

# TABOGLU & DEMIRHAN

## Newsletter

### **PRIVATIZATION HIGHLIGHTS**

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- The Istanbul Metropolitan Municipality has released an announcement in the Official Gazette on 6 January 2011 regarding the privatization of Istanbul Deniz Otobusleri (“IDO”). Accordingly, IDO will be privatized through block sale of 100% of its shares. The tender will be realized by sealed envelope followed by bargaining method. Only legal entities and consortiums are allowed to participate in the tender. Real persons are only allowed to take part in the tender by participating in a consortium. The information memorandum and tender specifications may be obtained as from 17 January 2011 in return for a fee of US\$ 20,000. The bidders are required to submit a bid bond in the amount of US\$ 20 million. The bids shall be submitted to the Municipality no later than 31 March 2011. Additionally, the bids shall be accepted and the tender shall be finalized in US\$ currency, and the tender amount will be paid in cash on the execution date of the share purchase agreement.
- As per the dailies, Akxa Elektrik has taken over Firat Elektrik Dagitim which conducts electricity distribution activities in the region consisting of Malatya, Elazig, Tunceli, and Bingol. Akxa Elektrik was the winning bidder of the privatization of Firat Elektrik in return for US\$ 230 million 250 thousand last year.
- Pursuant to the dailies, the Privatization High Council has included the sale of 11% stake held by the Social Security Institution in Yeditepe Beynelmillel Otelcilik, the owner of Conrad Hotel, in the privatization program. Accordingly, the related privatization transaction will be concluded within 2 years.
- As per the dailies, the Treasury has granted authorization to Barclays Capital, Deutsche Bank and JP Morgan as co-partner leading banks for the issuance of bond with a maturity date of 2041. Accordingly, such bond issuance will be realized within the scope of the external indebtedness program in 2011.
- As per the dailies, the Treasury has announced that the interest rate for coupon payments to be realized on 6 April 2011 for treasury bond with the maturity date of 2 April 2014 is 2.35%.
- Pursuant to the dailies, Isbank has opened a new branch in Dudullu, Istanbul. The number of the Bank’s branches in Istanbul has reached to 317.

### **CAPITAL MARKETS UPDATES**

- Dogan Yayin Holding has announced in the Public Disclosure Platform that the due diligence process is continuing with the prospective investors regarding the restructuring of the Holding and its subsidiaries, including but not limited to the sale of shares in affiliates, asset sales or incorporation of strategic partnerships. Accordingly, the prospective investors are interested in different asset groups, and the Holding may receive binding offers after the completion of due diligence process. The Holding, however, has pointed out that there may be no share or asset sale if the binding offers do not meet the Holding’s expectations.
- Deloitte & Touche Turkey has released its report regarding mergers and acquisitions in 2010. Accordingly, in 2010, 203 transactions have been realized with a total deal value of US\$ 29 billion. Additionally, in 2010, 35 privatization transactions have been realized in return for US\$ 14.6 billion. The report further states that the acquisition of the shares of Garanti Bankasi by BBVA is the largest private sector transaction in the last 10 years.

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### **BANKING SECTOR NEWS**

- Denizbank has announced in the Public Disclosure Platform that the Bank has launched the process to obtain securitization loan amounting to Euro 250 million with 12-year maturity.

#### *Highlights*

*a. Privatization Highlights*

*b. Banking Sector News*

*c. Capital Markets Updates*

*d. Energy Markets News*

*e. Other News*

**ENERGY MARKETS NEWS***cont'd*

- The Law Amending the Law on the Usage of Renewable Energy Resources for Generation of Electricity has been published in the Official Gazette dated 8 January 2011. The Amending Law regulates the supporting fee mechanism in terms of US\$ instead of Euro. Accordingly, unit prices are determined for: (i) hydro electricity power plant as 7.3 cent, (ii) wind power plant as 7.3 cent, (iii) geothermal power plant as 10.5 cent, (iv) biomass power plants as 13.3 cent and (v) solar power plant as 13.3 cent. These fees will be applicable for ten years for the power plants which have already been active and will be put into operation until 31 December 2015. The supporting fees will be determined by the Council of Ministers for the power plants to be put into operation after 31 December 2015. Additionally, hybrid generation plants will also be within the scope of such supporting mechanism. It is also governed that the total installed capacity of solar power plants to be connected to the electricity transmission system until 31 December 2013 will be 600 MW at most, and the total installed capacity of solar power plants to be connected to the transmission system after 31 December 2013 will be determined by the Council of Ministers. The Amending Law also states that the procedures and principles on the determination, usage and rating of renewable energy resources will be governed by a separate regulation.
- Pursuant to the dailies, the relevant provision of the draft Law regarding the Foundation of Radio and Televisions regulating the foreign capital ratio in media institutions has been approved by the Turkish Parliament. Accordingly, in case the draft law enters into force, the foreign capital ratio in media institutions will be increased from 25% to 50%. Discussions on the rest of the draft Law is continuing.
- As per the dailies, Gubretas has incorporated a new company with the trade name "Raintrade" in order to conduct sales and marketing transactions of Razi Petrokimya, its Iranian subsidiary. The Chairman of Gubretas has stated that the Company is not interested in foreign partnerships although it has received many partnership offers from a number of foreign investors.
- As per the dailies, the Competition Authority has initiated an investigation against Kars Cimento, Askale Cimento, Yurt Cimento, Limak Cimento, Elazig Cimento, Cimko Cimento, Cimsa Cimento, Adana Cimento, Mardin Cimento and KCS Kahramanmaraş Cimento in order to determine whether these companies have performed any activities restricting competition in cement sector and violated Article 4 of the Law on the Protection of the Competition.
- Pursuant to the dailies, Limak Cimento has received an environmental impact assessment certificate in order to increase the capacity of its cement production plant. It has been further stated that the total cost of such investment will be approximately US\$ 75 million. The Company has aimed to increase its cement production capacity to 8.2 million tons per year.

**OTHER NEWS**

- Pursuant to the announcement released by Reysas Logistics in the Public Disclosure Platform, the Company and Doluca Sarapçılık have executed a carriage contract for one year term. It has been further stated that the Company is expecting approximately TL 2 million turnover per year.

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*The aim of this weekly newsletter is to highlight mainly the regulatory changes made by the Turkish Government during the relevant week. The content of this bulletin is limited to those areas Taboglu & Demirhan advises its clients. It contains a general summary of the changes and the areas it covers are broader. Thus, one should not rely on it for specific advice. For further information or advice please contact Taboglu & Demirhan, a full-service law firm based in Istanbul.*