

LIST OF CONTENTS

PREAMBLE	5
ÖNSÖZ	7
LIST OF CONTENTS	9
LIST OF TABLES	13
LIST OF FIGURES	13
LIST OF ABBREVIATIONS.....	15
INTRODUCTION	17

CHAPTER I

GROWTH IN COMPANIES AS A RESULT OF GLOBALIZATION AND CROSS BORDER MERGERS AND ACQUISITIONS

1.1. THE GROWTH REASON OF THE COMPANIES.....	19
1.2. TYPES OF GROWTH STRATEGIES OF THE COMPANIES.....	20
1.2.1. Organic Growth	20
1.2.2. Inorganic Growth.....	21
1.3. CROSS - BORDER M & A	23
1.4. DEFINITION OF MERGERS AND ACQUISITIONS AND HISTORICAL WAVES.....	24
1.4.1. Acquisition	24
1.4.2. Merger	25
1.4.3. Differences Between Mergers and Acquisitions	26
1.4.4. The Types of Mergers and Acquisitions.....	27
1.4.4.1. Vertical Mergers and Acquisitions	27
1.4.4.2. Horizontal Mergers and Acquisitions	28
1.4.4.3. Conglomerate Merger and Acquisition	30
1.5. PURCHASING METHODS OF MERGERS AND ACQUISITIONS	31
1.5.1. Merger and Acquisition By Agreement	32
1.5.2. Merger and Acquisition By one-side Desire	32
1.5.3. Leveraged Buy-out.....	33
1.6. THE HISTORY OF MERGER AND ACQUISITION.....	35
1.6.1. First Wave (1890-1907)	38

1.6.2.	Second Wave (1916-1929)	39
1.6.3.	Third wave (1965-1972)	40
1.6.4.	Fourth Wave (1981-1990)	40
1.6.5.	Fifth Wave (1993-2000).....	42
1.6.6.	Sixth Wave (2002-2007)	43
1.6.7.	Seventh Wave (2011-.....)	43
1.7.	COMPETITION AUTHORITY AND THE LATEST STATUS MERGERS AND ACQUISITIONS IN TURKEY	44

CHAPTER II

THEORETICAL APPROACH TO MERGERS AND ACQUISITIONS

2.1.	THE REASONS THAT ENCOURAGE COMPANIES TO MERGERS AND ACQUISITIONS TRANSACTIONS	51
2.1.1.	Synergy	52
2.1.1.1.	Operational Synergy.....	53
2.1.1.2.	Financial Synergy	53
2.1.2.	Tax Efficiencies	54
2.1.3.	Economy of Scale	55
2.1.4.	Increasing the Competitive Power	56
2.1.5.	Financial Reasons	57
2.1.6.	Exchange Rates.....	58
2.1.7.	Psychological Reasons.....	59
2.1.8.	Technological Alignment.....	60
2.1.9.	Managerial Purposes.....	61
2.2.	SUCCESS AND FAILURE ELEMENTS IN MERGER & ACQUISITIONS.....	61
2.2.1.	The Reason of Failure	61
2.2.1.1.	Management Errors	62
2.2.1.2.	Hubris Effect.....	63
2.2.1.3.	Psychological Factors	63
2.2.1.4.	Overpaying	64
2.2.1.5.	Integration Process	64
2.2.1.6.	Cultural Differences	65
2.2.2.	Success Factors.....	67

2.2.2.1.	Speed of Integration.....	68
2.2.2.2.	Leadership.....	70
2.2.2.3.	Post-merger integration team.....	71
2.2.2.4.	Communication.....	72
2.2.2.5.	Managing Cultural Differences.....	74
2.2.2.6.	Human Resources Management.....	76
2.3.	THE PROCESS OF MERGER AND ACQUISITION	76
2.3.1.	Compile a Target List and Determine Target Company.....	76
2.3.2.	Evaluating Target Company and Make a Decision	77
2.3.3.	Negotiations with Target companies and Determine Conditions ..	78
2.3.4.	Preparing Letter of Intent (LOI)	78
2.3.5.	Due Diligence.....	79
2.3.6.	Complete Merger Transactions and Legal Integration	82

CHAPTER III

THE NECESSITY OF PROFESSIONALS, PERFORMANCE EVALUATION METHODS, AND RESEARCH ABOUT PERFORMANCE OF THE MERGED COMPANIES AKIS REIT AND SAF REIT

3.1.	THE NECESSITY OF M&A PROFESSIONALS	85
3.1.1.	Investment Banks	85
3.1.2.	Attorneys	86
3.1.3.	Accountants.....	87
3.2.	PERFORMANCE EVALUATION METHODS IN MERGERS AND ACQUISITIONS....	87
3.2.1.	Ratio Analysis Method.....	88
3.2.2.	Parametric Method	89
3.2.3.	Nonparametric Method.....	89
3.3.	RESEARCH ON MEASURING FINANCIAL ACTIVITY AFTER MERGER	90
3.3.1.	Purpose of the Research.....	90
3.3.2.	Subject of the Research.....	90
3.3.3.	Method of the Research.....	91
3.4.	GENERAL INFORMATION ABOUT RESEARCHED COMPANIES AKIS REIT AND SAF REIT	91
3.4.1.	Akis Real Estate Investment Trust	91
3.4.2.	Saf Real Estate Investment Trust.....	92

3.5. ANALYZED FINANCIAL TABLES OF AKIS WITH RATIO ANALYSIS METHOD.....	93
3.5.1. Rate Analysis	93
3.5.1.1. Liquidity Rate Analysis	94
3.5.1.2. Operating Rates	96
3.5.1.3. Debt Rates.....	98
3.5.1.4. Profitability Rates.....	100
EVALUATION	103
CONCLUSION	113
REFERENCES	115

LIST OF TABLES

Table 1.1	Advantages and Disadvantages of Organic Growth	21
Table 1.2.	Advantages and Disadvantages of Inorganic Growth.....	22
Table 1.3	Merger Waves	37
Table 1.4	The 10 Largest Mergers and Takeovers in the World	44
Table1.5	Distribution of Foreign Investors by Country In Turkish Transactions	47
Table 2.1	The Reasons of Mergers and Acquisitions	52
Table 2.2	Speed of Integration.....	69
Table. 2.3	Leadership	70
Table 2.4	Leadership at Operational and Top Management Levels.....	71
Table 2.5	Post-Merger Integration team	72
Table 2.6	Typical Integration Questions	73
Table 3.1	Rate Analysis	93

LIST OF FIGURES

Figure 1.1	The Types of Growth	20
Figure 1.2	Acquisitions	24
Figure 1.3.	Merger.....	25
Figure 1.4	Mergers and Acquisitions Types	31
Figure 1.5	Purchasing Methods for M&A	32
Figure 1.6	The Number and Value of M&A in the world between the years 1985-2015.....	38
Figure 1.7	M&A Transactions Inspected Yearly (All Operations, 2013-2020)	45
Figure 1.8	Annual Turkish M&A Review 2020.....	48
Figure 1.9	Turkey Venture Capital Deal Activity Between the Years 2013-2020	49
Figure 1.10	Percentage Of The Popular Sectors In 2020.....	50
Figure 2.1	Integration Planning: A Developing and Interactive Process across All Preacquisition Phases and Core Capabilites.....	65
Figure 2.2.	The Process Of Success In M&As.....	67
Figure 2.3	Five C's Framework	75
Figure 3.1	Liquidity Rates	94
Figure 3.2	Operating Rates.....	96
Figure 3.3	Debt Rates.....	98
Figure 3.4	Profitability Rates	100

LIST OF ABBREVIATIONS

ANCOM	: Andean Common Market
ASEAN	: Association of Southeast Asian Nations
A.Ş.	: Joint-Stock Company
CEO	: Chief Executive Officer
DEA	: Data Envelopment Analysis
EU	: European Union
etc.	: Et cetera
FDH	: Free Disposal Hull
FTC	: Federal Trade Commission
GAAP	: Generally Accepted Accounting Principles
GATT	: General Agreement on Tariff and Trade
HCA	: Hospital Corporation of America
HRM	: Human Resources Management
i.e.	: id est
KAP	: Public Disclosure Platform
LBO	: Leveraged Buyouts
LOI	: Letter of Intent
M&A	: Mergers and Acquisitions
NAFTA	: North American Free Trade Agreement
OFDI	: Outward Foreign Direct Investments
P&G	: Procter & Gamble
p.	: page
ROA	: Return On Assets
ROE	: Return on Equity

SEC	: Securities and Exchange Commission
TL	: Turkish Lira
UNCTAD	: United Nations Conference on Trade and Development
USA	: United States of America
USD	: United States Dollar
UK	: United Kingdom

INTRODUCTION

In the latest years, especially in the 20th century, Globalization and developing technology allow the companies to reach each other easily and make the connection to combine their synergy in terms of product line, fund, personal either nationally or internationally. To be able to compete and obtain a low cost on account of low price and reach the necessary scale of economy, the firms consider mergers and acquisitions deals to keep on companies' existence. Thus, the companies had opportunities to combine their power sides in the sector, and this situation led to an increase the M&A transactions throughout the world. Through merger and acquisition transactions, the enterprises can appeal to wider customers and market segments, as well as gain power both in production and service delivery, and thus M&A transactions among either national or international companies have been increasing day by day. Therefore, the companies wish to do business as enlarging their sector to keep up their entity and remain to stand. Continuously growth of the company means to have a chance to take advantage of experience curve related to increasing the sales, to decrease the unit expenses of the products and consequently to go up profit.

The importance of M&A is increasing with globalization and the developing technology. So, all transactions concerning M&A are so fundamental for the development of the companies and to be able to fulfill their existing or outstanding plans domestically or internationally. So profoundly significant and inevitable for the companies to know the positive or negative sides of M&A and make decisions accordingly. All merger and acquisition transactions can't always be resulted in prosperity. Mergers that are not convenient for legislation can cause serious and irreparable consequences. So, at first, the legal frame related to M&A transactions should be analyzed in detail and understood by the parties and then M&A transactions should be started.

In this study, the main subjects about M&A deals for the companies that endeavor to keep on their entity in a growing globalization world are emphasized. The thesis consists of three parts and the first part of the thesis is addressed the growth strategies of the companies, the historical development of M&A as waves, and the latest status of M&A in Turkey and with given examples are tried to inspect the essence of the subjects.

The second part of the thesis is emphasized the theoretical approach of M&A, reasons that encourage companies to M&A, success, failure elements, and the process of mergers and acquisitions comprehensively.

The third part of the thesis is highlighted the explanations of performance evaluation methods concerning mergers and acquisitions. And as a case study, the merger activity between the companies AKIS Real Estate Investment Trust and SAF Real Estate Investment Trust which are the pioneer company in their sector analyzed using financial tables with ratio analysis. With this analysis method, liquidity rate analysis, leverage ratio analysis, activity rate analysis, and profitability ratio analysis were determined and the performance of the company after merger deals was indicated.

In conclusion, evaluations are made within the framework of various acquired information and findings.