K A R A B U L U T

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CORPORATE & M&A — DISPUTES — INTERNATIONAL TRADE — REAL ESTATE — PRIVATE WEALTH

COVER STORY · CORPORATE LAW & M&A;

The Single Clause Inside the Contract: What Does Legal Due Diligence See Before a Company Is Acquired?

In an acquisition negotiation, the buyer put the file in front of us with a short note: "Everything is ready — just have a look." The balance sheet was indeed clean. When we asked for the contracts, the picture changed: inside the customer agreement that carried a substantial part of the company’s turnover sat a single sentence — a change-of-control clause granting the counterparty a right of termination if the shareholding structure changed.

Had the transfer completed, the company’s largest customer could have terminated the contract; the acquired turnover could have evaporated on paper. The seller is under no duty to volunteer such a clause; finding it is what the review is for. The deal did not collapse: the price was renegotiated, written consent was obtained from the key customer, and part of the consideration was made conditional. The function of legal due diligence is not to kill the transaction, but to establish — before signing — exactly what is being acquired, at what price, and with which protections.

The review runs across seven principal headings: share structure and corporate records · litigation and enforcement files · tax and public liabilities · contracts and transfer restrictions · employment obligations · assets and security · licences and compliance. Findings are translated into the transfer agreement through price adjustments, escrow arrangements, the seller’s representations and warranties, and indemnity mechanisms.

CASE NOTE · ZONING AND ADMINISTRATIVE LAW

A 2026 Judgment of the Mersin 1st Administrative Court Concerning Real Property Worth TRY 300 Million

The current market value of the land in dispute exceeded TRY 300 million (approximately USD 8 million). Although the parcel fell outside the forest cadastre, the zoning plan designated it as "Forest Area"; the owners’ application for a plan amendment was then rejected by a letter of the Directorate of Zoning and Urbanism — without ever being put before the Metropolitan Municipal Council. In the action conducted by our firm, the Court held that under the Zoning Law No. 3194 and Law No. 5216 the power to decide on master zoning plans belongs to the Municipal Council, and annulled the rejection for lack of authority.

The practical consequence: where a plan-amendment application has been rejected by a directorate letter rather than a council resolution, the act is open to annulment on that ground alone. The available routes are a plan amendment and annulment action, and a compensation claim under Supplementary Article 1 of the Zoning Law.

FROM CLOSED FILES · SECOND QUARTER 2026

Three Entries from the Ledger

We record here only a few of the files closed in the second quarter. Identities and details have been altered as required by professional confidentiality.

ENTRY I · PRIVATE WEALTH

Consolidating Family Assets Under a Single Structure

In a matter concerning the consolidation of family assets with a total value reaching TRY 3 billion (approximately USD 100 million), the question put to the firm was short: as the wealth grows, who keeps control? A holding architecture, privileged share classes, tag-along and drag-along rights and option mechanisms were used to build a shareholding order binding three generations; the family constitution, share-transfer restrictions and dividend rules were written before any testamentary provisions. At this scale the centre of gravity lies not in succession law but in corporate law; where the structure is built correctly before the transaction, generational change becomes a predictable procedure rather than a crisis.

ENTRY II · DEALERSHIP AND DISTRIBUTION

Managing a Disputed Payment — and the Multiplier Hidden in the Contract

In a dealership file, the supplier presented a current-account statement, a price-difference invoice and a minimum-purchase penalty within the same month, adding that the letter of guarantee would be called if payment was not made. The most common reflex in practice is to pay such items unquestioned in order to preserve the relationship; yet a disputed item paid without objection becomes the accepted balance of the current account and, through interest, currency differences and penalty clauses, produces a multiplier effect spreading across years. In the file, the disputed items were managed under express reservation of rights, and the encashment of the letter of guarantee was halted by interim injunction. The result: the dispute was negotiated on the footing of the contract, not under payment pressure. Given the role of letters of guarantee, current-account mechanics and collection instruments, these disputes call for finance-law knowledge alongside commercial law.

The competition-law dimension — the limit of mandatory purchase obligations: Arrangements requiring a dealer to source more than 80% of its purchases from the supplier constitute non-compete obligations within the meaning of Communiqué No. 2002/2 on Vertical Agreements. For the block exemption to apply, the supplier's share of the relevant market must not exceed 30% and the obligation must not exceed five years (including indefinite or tacitly renewed arrangements). Where these conditions are not met, the clause falls outside the exemption; invalidity under Article 56 of Law No. 4054 and administrative sanctions come into play. The consequence cuts both ways: a defence for the dealer facing a minimum-purchase penalty; a discipline of duration and scope for the supplier drafting the contract.

Other questions arising at termination include the fate of stock, reasonable notice, and the equalisation (goodwill) claim provided for agents in Article 122 of the Turkish Commercial Code and applied by settled case law, by analogy, to exclusive distributorship and similar continuous distribution relationships.

ENTRY III · INTERNATIONAL TRADE / LETTERS OF CREDIT

Collecting L/C Proceeds Withheld on a Notice of Discrepancies

In an export file the purchase price was secured by a confirmed letter of credit; shipment was completed without incident and the documents were presented to the bank. The bank gave notice of discrepancies and withheld payment, citing inconsistencies between the bill-of-lading date and the goods description on the invoice. The goods were at the port, the money was at the bank, and the exporter stood between the two.

Our approach ran on two tracks. The first was documentary: the presentation was examined line by line under UCP 600, and part of the stated discrepancies proved to have no basis in the credit's own terms. The second was procedural: a bank's examination and notice of refusal are confined to a maximum of five banking days, and the notice must state all discrepancies in a single, reasoned communication; the file showed the notice failed these tests. Following correspondence with the correspondent bank, the discrepancies were withdrawn and the credit was paid in full. The picture the file leaves is clear: an L/C dispute is a dispute about documents and procedure, not about the goods — banks deal in documents, and a substantial share of discrepancy notices does not survive scrutiny of time and form.

PRACTICE NOTE · REAL ESTATE LAW

The Legal Value of a Private "Deed of Sale"

For registered land, a sale document drawn up privately between the parties does not transfer ownership; a promise to sell creates an enforceable right only where executed before a notary in the prescribed form. The buyer is not left unprotected, however: the price paid is refunded adjusted to present-day value under the principle of restitutory equity, and return of the property may be withheld until the price is repaid. Where the land is unregistered the outcome differs: a private sale coupled with transfer of possession may pass rights. Under a valid promise to sell, the limitation period is in principle ten years — yet where the property has been delivered to and is used by the buyer, settled case law refuses to entertain a limitation defence.

AGENDA · A CRITICAL DATE FOR COMPANIES

31 December 2026: The Minimum-Capital Compliance Period Expires

Under Law No. 7511, joint-stock companies whose capital remains below the new statutory minimum must increase it to TRY 250,000, and limited companies to TRY 50,000, by 31 December 2026; companies failing to comply face being deemed dissolved. The increase should be planned together with its internal-resources, general-assembly and tax dimensions — and well before the year-end rush.

INTERNATIONAL · IN BRIEF

ICC Arbitration Rules 2026. The 2026 Rules apply to all ICC arbitrations commenced on or after 1 June 2026; references to institutional rules in existing arbitration clauses merit review. — Bilingual practice. The firm conducts foreign-trade contracts and arbitral correspondence in Turkish and English; recognition and enforcement of foreign awards in Türkiye forms part of our disputes practice. — From the Firm. Our website has been renewed: the article archive and full English pages are now live — karabulutavukatlik.com.tr