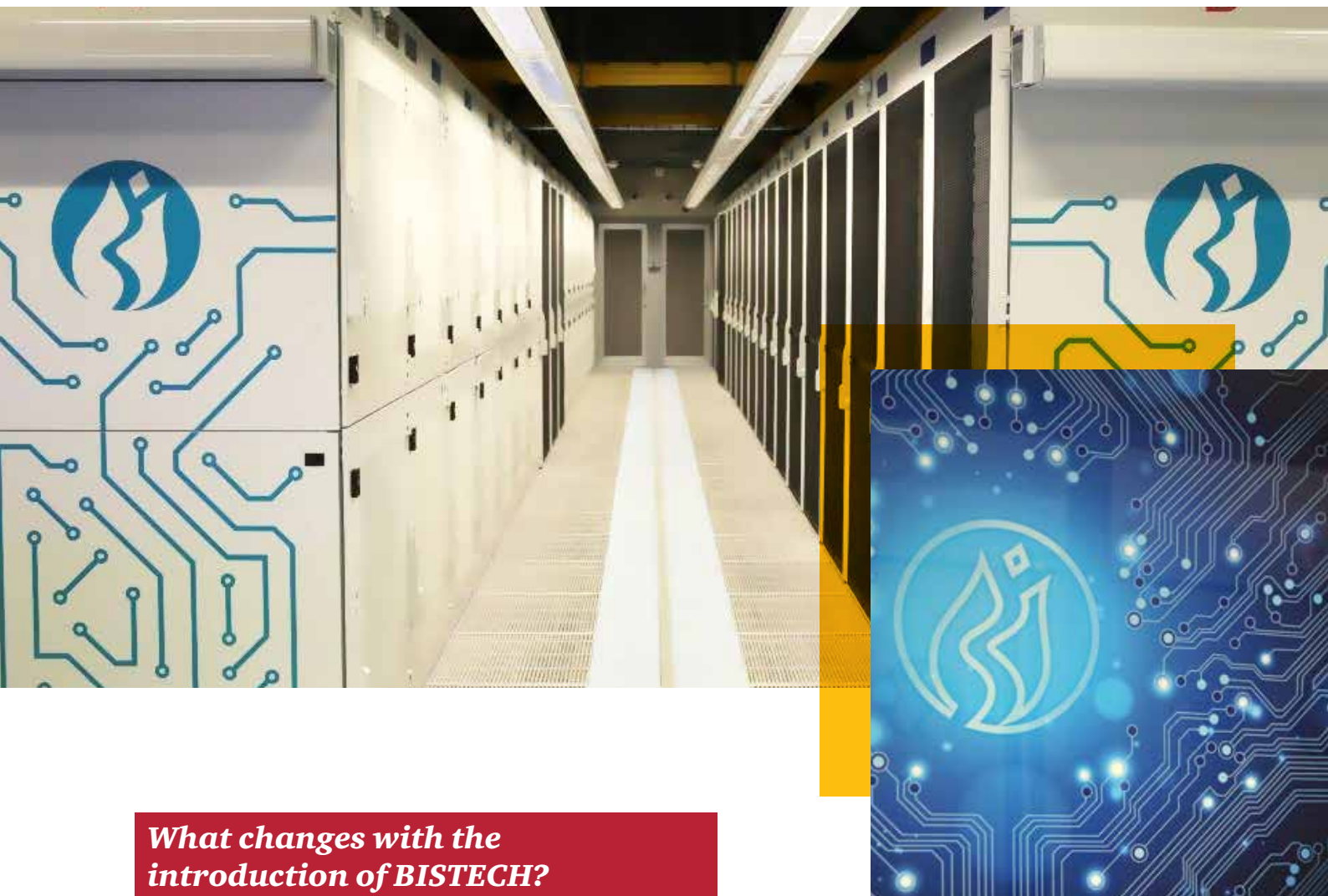
A new platform was introduced that not only integrates trading systems, but also the clearing functions. Borsa İstanbul obtained ownership of operating

licences and source codes of the technology as well as reselling rights in 25 countries. In this way, Borsa İstanbul intends to reach in a few years its vision to become a leading exchange that is not only self-sufficient but also is a provider of globally recognized technology. Borsa İstanbul positioned its new platform as a product under the “**BISTECH**” brand.

BISTECH in Numbers

- Order execution speed under 100 microseconds (μ s)
- Order execution speed under 60 μ s
- Sustainable trade data dissemination capacity of 75.000 messages per second
- Sustainable data dissemination capacity of 10.000 messages per second via GMI
- Sustainable order processing capacity of 10.000 orders per second
- Max. order processing capacity of 100.000 orders per second
- Daily order processing capacity of 10.000.000 orders
- Daily processing capacity of 5.240.000 orders
- Scalable system architecture that allows order and processing capacity increases
- Exclusive rights to resell to 25 countries
- 7 days/20 hours processing potential
- Ability to execute trades on all four markets under a single platform

Source: Borsa İstanbul



What changes with the introduction of BISTECH?

- Technology ownership leading towards becoming a regional financial hub
- State of the art trading platform acting as a bridge between global investors and international markets
- Flexible infrastructure supporting product development opportunities and sustainable growth of the markets
- Common ground that brings together all capital market actors (Borsa İstanbul, Takasbank and MKK)
- Faster and integrated operational cycles that enable increased efficiency in monitoring and mitigating market risks
- Unrestricted and uninterrupted order routing capabilities essential to compete with global markets
- Ability to introduce advanced products and services such as Direct and Sponsored Market Access, High Frequency/Algo Trading, Data Center and Co-location that are highly in demand in the global markets
- Easier and faster access to international investors utilizing FIX technology
- Easier and cost effective order execution for brokerage/investment institutions by providing access to all markets through a single platform
- More efficient pre and post-trading risk, collateral and settlement management
- Ample room for technology development that enables further expansion through regional partnerships and resale opportunities

Source: Borsa İstanbul, Takasbank, MKK

BISTECH product family

BISTECH platform furnished Borsa İstanbul with the capability to trade new instruments linked to multiple asset classes and denominated in multiple currencies.



BISTECH Trading is a multi-asset and multi-currency platform. It allows Borsa İstanbul members to use the same infrastructure to transmit their orders for Borsa İstanbul's Equity, Warrants and Certificates, Exchange Traded Funds, Fixed Income, Futures & Options and Commodity instruments, thus offering huge costs savings and seamless integration.

BISTECH Market

Data comes with several levels of market data subscription and it provides a flexible packaging of data dissemination products. As of January 2015, data vendors also gained access to Borsa İstanbul's market data offerings through the Point of Presence (PoP) service located in London Equinix LD5. Borsa İstanbul PoP offers access to real-time data of Borsa İstanbul markets and of the member exchanges' of Eurasian Data Distribution Network (EDDN).

BISTECH Index has the capability to maintain the integrity of an index, adjusting corporate actions, weighting heavy volume of transactions and other intrinsic changes required within a daily index management.

BISTECH Surveillance is a comprehensive solution for today's sophisticated and complex surveillance and compliance needs. BISTECH Surveillance is built for high performance and low latency. It meets rigorous standards of regulatory bodies and exchanges.



BISTECH PTRM provides a cutting-edge Pre-Trade Risk Management solution that virtually adds no latency. BISTECH PTRM is a solution that ensures market integrity, is compliant with the ESMA Guidelines and focuses on highly automated trading flows.

BISTECH DW is a centralized data warehouse solution integrating the data flow from all sources related to the exchange business including clearing data. BISTECH DW allows the efficient storage of current and historical data to be used in generating analytical reports essential for monitoring processes and business cycles.

BISTECH Clearing is an integrated clearing and back-office system that executes the clearing of all electronic trades automatically within the Takasbank systems.

BISTECH Risk Management offers a state of the art post-trade risk management system that provides accurate measurement, reasonable control, and desired level of protection from all identifiable counterparty risks and all operational risks.

BISTECH Settlement allows Borsa İstanbul and Takasbank to utilize a common platform for the settlement process providing further integrity and risk management capabilities.

Incentives for foreign issuers

In line with İstanbul's vision of becoming a regional financial centre, Borsa İstanbul also has a vision of becoming a regional stock exchange. To promote secondary listings, Borsa İstanbul offers various advantages in terms of cost, and it partners with various exchanges to introduce "fast-track" accelerated application procedures.



Sertu Tali
Assurance Services
Senior Manager,

"Borsa İstanbul also aims to make secondary listing easier for foreign companies, through an accelerated application process and reduced listing fees."

Admission process

Equity and debt securities that are traded in main markets of certain foreign exchanges may unconditionally be listed and traded provided that the prospectus is approved by the CMB.

Fees

As an additional incentive to attract foreign listings, Borsa İstanbul waives initial listing fees for all IPOs and offers and additional 50% discount on annual listing fees only for foreign issuers.

For debt instruments, Borsa İstanbul also offers a 50% discount on listing fees for foreign issuers.

Financial statements

Borsa İstanbul accepts Turkish translations of financial statements prepared in accordance with IFRS, releasing issuers the burden of preparing financial statements in accordance with Turkish Financial Reporting Standards.

Fast-Track

Any foreign capital market instrument, that trades in the primary markets of exchanges granted fast track status by the Borsa İstanbul Board, could be listed without requiring any preconditions, provided their issuer documents/prospectuses are approved by the Capital Markets Board of Turkey.

By 2015 year-end, six exchanges, namely; Bursa Malaysia, Qatar Stock Exchange, Nasdaq Dubai, GPW Warsaw Stock Exchange, Athens Stock Exchange and Nasdaq OMX Nordic were granted fast track status and Borsa İstanbul may add further exchanges to its "qualified exchanges list" in the near future.

A Dual Listing Case

DO&CO Aktiengesellschaft

DO&CO founded in 1981 with the opening of the first restaurant in Vienna, DO & CO has become a global player in the international catering and restaurant business by positioning itself as a gourmet entertainment company.

The lack of liquidity in the home market is considered as one of the main reasons for DO & CO's under valuation in contrast to its high growth potential and emerging market story. The idea was to remedy this by cross listing DO & CO in the more liquid market. The fact that Turkey is one of the main foci of DO & CO helped to convince investors of the story.

DO&CO shares have been listed on Vienna Stock Exchange since 1998

There has been an increase in the stock price of DO & CO following the announcement of the offering in Borsa İstanbul which means that the market perceived this positive and priced this accordingly.

November 2010

Offering Price	Equity Value	Floating Rate Ratio	The size of the offering
21.90 €	213 million €	47.05 %	68 million €

*DO & CO had been closely held with a free float pre-deal of 19%

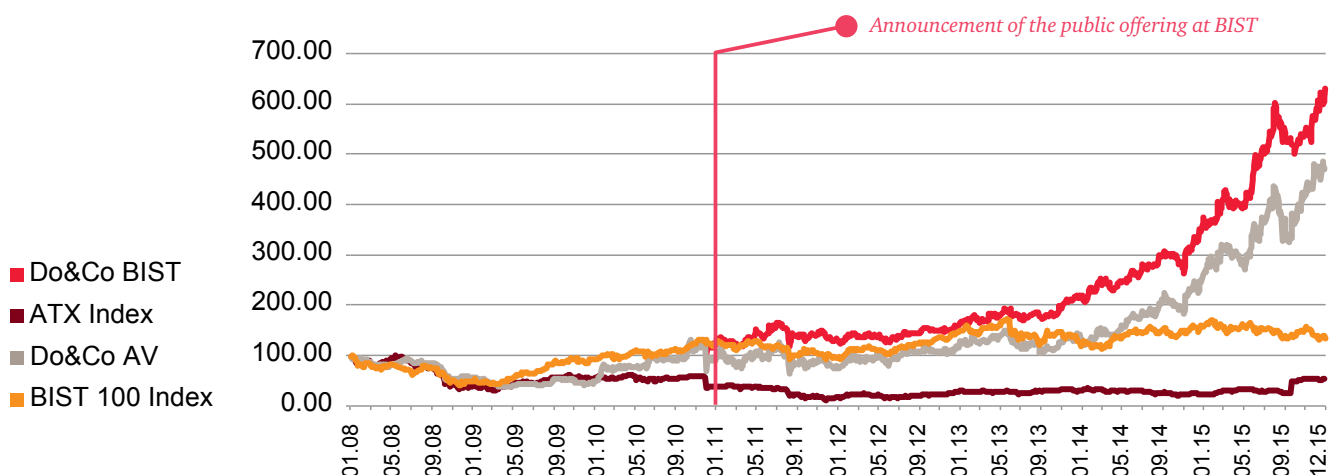
Offering Information

- Listing: Borsa İstanbul A.Ş. & Vienna Stock Exchange
- Offering Type: Primary and Secondary Offering
- Base Offering: 2,700,196 shares
- Total Offering (with Over-Allotment)**: 3,105,226 shares
- Maximum Offer Price: 21.90 €
- Offering Size at Max. Price (with Over-Allotment): 68 mn €
- Floating Rate (Before Over-Allotment): 42.89%
- Floating Rate (After Over-Allotment): 47.05%
- Price Stabilization Period: Up to 30 days
- Lockup: 180 days

**Including 394,376 shares which are allocated for subscription rights

The Company became the first foreign company to list in Turkey. The Do&CO offering set the stage for the highest multiple of oversubscription. The offering has been successfully completed with an oversubscription of 9.7.

Historical Development of Do&Co Share Price



Other considerations





Custody and settlement process

Turkish capital market is a fully dematerialized trading environment and the transition to a fully electronic book keeping system was completed earlier than many other developed markets of the world. Merkezi Kayit Kurulusu A.S. (MKK) by law acts as the sole designated Central Securities Depository (CSD) institution in the Turkish post-trade infrastructure for all dematerialized financial instruments. MKK provides depository services to issuers, investment companies (i.e. brokerage houses, banks) and investors for all stocks, government bonds, private sector debt instruments, ETFs, investment fund units, covered bonds, ABSs, warrants and other structured products, as well as Sukuks that are traded on the Turkish markets. As of the end of 2015, total market value of securities held at MKK amounted to TRY 934 billion.

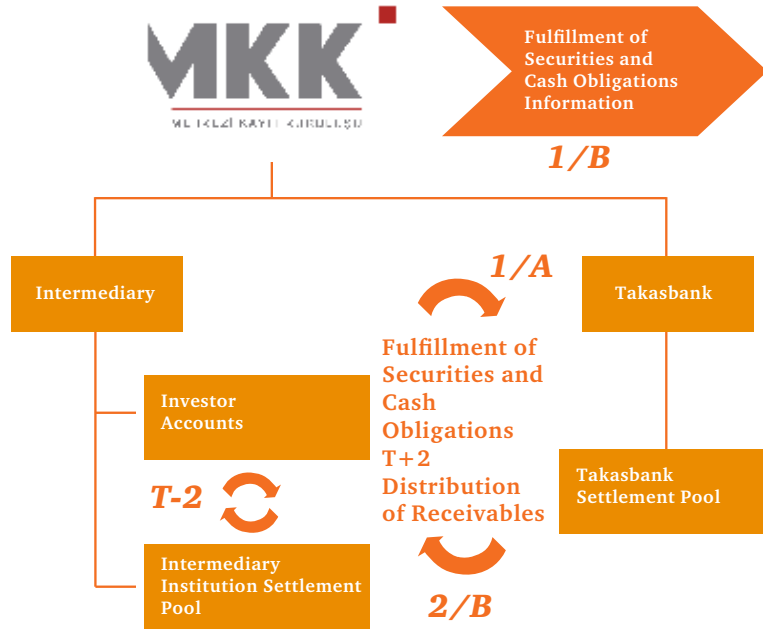
The Turkish depository infrastructure is a fully segregated and beneficiary owner-based system. The system is one of the largest in the world in terms of number of accounts, which reached to a total of 44 million at the end of 2015. Full segregation and monitoring of accounts at the beneficiary owner level ensures a transparent and safe account holding system that guarantees investors protection, and the system itself is in compliance with the global industry standards such as CPMI-IOSCO Principles, while also rigorously pursuing international best practices. Nominee ownership is not allowed in Turkey, however, foreign (I)CSDs have regulatory exemption for opening omnibus accounts at MKK in order to establish cross-border links.

MKK is the financial accounts center for all securities accounts opened in the Turkish financial system. Any securities account opened by an investor at an investment institution or a bank is automatically reflected, instantly matched and confirmed using system integrations with state registry and tax number databases. MKK's settlement and custody system, the in house developed Central Dematerialized System (CDS), is the designated securities settlement system for the free of payment (FoP) transfers

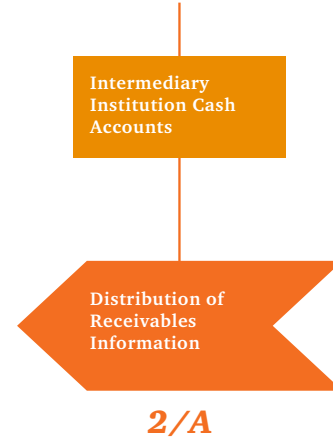
of financial instruments. MKK furthermore acts as the securities settlement agent for DVP settlement engine (BIS DVP Models 1&3) that is managed by İstanbul Settlement and Custody Bank Inc. (Takasbank) through the Message Oriented Middleware (MOM) link between the two systems. T+2 to T+0 settlement cycles, automatic pre-matching capabilities, and real-time simultaneous cash and securities settlement minimize fails and reduce counterparty risk. Apart from proprietary message formats, CDS users can also communicate using ISO standard messages through the CDS-SWIFT integration.

In parallel to the transformation in business models of CSDs around the world, MKK increasingly centers itself in the development of technology intensive value added services. MKK has deep technical experience and know-how in engineering new software and systems as evidenced by the in-house developed CDS and e-MKK Information Portal platforms that are comprised of Electronic General Meeting System (e-GEM), Corporate Governance and Investor Relations (e-GOVERNANCE), Investor Notification and Alert System (e-CAS), Companies Information Portal (e-COMPANY), Electronic Warehouse Receipts Center (e-WAREHOUSE RECEIPT), and Capital Markets Data Bank (e-DATA).

Securities Transactions



Cash Transactions



1/A -Fulfillment of securities and cash obligations

1/B - Delivery of information on securities and cash obligations fulfilled

2/A - Takasbank delivery of information on distrubition of receivables to MKK

2/B - Execution of distribution of receivables

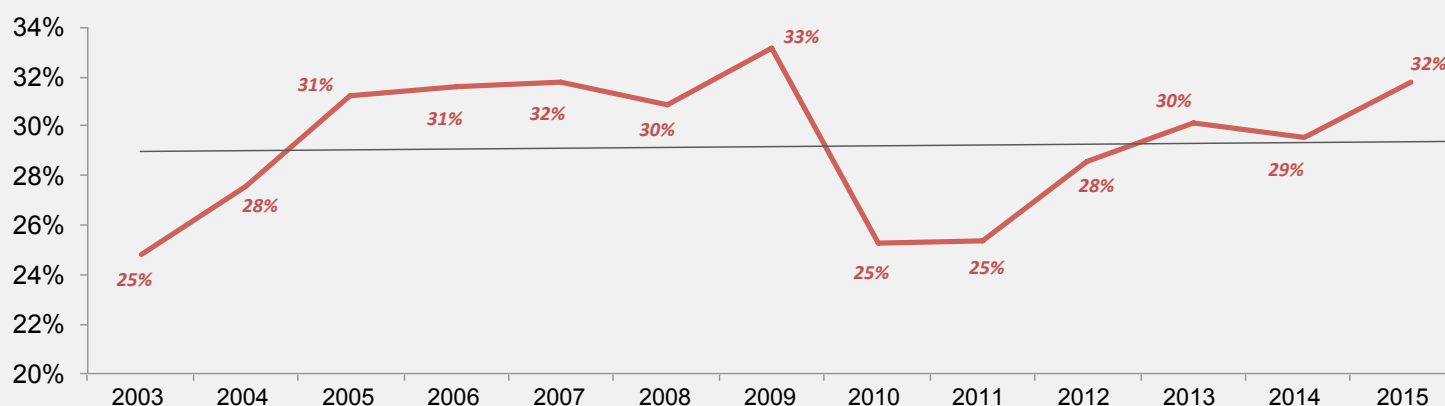
In addition, MKK operates the Public Disclosure Platform (PDP), the primary source of information on all Borsa İstanbul listed companies that are legally required to publicly disclose any material events and related documents (e.g. articles of associations, fund charter, prospectuses, etc.), since March 2014. The integration between PDP and CDS created a significant opportunity for MKK to implement seamless processing of corporate actions operations actions operations, starting with electronic notifications sent by issuers directly to investors using international message standards (i.e. ISO formats).

MKK pushes on with new range of projects that will establish the Turkish market infrastructure as one of the most efficient, cost effective and secure systems in the world, while its core and ancillary products and services ensure investor and asset protection, improve transparency and corporate governance practices.

Moreover, in conjunction with the İstanbul International Financial Centre (IIFC) project launched by the Turkish Government, MKK is working side by side with various CSDs from neighboring countries for the purpose of creating a multilateral linkage between the custody and settlement systems in the region to lay the foundation for cross-listings and cross-border trading.

Float rate: What portion?

BIST Free Float Rate



Source: Borsa İstanbul

"Deciding whether to float your company on a stock market is an important decision. Most successful privately-owned companies will eventually reach a stage in their development where they consider whether the next natural step is to join a public market. Once the IPO decision is made, it is also crucial to determine the most optimal float rate. Determination of the free float rate also largely depends on the investor appetite and the bookbuilding efforts of the intermediary institution(s) underwriting the offering.

Shares of companies with high free float rates are often perceived to be less volatile and institutional investors tend to invest in such shares, since they prefer to buy in large quantities. Conversely, a low free float may serve better for a company seeking funds at relatively low costs without compromising control over the company.

The average free float to total shares ratio of listed companies in Borsa İstanbul Equities Market have demonstrated a stable trend in the last ten years exhibits a relatively hovering around 30%. Looking at IPOs since 2010, the average percentage of offering is similar to overall trend, at 28%. Therefore, the average free float rate in the Turkish equity market is said to be comparable to other emerging equity markets around the world.



In general, there is an inverse correlation between the size of a company's float and the volatility of its stock price. The greater the number of shares available for trade, the less volatility the stock will show because it will be harder for smaller number of shares to move the price.

% of shares offered in biggest IPOs since 2010

Offering	Year	Offering size (million TRY)	% offered
Koza Altın İşletmeleri AŞ	2010	662,4	30,0
Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş.	2010	411,4	25,2
Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.	2010	1.052,0	25,0
Bizim Toptan Satış Mağazaları AŞ	2011	400,0	40,0
Halk Gayrimenkul Yatırım Ortaklığı A.Ş.	2013	250,4	28,0
Pegasus Hava Taşımacılığı A.Ş.	2013	649,4	34,5
AvivaSA Emeklilik ve Hayat A.Ş.	2014	330,8	19,7

Source: Borsa İstanbul

Cost

The perceived cost of an IPO, especially for small businesses is one of the most important factors discouraging companies from going public. The overall IPO cost is made up mostly of offering bank (or brokerage house) fees, fees from other advisers, marketing/promotional costs and legal and administrative fees. Some of those costs are fixed, and so their relative value depends on the value of the funds raised.

The breakdown of main costs incurred during a public offering in Borsa İstanbul could be categorized under five headings.

Fees Paid to Investment/Brokerage House(s)

Issuers pay a fee to the investment/brokerage house, and if the brokerage is carried out as a consorted effort, fees are also paid to the consortium member investment/brokerage houses.

Fees Paid to the Capital Markets Board of Turkey (CMB)

Issuers are required to deposit the CMB fee to the designated bank account, before the delivery of the CMB's approval of the prospectus is completed.

Fees Paid to Borsa İstanbul

Listed companies are required to pay listing fees to Borsa İstanbul. Amounts of such fees depend on the market and details can be found in the link provided below.

Fees Paid to the Central Securities Depository (CSD)

The CSD collects a membership admission fee from the publicly offered companies.

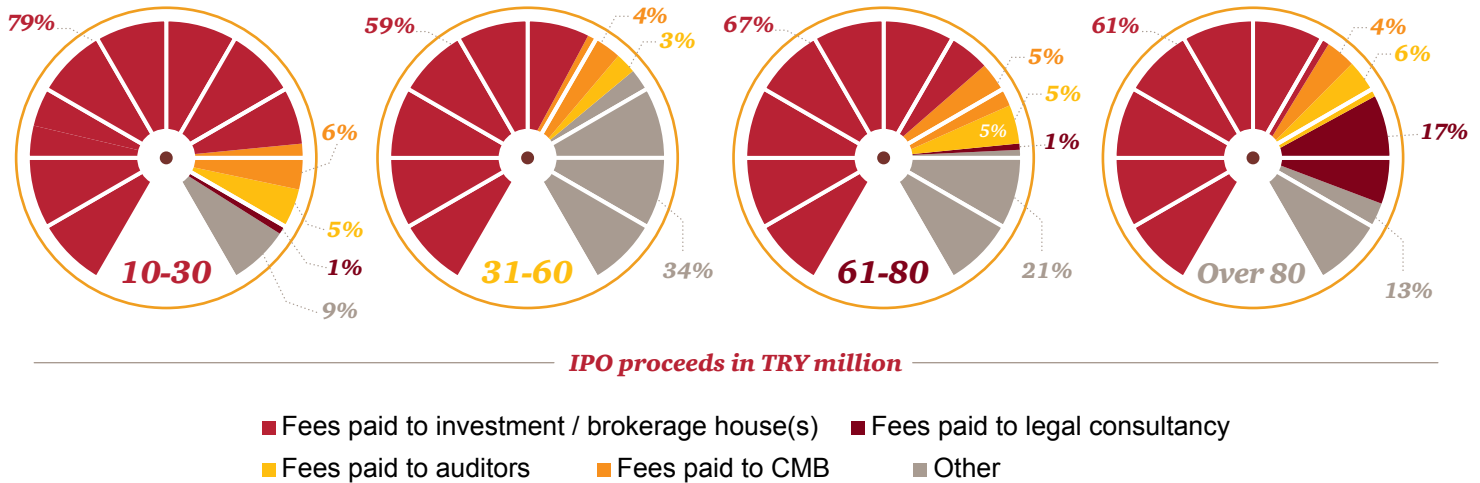
Other Costs

In addition to the above, costs such as the fees paid to the independent auditors to prepare their independent audit reports and the expenses of advertising/promotion efforts on an international and/or domestic scale should be factored in when considering the total cost of a public offering.



<http://www.borsaistanbul.com/en/companies/initial-public-offering/equity-market/costs>

Average IPO Cost in BIST Stars & BIST Main

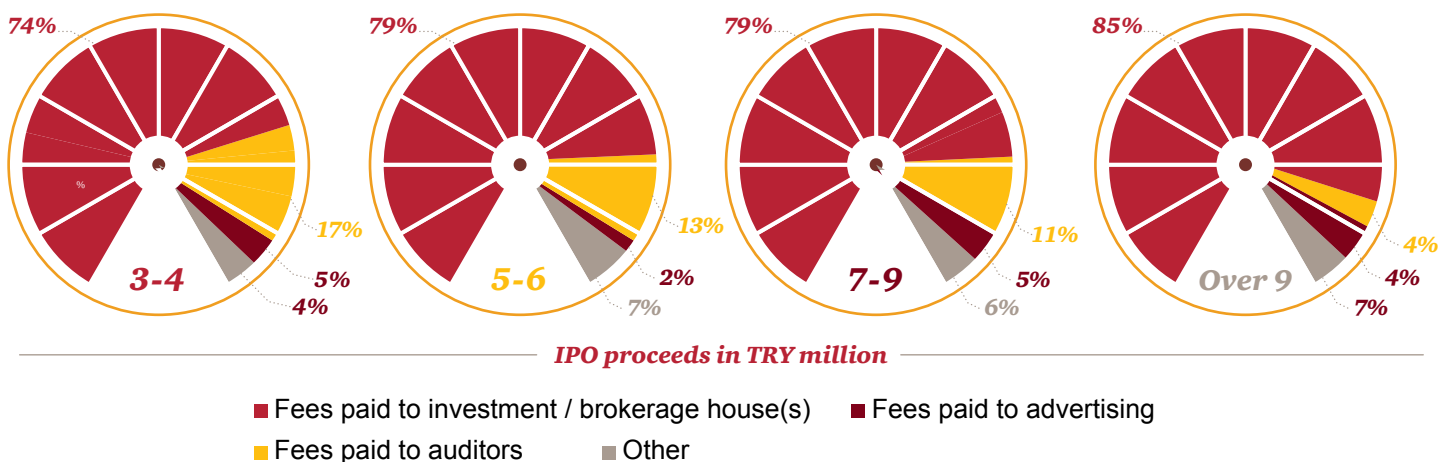


Source: Borsa İstanbul, CMB

The above data show that the offering value to a large extent determines the relative cost of the IPO. For smaller IPOs those offerings between TRY 10-30 million, the share of costs in the proceeds from IPO stood 6.18%, while the cost of offerings above TRY 80 million was on average 3.75% of the value of the offering. That puts Borsa İstanbul in a position of a relatively inexpensive market, "considering its high liquidity, diversified investor base and robust trading environment.

In general, at Borsa İstanbul IPO costs negatively correlate with company size, meaning that the larger the company and its free float, the less will be the relative costs incurred from the IPO.

Average IPO Cost in the BIST Emerging Markets



Source: Borsa İstanbul, CMB

The above figures show that like in BIST Main Market, in Emerging Market the offering value to a large extent determines the relative cost of the IPO. For smaller IPOs, those offerings between TRY 3 - 4 million, the share of costs in the proceeds from IPO stood at 8.56%, while the cost of offerings above TRY 9 million was on average 7.56% of the value of the offering.

Valuation

Price/Earnings (%)

	2011	2012	2013	2014	2015
Manufacturing	12,20	17,44	12,73	18,41	16,62
Financial Services	8,57	10,80	7,85	11,36	10,72
Technology	14,83	16,91	23,61	18,54	18,61
Wholesale & Retail Trade	57,87	32,86	181,82	364,83	142,83
Telecom	13,56	10,82	11,67	14,67	19,33
Transportation	-	6,53	8,82	10,22	5,50
BIST 100	10,60	12,25	9,33	14,12	12,08

Price/Book Value (%)

	2011	2012	2013	2014	2015
Manufacturing	1,60	2,01	1,87	2,20	1,90
Financial Services	1,12	1,46	1,07	1,19	0,93
Technology	1,92	2,70	2,37	2,73	2,21
Wholesale & Retail Trade	2,44	3,18	3,07	3,51	3,47
Telecom	2,78	2,73	2,33	2,55	2,31
Transportation	0,97	1,55	1,58	1,69	0,92
BIST 100	1,35	1,80	1,42	1,60	1,25

Dividend Yield (%)

	2011	2012	2013	2014	2015
Manufacturing	3,24	2,83	3,00	2,16	2,98
Financial Services	1,76	1,04	1,68	1,26	1,77
Technology	1,48	1,49	2,71	0,44	1,21
Wholesale & Retail Trade	1,18	1,08	1,57	1,40	1,36
Telecom	6,27	3,25	4,48	1,36	11,99
Transportation	1,00	0,22	1,64	0,09	0,31
BIST 100	2,97	1,84	2,45	1,58	3,10

Valuation is one of the most important analysis behind the investment decisions of both institutional and individual investors.

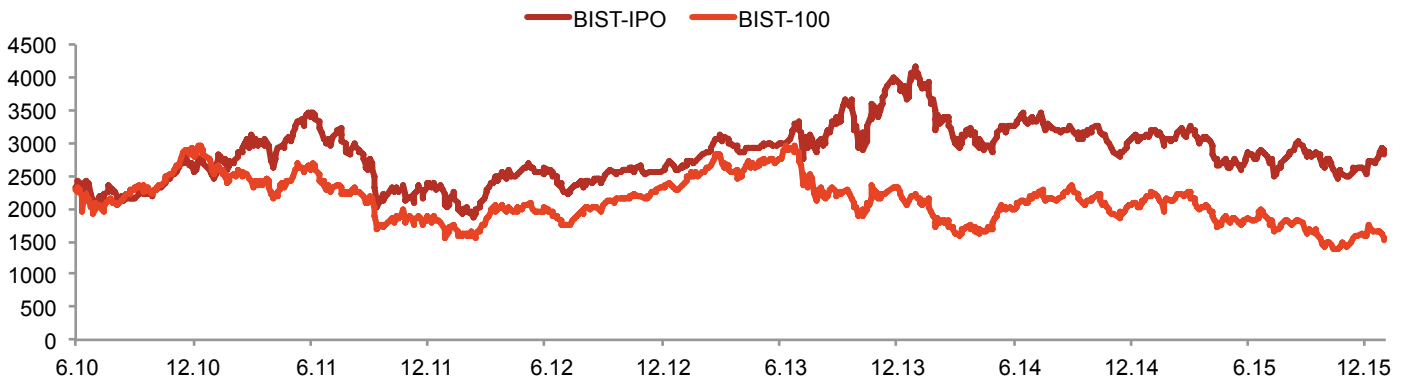
There are various valuation methods, such as discounted cash flow (DCF), relative valuation and net asset value. For the institutional investors, who have a long-term investment horizon they have to carry out all types of valuations so as to make an accurate decision.

Although DCF is more reliable it requires more data and time that an individual investor could not have. Conversely, looking for relative valuation by using market ratios is much simpler. It is widely used by equity analysts and investors as it allows a simpler comparison between companies within the same sector and it is possible to make an analysis for the sectors as a whole.

P/E, P/BV Ratios and Dividend Yields of selected sectors represented in Borsa İstanbul are exhibited in the following tables and the major index (BIST 100) is added for benchmarking purposes.

Source: Borsa İstanbul

BIST 100 Index vs. BIST IPO Index Price Performance Comparison



Source: Borsa İstanbul

Valuation is not only important for equity investors but it's fundamental for constitution of the final IPO price.

In general, during the IPO process the issuer and the owners have to offer shares with a certain discount vis-à-vis their expected post-debut market value. This discount represents a specific premium for an investor who by purchasing the issued shares is taking a risk (e.g. financing the purchase with a loan).

Turkish Capital Markets Law requires independent brokerage houses to write evaluation reports on the pricing report prepared by the brokerage house running the deal. That provides a more objective IPO price.

In order to monitor the performance of the stocks after IPO, Borsa İstanbul launched an IPO index.¹ It enables investors to compare the performance of the newly listed companies with the main index.

¹ This index is composed of the equities of companies that are publicly offered and have started to be traded on the BIST Star, BIST Main, as well as the real estate investment trusts and the venture capital investment trusts traded on the Collective and Structured Products Market. Companies are included in BIST IPO Index on the first trading day and remain in the index for 2 years.

If the number of companies included in the Index falls below 5, those that have completed the two-year term will remain in the Index until replaced by a new company offered to the public. According to that exception, when a new company is included in the Index, companies which continue to remain in the Index are excluded from the Index respectively, in consideration of the period of time they remained in the Index.

A constituent company is excluded from the Index on the first workday of the 25th month following its first trading day.

A capping ratio of 20% is applied as from December 2, 2013 to the BIST IPO Index. The weights of the constituent stocks are checked at the beginning of each index period, if there is a stock whose weight is greater than 20%, the weight is decreased to 20%.

(Source: Borsa İstanbul)

Below are average rates of returns for some of the major IPOs in Borsa İstanbul since 2010:

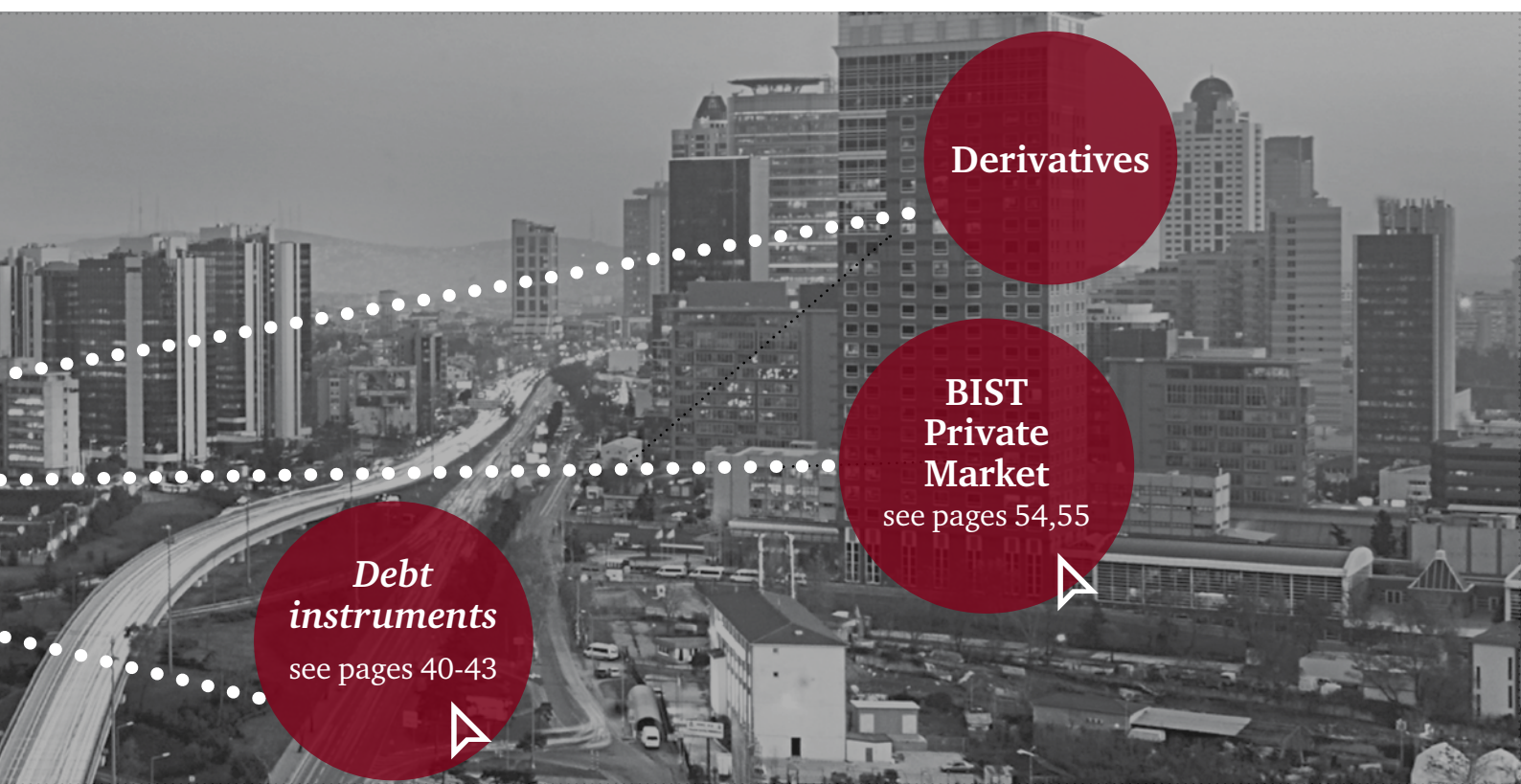
	IPO Price TRY		Daily	1-week	3-months	6-months	Annual
AvivaSA Emeklilik ve Hayat A.Ş. (Avisa:TI)	47	Price	47,15	47	52,9	*	*
		Return	0%	0%	13%	*	*
Halk Gayrimenkul Yatırım Ortaklığı A.Ş. (HLGYO:TI)	1,31	Price	1,35	1,35	1,22	1,11	1,15
		Return	3%	3%	-7%	-15%	-12%
Pegasus Hava Taşımacılığı A.Ş. (PGSUS:TI)	18,4	Price	18,75	22,95	27,4	38,5	27,3
		Return	2%	25%	49%	109%	48%
Bizim Toptan Satış Mağazaları A.Ş. (BIZIM:TI)	25	Price	26,70	25,3	29,6	23,85	23,4
		Return	7%	1%	18%	-5%	-6%
Kiler Gayrimenkul Yatırım Ortaklığı A.Ş. (KLGYO:TI)	6,1	Price	6,30	6,42	6,10	2,98	3,14
		Return	3%	5%	0%	-51%	-49%
Koza Altın İşletmeleri A.Ş. (KOZAL:TI)	36,8	Price	34,75	34,75	39,75	13,3	19,25
		Return	-6%	-6%	8%	-64%	-48%
Aksa Enerji Üretim A.Ş. (AKSEN:TI)	4,9	Price	4,76	4,78	4,56	5,12	4,6
		Return	-3%	-2%	-7%	4%	-6%
Torunlar Gayrimenkul Yatırım Ortaklığı A.Ş. (TRGYO:TI)	7,3	Price	7,15	6,52	6,7	6	6,78
		Return	-2%	-11%	-8%	-18%	-7%
Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. (EKGYO:TI)	1,7	Price	1,90	2,09	2,36	2,92	2,16
		Return	12%	23%	39%	72%	27%
Do&Co Restaurants and Catering AG (DOCO:TI)	43,18	Price	49,20	64,25	57,75	69,75	67,21
		Return	14%	49%	34%	62%	56%

* Not traded



Which market?





***Debt
instruments***
see pages 40-43

**BIST
Private
Market**
see pages 54,55

Derivatives

Equities

As mentioned earlier in this document, Borsa İstanbul has various markets for companies willing to offer their equities securities or debt instruments to the public. For equity instruments, there are several options available:

- BIST Stars
- BIST Main
- Equity Market For Qualified Institutional Buyers (EMQI)
- BIST Emerging Companies

Listing requirements

To be listed in BIST Stars & BIST Main, companies are required to meet certain criteria set by Borsa İstanbul. Companies that do not satisfy the respective listing criteria may choose to list their shares in BIST Emerging Companies.



BIST Stars & BIST Main

- Audited IFRS financial statements for the last 3 years
- Quantitative and financial criteria (see table in the next page)
- Record of profitability and strong equity
- No major litigation

BIST Emerging Companies (BIST EM)

- Audited IFRS financial statements for the last year
- Appointment of a market advisor by the issuer company
- Due diligence by Borsa İstanbul

Equity Market For Qualified Institutional Buyers

Borsa İstanbul also introduced a separate market for companies who wish to issue shares only to qualified institutional buyers. EMQI offers companies another alternative of raising capital without going public. Listing requirements for EMQI market could be found in the link below.



<http://www.borsaistanbul.com/en/companies/public-offering-and-trading/equity-market/trading-without-a-public-offering/equity-market-for-qualified-institutional-buyers-emqi>





USD amounts are for indicative purposes. *	BIST Stars		BIST Main	
	Group 1	Group 2	Group 1	Group 2
Minimum market value of publicly offered equities	TRY250mn USD100mn	TRY100mn USD40mn	TRY50mn USD20mn	TRY25mn USD10mn
Minimum total market capitalization	TRY1,000mn USD400mn	TRY400mn USD160mn	– –	– –
Positive net profit in the last audited financials	for two consecutive years	for two consecutive years	for two consecutive years	for two consecutive years
Minimum ratio of publicly offered equities to paid-in or issued capital	5%	10%	15%	25%
Ratio of capital to total equity in the last audited financials	>75%	>100%	>100%	>125%

* Valid as of 2015

Ongoing requirements

BIST Stars & BIST Main

- Public disclosure requirements
- Quarterly reporting to the Exchange, annual financials need to be audited and half-year financials need to be reviewed

BIST EM

- No need to get half-year financials reviewed, no filing for Q1 and Q3
- Relaxed public disclosure requirements

* For details please refer to pages 52,53
“Continuing Obligations”

Methods Used in Recent IPOs in Turkey

Offering Venue	Method/Year	2011	2012	2013	2014	2015	TOTAL	%
BIST Stars & BIST Main IPOs	Capital Increase	11	9	2	2	1	25	26,6
	Shareholder Sale	2	1	1	3	1	8	8,5
	Hybrid	12	6	6	4	2	30	31,9
BIST Stars & BIST Main SPOs	Capital Increase	0	0	1	0	1	2	2,1
	Shareholder Sale	0	1	0	0	1	2	2,1
	Hybrid	0	0	0	0	0	0	0,0
BIST EM IPOs*	Capital Increase	2	10	9	4	2	27	28,7
	Shareholder Sale	-	-	-	-	-	-	-
	Hybrid	-	-	-	-	-	-	-
TOTAL		27	27	19	13	8	94	100

(*) At BIST EM IPOs are allowed through capital increase

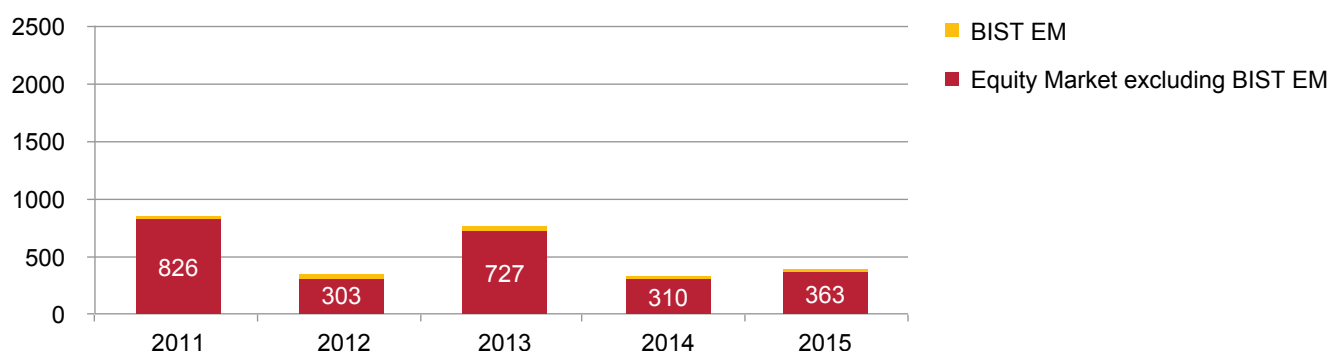
Which one is for me?

Main Market helps companies to untap significantly higher amounts of funding, but BIST EM is popular among smaller companies considering the easier application process. Average deal size in BIST Stars & BIST Main is around USD52m over the past 5 years; compared to USD4 million in BIST EM.

What is the current trend?

BIST Stars is designed for large cap companies that require significantly higher amounts of funding, whereas the prerequisites of BIST Main are meant for the SME segment. The average deal size in the aggregate of BIST Stars and BIST Main have been around USD52mn over the past 5 years. In comparison with BIST Stars and BIST Main, BIST Emerging Companies was designed to allow the listings of relatively smaller companies in their early stages, where the average deal size have been around USD4mn since its inception.

Volume of Transactions in the Public Offerings, USD mn, 2011 to 2015



Funds and Cash Dividends Derived from Public Offerings and Paid Capital Increases

	Public offerings and paid capital increases (USD mn)	Cash Dividend (USD mn)
1986-1989	779	606
1990-1994	6,584	3,202
1995-1999	7,473	5,686
2000-2004	10,264	4,204
2005-2009	19,814	23,812
2010-2015	20,046	38,111
TOTAL	64,960	75,621

Source: Borsa İstanbul

Debt instruments

If you prefer debt over equity...

Borsa İstanbul also has a highly liquid debt securities market for companies that prefer debt over equity. BIST Debt Securities Market has recorded significant growth in recent years, and in 2014 it ranked 7th in the world in terms of total traded value.

Companies can issue debt either through a public offering or through direct placement to qualified institutional buyers. Different listing and ongoing requirements apply for both:



<http://www.borsaistanbul.com/en/companies/listing/private-sector-bonds/listing-of-bonds/listing-criteria>

Through public offering	Through private placement
Prospectus is required	No prospectus, only an informative issuance document is required
Approval of the prospectus by the CMB	Approval of the informative issuance document by the CMB
Due diligence and approval of Borsa İstanbul Board	No due diligence by Borsa İstanbul
Offered both to retail investors and to qualified investors	Offered only to qualified investors
Operational for at least 2 years.	No operational track record requirement
Net profit in at least one of the last two financial years.	No profit requirement
Total shareholders' equity should be greater than the capital	No capital requirement
Full public disclosure	Limited public disclosure
Independently audited financial statements (2 years)	Not required
Issuer should have adequate financial stability to carry out its operations.	Not required
There should be no legal disputes that may have a negative effect on the business activities of the issuer	Not required
There should be no legal limitation preventing the circulation and transfer of the debt securities offered	
Issue limit shall not exceed 3 times the equity value for non-listed companies, and 5 times for listed companies (issue limit shall be increased %100 for banks, financial institutions and for issuers that have a long-term credit rating corresponding to the highest three investment-grade levels).	

Public offering usually takes 3-6 months whereas a private placement can happen in 3-4 weeks.

Borsa İstanbul Debt Securities Market 2011-2015

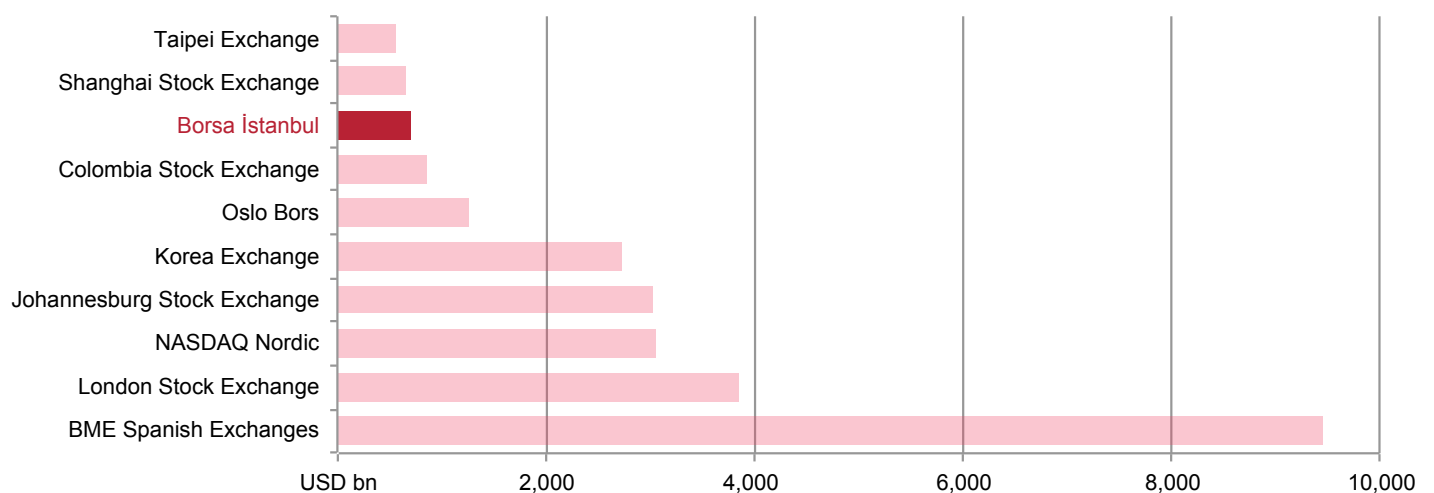
Year	Number of issues	Funds raised (USD bn) (*)
2011	56	10.1
2012	205	17.2
2013	330	21.5
2014	517	30.3
2015	621	29.1

(*) Includes sukuks and asset-backed securities, excludes USD6bn sukuk issuance of Islamic Development Bank.

Source: Borsa İstanbul

8th highest bond traded value in the world

Total value of bond trading, (2015 year-end figures)



Source: WFE

Sukuks

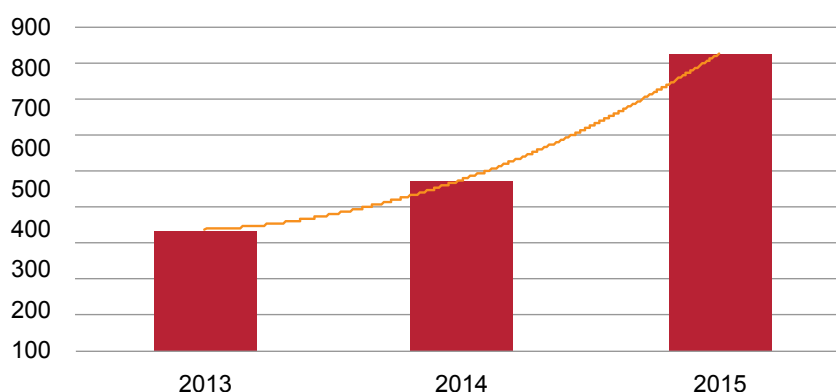
Turkey introduced Islamic banking legislation relating to profit-and-loss and Islamic Banks (or “Participation Banks” as they are known in Turkey) as far back as 1983, and the first Islamic bank opened its doors in 1985. The first piece of legislation¹ directly related to Sukuk came years later in 2010, a communiqué (“Sukuk communiqué”) prepared by Capital Markets Board (SPK) was published in Official Gazette and came into effect. The Sukuk communiqué includes provisions about certificates and Special Purpose Vehicle (SPV) instruments. However, the market for Sukuks gained real momentum only after the amendments made to the legal framework and to tax laws that impose the same level of taxes for Sukuks and conventional debt securities. As İstanbul competes to also become financial hub for the origination and trading of Islamic financial instruments, Turkey has invested in a strong legal framework for Sukuk, and the Turkish Sukuk market is growing fast, driven predominantly by the issuances of the Turkish Treasury



and Turkish Islamic banks. Turkish institutions are traditionally very active in the international Syndicated Murabaha market and, over the past three years, have resorted to the Sukuk market to raise medium-term funds from the international market.

Sukuk issuances in Turkey has recorded an upward trend in the last three years.

Total Amount Raised Throught Sukuk Issuances (USD mn)



¹ III-61.1 CMB Communiqué on Lease Certificates



Link:

<http://www.cmb.gov.tr/apps/teblig/displayteblig.aspx?id=473&ct=f&action=displayfile>

Sukuks may be issued based on:

- a) ownership;
- b) management agreement;
- c) trading;
- d) partnership;
- e) EPC (engineering, procurement and construction) contract.

or through combined use of those listed above by Asset lease companies (ALC).

Listing of Sukuks in Borsa İstanbul

Sukuks that will be issued through a private placement or via a public offering are automatically listed in Borsa İstanbul following the approval of the prospectus/issuance document by the CMB and after the completion of sales.

Key facts about Sukuks in Turkey

- Legal framework was modified in 2013 enabling Sukuk that are structured using Istisna', Murabaha, Mudaraba, Musharaka, and Wakala.
- Turkey issued clear guidelines, principles, and legal framework for lease certificates (Ijarah), special purpose vehicles, and Sukuk Ijarah.
- No VAT obligation shall occur upon the sales between the originator and the SPV.

In 2013, World Bank established the World Bank Global Islamic Finance Development Center in Turkey and provided USD250 million loan to improve Islamic financing to SMEs.

On November 28 2014, Borsa İstanbul introduced the Sukuks of the Islamic Development Bank (IDB), worth of USD 6,05 billion traded abroad, on its Debt Securities Market.

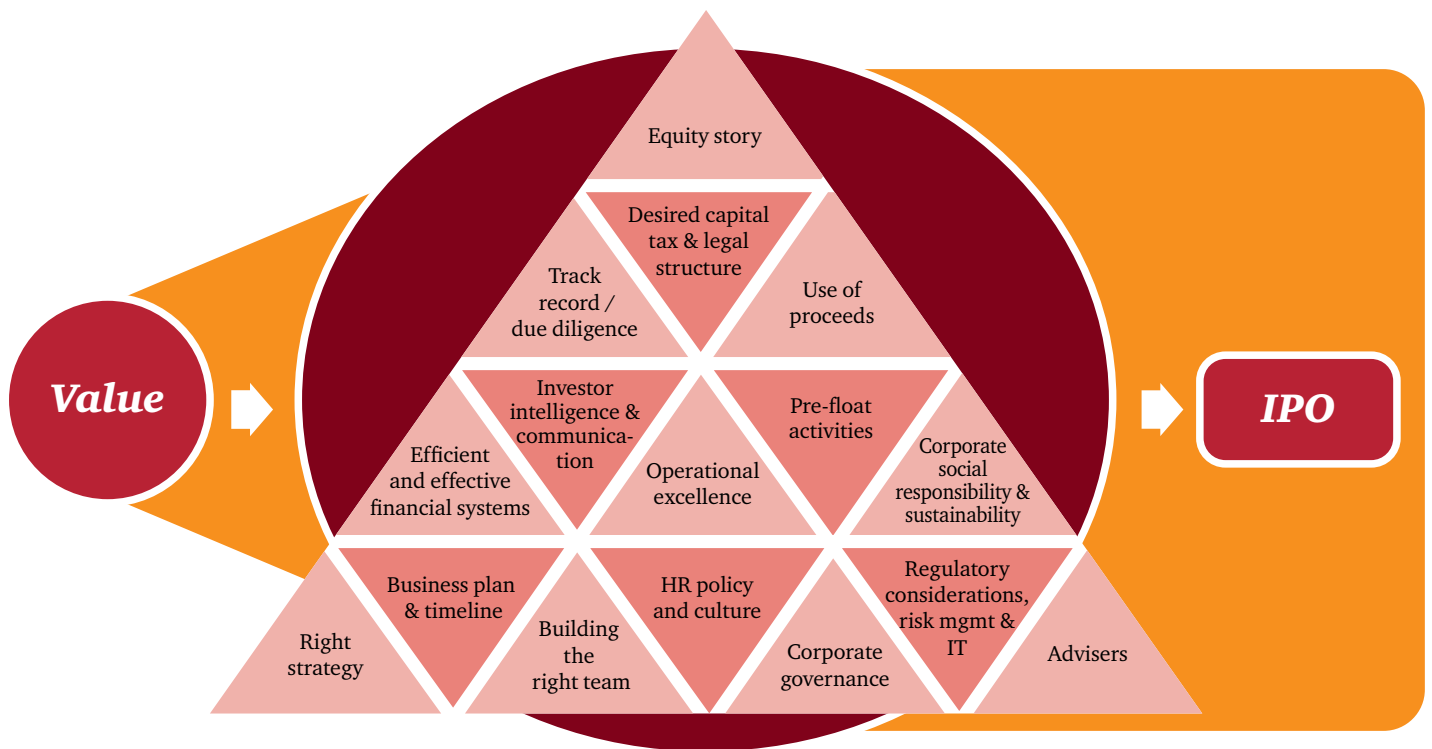
Are you ready?





What does it mean to be ready for an IPO?

Maximising value



Careful consideration of key factors is vital to design a transaction that maximises value for all stakeholders

Strong equity story and track record

What do the various business lines contribute to your strategy?

What are the sources for growth (business lines/ geographic areas)?

Effective and efficient financial reporting process

Reporting of financial and non-financial information

HR & culture

Adequacy of quantity and quality of resources

Regulatory considerations

Ability to adapt and respond to changing situations and environments

Adequate capital structure

Implications on covenants

Track record

Being able to support strategy with performance and KPIs

Listing venue and advisor selection

Desired investor base and platform important for underwriter selection

Governance

An IPO is a transformational process and should be managed accordingly

Investor intelligence and communication

Building public trust

Taxation

Resolving tax issues early will increase predictability of tax position which is rewarded by the market

Is my company large enough?

From 2010 to 2015, Turkish capital markets experienced IPOs from all sized entities on BIST. At the same time, the market attracted very large entities and offerings measured in millions of TL.

This proves that Turkish market is flexible and that all kinds of entities may list their shares on the corresponding BIST equity markets, provided that they are prepared for the debut and are ready for operating as a public company.

Number of IPOs of Turkish companies with money raised and the average offering size on the BIST Equity Market by total assets and revenue for the years 2010-2015.

Total Revenue (USD)	Number of IPOs	IPO Revenue (USD)
0-10	39	304,854,207
10-50	34	704,086,051
50-100	9	312,227,812
100-250	12	1,056,205,979
>250	18	2,360,568,786
TOTAL	112	4,737,942,834

Total Assets (USD)	Number of IPOs	IPO Revenue (USD)
0-10	17	58,483,002
10-50	47	401,960,807
50-100	10	335,339,516
100-250	18	918,271,615
>250	20	3,023,887,894
TOTAL	112	4,737,942,834

Source: Borsa İstanbul, PwC Turkey



How long does it take?

It takes some time for companies to attend the gong ceremony.

The illustration below represents a typical IPO timeline in Borsa İstanbul.

Please note that timeline is indicative and may take shorter or longer depending on specific circumstances.

We think proper planning is essential for the successful execution of an IPO. Time spent for planning is time well-spent to avoid future obstacles.

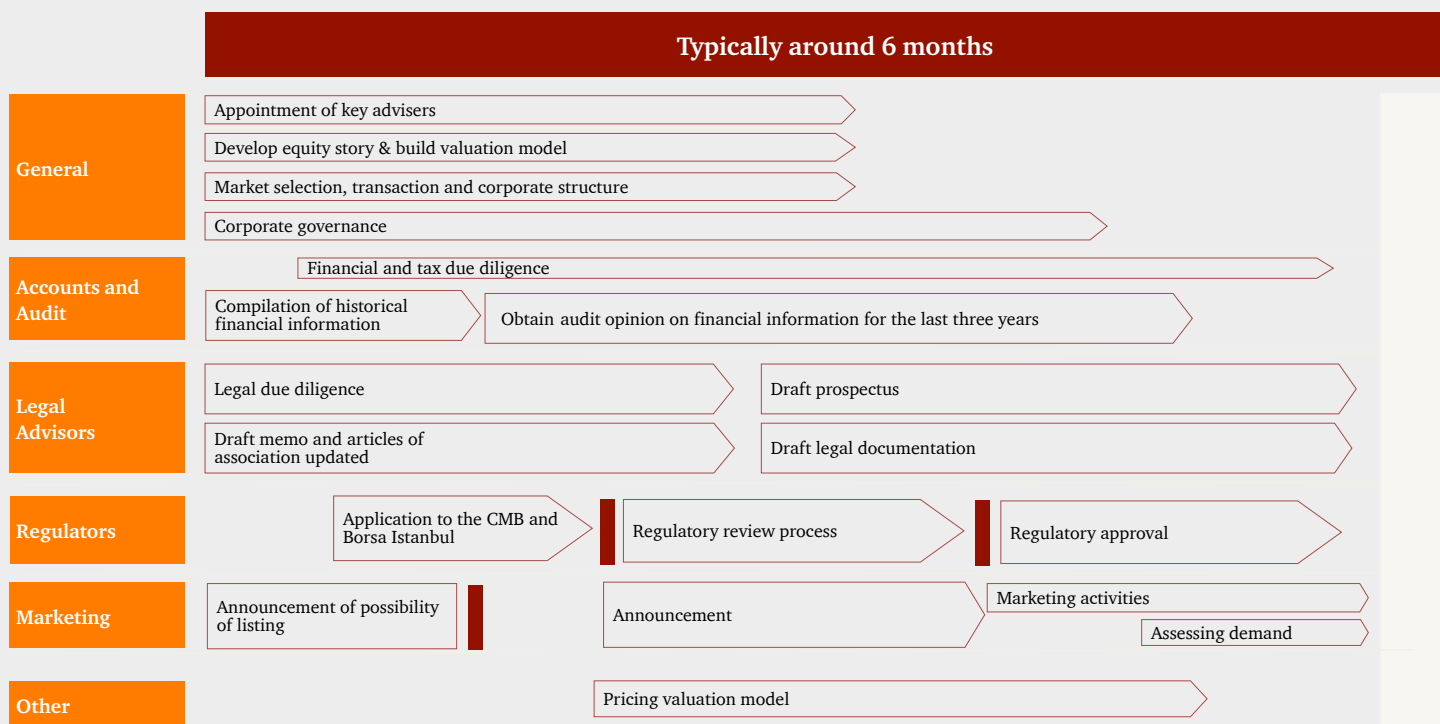
Borsa İstanbul and the CMB has taken steps to speed up the process in the past few years.

Accordingly, regulatory review span has been shortened and the reviews are often completed within three weeks following the formal application.



<http://www.borsaistanbul.com/en/companies/initial-public-offering/equity-market/timetable>

IPO Timetable



Steps towards an IPO

Before the commencement of any formal work associated with the public offering process, it is necessary to take a number of preparatory steps (e.g. legal preparations, corporate reorganizations, etc.) in order to ensure a seamless IPO experience.

1	Shareholders' decision	- General assembly decision	Companies may need a general assembly resolution before starting the process.
2	Legal steps	- Corporate structure	Changes may be necessary to the corporate structure before going public- (e.g.) companies may need to change legal status for eligibility or to achieve certain benefits.
		- Changes to articles of association	Changes will be necessary to articles of association before going public.
3	Building a team of advisors	- Brokerage firm/investment bank	Brokerage firms/investment banks will be involved in preparing the prospectus, performing due diligence and underwriting. They will support valuation, develop an equity story and draft the prospectus. They may also provide assistance and support for post-IPO obligations.
		- Auditors	Auditors will be involved in auditing the three-year financial statements. They may also need to audit interim financial information, audit pro forma financial information and assist the issuers/brokerage firms during the drafting of the prospectus.
		- Legal advisors	Legal advisor will be involved in preparing corporate documents, provide advisory for getting regulatory approvals.
		- Advertising agency/PR consultants	They provide support in terms of developing a sound marketing and PR campaign, and assist the issuers in aligning their marketing and communication strategies.

Prospectus

Companies planning a listing in Europe should prepare a prospectus in accordance with the requirements of the EU - which are outlined in the EU Prospectus Directive.

Companies planning a listing in Borsa İstanbul should also prepare a prospectus. CMB's requirements for prospectuses apply for preparation of this document.

However, prospectus requirements in Turkey are fully compatible with the EU standards.



<http://www.cmb.gov.tr/apps/teblig/displayteblig.aspx?id=470&ct=f&action=displayfile>

Continuing obligations

After the IPO

Companies must comply with the regulations of the CMB and Borsa İstanbul. Further information regarding regulatory requirements for public companies is provided in the sections below.

Material events

A public company must immediately disclose material events through the Public Disclosure Platform (“Kamuyu Aydınlatma Platformu”, or “KAP”), which is a centralized online disclosure system utilizing digital signature for online verification and publishing of material events, at www.kap.gov.tr.

General public disclosure requirements are set out in the CMB Communique II-15.1.



www.kap.gov.tr

Financial reporting

CMB requires that Turkish Financial Reporting Standards (“TFRS”) are used for financial statements preparation. TFRS are very similar to IFRS.

All standards are direct translations from IFRS. Only certain accounting policy choices under IFRS are eliminated under TFRS on a few specified subjects.

Companies are required to announce their annual audited financial statements, along with a report of board of directors, through KAP.

Deadlines to announce financial statements are 60 days for standalone companies and 70 days for groups of companies after year-end.

Report of board of directors are also audited by the independent auditors.

Companies are also required to announce their interim financial statements and a report of the board of directors through KAP.

Announcement of interim financial statements must be made after every quarter.

CMB also requires public companies to get their half-year interim financials reviewed by their independent auditors.

Deadlines to announce financial statements are 30 days for standalone companies and 40 days for groups of companies after period end. These are further extended 10 days for an interim period where a review by the auditor takes place.

For companies listed in BIST EM, half-year financial statements do not need to be reviewed by auditors and no financial statements need to be filed for Q1 and Q3.

These companies are also exempt from filing a report of board of directors for interim periods.



Corporate governance

Companies traded in the BIST Stars and BIST Main markets are required to set up an investor relations department and to employ a personnel with a CMB licence. No such requirement exists for BIST EM.

A statement of compliance with a section on corporate governance is required to be included in the annual report and this section is published on corporate websites, for all listed companies.

Companies are required to maintain a majority of board members as non-executive members. In addition, companies need to have at least two independent board members - a third of the total board members for larger boards.

Companies need to set up an audit committee - and the audit committee needs to include two independent board members.

Companies traded on BIST EM are exempt from these rules.

Financial reporting and corporate governance requirements are lighter for BIST EM companies.

Dividend distribution

Even though companies are encouraged to distribute dividends, no minimum distribution requirements exist.

Fees

Companies need to pay annual listing fees.

Details of such fees are set out at:



<http://www.borsaistanbul.com/docs/default-source/piyasalar/borsa-istanbul-fee-schedule.pdf?sfvrsn=8>



Not ready yet?

For companies not yet ready for an IPO a new market has been established:

BIST Private Market

BIST Private Market is a web-based and a member-based platform which brings companies and investors together in order to buy and sell shares without going public. BIST Private Market is a matchmaking engine, offering companies the opportunity to find shareholders and finances without going public. It allows shareholders to sell their existing shares and by doing so have access to liquidity. It also provides investors with the opportunity of finding buyers so as to liquidate their investments.

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Members

Start-Up Companies and Rising Companies to have Direct Access to Angel Investors

Thanks to this new Market, both early stage Start-Up Companies and Rising Companies that have already made some progress in their business endeavors and reached a certain size will have direct access to qualified or licensed angel investors. Service Providers and Intermediaries that will offer companies and investors legal and financial consultancy for share acquisition processes will also operate in the Market, providing all services on a single platform.





Yelda Sefil
Capital Markets and
Accounting Advisory Services
Manager,

“Since its inception, 3 deals have already been successfully completed by the end of 2015.”

Why Private Market?

Companies

- Get access to all Private Market services are offered through a single platform, which is first of its kind the world's first comprehensive Private Market established by a stock exchange from scratch.
- Find easy, quick and low-cost solutions to financing needs of companies and liquidity needs of investors.
- Companies have the chance to evaluate a broad range of local and international investor alternatives to find new partners and finance.
- Investors can meet numerous companies in various sizes and from different sectors and they have the ability to invest in growth companies.

*The average asset
size of member
companies
TRY 40 mn*

*The average
revenue of member
companies
TRY 56 mn*

Investors

- Buy and sell shares without going public.
- Be exempt from capital markets regulations such as the Capital Markets Board approval, circular and public disclosure of material events.
- Control your shareholder base. Raise funds without borrowing and choose your new shareholders.
- Certified business angel investors can benefit from the world's best tax advantages.
- Companies can find the counterparty anonymously.
- Offer investors the opportunity to exit by liquidating their investments.
- Allow companies to find finance without using an intermediary and control the financing process
- Benefit from meeting your counterparty under the umbrella of Borsa İstanbul



<https://www.bistprivatemarket.com/OzelPazar/app/main?execution=e1s1>



How PwC can help IPO Services

Pre-float

- *IPO check-up (IPO readiness)*
- *Restructuring*
- *Independent audit*
- *Business modelling*
- *Valuation services*
- *Tax advisory*
- *Internal audit*
- *Internal control*
- *Accounting advisory*
- *Corporate governance*

Floatation

- *Accounting advisory and financial reporting*
- *Corporate governance*
- *Relationship management with regulators*
- *Legal advice*
- *Guidance on marketing activity*
- *Establishment of an investor relations department*

Post-float

- *Independent audit*
- *Accounting advisory*
- *Corporate governance*

Managing the process







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