



## Advance Dividend Payment under the Turkish Commercial Code

The Turkish Commercial Code No 6102 (the “**Commercial Code**”), which entered into force on 1 June 2012, enabled non-publicly traded *limited liability partnerships, joint stock companies and partnerships limited shares* to make advance dividend payments. Below table summarizes necessary procedures to complete for advance dividend payment:

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| <b><i>Preconditions.</i></b>               | <ul style="list-style-type: none"><li><b>i.</b> Legal entities must generate profit according to their 3, 6 or 9 months interim financial statements; and</li><li><b>ii.</b> General assembly of the respective legal entity must resolve on advance dividend distribution.<ul style="list-style-type: none"><li>o General Assembly meeting must take place within the period in which advance payment will be distributed.</li><li>o No special meeting or decision quorum is required for that meeting.</li></ul></li></ul>   |
| <b><i>General Assembly Resolution.</i></b> | <p>Legislation sets forth mandatory content for General Assembly resolution to provide clarification if the legal entity,</p> <ul style="list-style-type: none"><li><b>i.</b> does not generate enough profit to cover distributed advance payment; or</li><li><b>ii.</b> generates losses</li></ul> <p>within the same year.</p>   |
| <b><i>Amount of calculation.</i></b>       | <p>Advance dividend payment amount cannot exceed half of the distributable amount calculated by deducting below amounts (if any) from the profit:</p> <ul style="list-style-type: none"><li><b>i.</b> All previous year losses;</li><li><b>ii.</b> Taxes, funds and financial provisions;</li><li><b>iii.</b> Statutory or contractual reserves to be allocated; and</li><li><b>iv.</b> Amounts reserved for privileged shareholders, redeemed shareholders and other persons participating in to profit.</li></ul> <p>If profit is generated in following interim periods within the same financial year, advance dividend payment amount cannot exceed half of the distributable advance dividend amount calculated by deducting advance dividend amounts paid in the previous interim periods.</p> |
| <b><i>Payment.</i></b>                     | <p>Managing body of the relevant legal entity is required to draft a detailed report outlining conformity of distribution of advance dividend to the records of the respective legal entity. If such report is not in conformity with company records, directors may face imprisonment up to 3 years, in accordance with Article 164 of the Turkish Criminal Code No 5237.</p> <p>Advance payment must be paid to shareholders proportionate with their shares and within 6 weeks following the resolution date of general of assembly meeting. If there are privileged shares, privileges are not taken into account during payment.</p>   |
| <b><i>Taxation.</i></b>                    | <p>Provisions of Article 15.6.6 of the General Communiqué on Corporate Tax Law Serial No 1 provides for applicable tax regime to advance dividend payments. Pursuant to the same Communiqué, transfer pricing rules may be applicable to some occasions.</p>  |