

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

cont'd.

- Alsim Alarko Sanayi Tesisleri ve Ticaret has become the winning bidder in the privatization tender of Meram Elektrik Dagitim, which is performed by block sale method, in return for an amount of US\$ 440 million. Cengiz Insaat, Kiler Alisveris Hizmetleri Gida Sanayi ve Ticaret, Barmek-An Joint Venture and Itifak Holding were among other bidders. Meram is the electricity distribution company with 1 billion 475 subscribers and providing services in Kirsehir, Nevsehir, Nigde, Aksaray, Konya and Karaman. Furthermore, Kiler has become the winning bidder in the privatization tender of Aras Elektrik Dagitim with a bid amount of US\$ 128.5 million. Aras is the electricity distribution company which is providing services in Erzurum, Igdir, Agri, Ardahan, Bayburt, Erzincan and Kars regions. It is stated by the Chairman of the Board of Directors of Kiler Holding that, the Company is expecting to acquire one more distribution company and they will decrease illegal electricity usage from 30% to 5% in the respective region. The transactions for transfers of shares in the distribution companies will be realized upon receipt of necessary approvals from the Competition Board and the Energy Market Regulatory Authority. Both of the winning bidders will start investments as soon as the Privatization Administration approves the sale, the respective share purchase agreements are signed and the shares are transferred.
- According to the Privatization High Council Decision published in the Official Gazette dated 23 September 2008, 100% shares of Sakarya Elektrik Dagitim owned by Turkiye Elektrik Dagitim shall be sold and transferred to Akcez Joint Venture, the joint venture of Akkok Group and Cez, for an amount of US\$ 600,000,000. In case of breach of Akcez on signing the agreement or other obligations, the second highest bidder in the tender, Haci Omer Sabanci Holding A.S. - Verbund - Enerjisa Enerji Uretim A.S. Joint Venture, shall be entitled the shares for an amount of US\$ 583,000,000.
- According to the announcement published in the Official Gazette dated 22 September 2008, 14 pieces of immovable property owned by TEDAS, including Ayedas (Istanbul), Bogazici (Istanbul), Yesilirmak (Amasya), Toroslar (Adana), Toroslar (Hatay), Toroslar (Osmaniye), will be privatized through sale independent from the shares of the Company. The privatization will be realized by sealed bid method may be concluded through bargaining and open bidding methods. If the bidder companies desire to bid for more than one immovable, they will bid for each immovable separately.
- According to the statement made by the Privatization Administration, the National Lottery will be put out to tender until 15 October 2008. It is stressed by the Administration that the regulation regarding licenses is expected to be published in the Official Gazette in coming days and the license will be granted for 10 years term. The Chairman of the Administration also indicated that second phase for the privatization of sugar factories will start within one month.

ENERGY SECTOR UPDATES

- According to the statement made by Aygaz, a Koc Group company, to the Istanbul Stock Exchange, the Company will acquire 50% shares of Statoil Hydro ASA, a Norwegian company, in Koc Statoil Gaz Toptan Satis and Koc Statoil Gaz Iletim for amounts of TRY 14.2 million and TRY 3 million, respectively. Koc Group and Statoil Hydro ASA had signed a cooperation agreement in 2000 to operate in natural gas sector. The transactions will be realized upon obtaining necessary approvals from the Competition Board and the Energy Market Regulatory Authority. Eventually Aygaz's shares in both companies will increase to 93.7% from 43.7%.

Highlights

a. Privatization Highlights

b. Energy Sector Updates

c. Banking Sector News

d. Other News

BANKING SECTOR NEWS*cont'd.*

- The Banking Regulation and Supervision Agency has granted operation permits in various fields to Albaraka Turk Katilim Bankasi, Is Bankasi, GSD Yatirim Bankasi, Mercill Lynch Menkul Degerler, Akbank and Nurol Yatirim Bankasi. Pursuant to the decisions published in the Official Gazette dated 23 September 2008, Albaraka Turk Katilim Bankasi may operate in the field of sale and purchase transactions for precious metals before the Turkish Derivatives Exchange and Istanbul Gold Exchange. Is Bankasi is now permitted to provide supporting service of information technology, consultancy services regarding banking, architectural and engineering support services, and also supporting and consultancy services regarding operational, legal, human resources, buying and risk assessment transactions under certain terms and conditions. Akbank is permitted to provide services of call center, foreign trade operational supports, individual loan applications, print, credit card and post operational transactions, maintenance of ATM credit operations to corporations in its risk group under certain terms and conditions. GSD Yatirim Bankasi is allowed to provide services of data backup, system operation, design of communications and infrastructure to affiliates and its group and support services, etc. under certain terms and conditions. Mercill Lynch Menkul Degerler is also permitted provide supporting services for education/consultancy, accountancy, information technology. Finally, Nurol Yatirim Bankasi is permitted to operate in the field of sale and purchase of derivatives agreements, and intermediation in certain derivatives transactions, among others.
- National Bank of Greece (NBG), main shareholder of Finansbank, has decided to purchase 9.68% shares of Finansbank owned by Fiba Group for an amount of US\$ 697.15 million. NBG had purchased 46% shares of Finansbank from Fiba Group in 2006. According to the share purchase agreement signed in 2006, NBG had the right to purchase the remaining share of Fiba Group in Finansbank within 2 years term and that term will be in effect after the completion of the first 2 years. Accordingly, NBG had sold 5% shares of Finansbank to International Finance Corporation for an amount of US\$ 300 million. By this last transaction NBG will increase its shareholding ratio in Finansbank to 94.73%.

OTHER NEWS

- According to the dailies, Kat Turizm Gayrimenkul, a group company of Sinpas, has won a tender for 124,980 m² land in Atakoy's coastal district for an amount of TRY 850 million. The land has been put out to sale by the Housing Development Administration of Turkey. Sinpas will cooperate with Barva, Qatar based real estate company, in development of the project. It is stated by the Chairman of the Board of Sinpas Group that the Company had purchased a property from Emlak Gayrimenkul Yatirim Ortakligi, a subsidiary of the Housing Development Administration, located on the shore of Zeytinburnu district in cooperation with Barva and that the company will negotiate with the Housing Development Administration for the payment schedule after the Housing Development Administration approves the tender.

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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.

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