

# TABOGLU & DEMIRHAN

## Newsletter

### **PRIVATIZATION HIGHLIGHTS**

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- Pursuant to the dailies, the Privatization High Council has resolved that bridges, highways, belt highways, linking roads and their service facilities, maintenance and operation facilities, toll collection facilities and other service units, which are under the control and responsibility of the General Directorate for Highways have been included in the privatization agenda. Accordingly, Edirne-Istanbul-Ankara, Pozanti-Tarsus-Mersin, Tarsus-Adana-Gaziantep, Izmir-Cesme, Izmir-Aydin, Gaziantep-Sanlıurfa highways, Bogazici and Fatih Sultan Mehmet Bridges and their belt highways and linking roads and their aforementioned facilities will be privatized by way of transfer of operating rights for a period of 25 years. It has also been declared that the privatization transactions are contemplated to be completed until 31 December 2012.
- As per the dailies, the Union Chambers of Turkish Engineers and Architects announced that the Union has initiated separate lawsuits regarding the privatization of 100% of four electricity distribution companies, which are Trakya Elektrik, Gediz Elektrik, Bogazici Elektrik, Dicle Elektrik and 80% of Baskent Dogalgaz Dagitim, on the grounds that these privatizations are unlawful and against public interest.
- As per the dailies, 24% of Katmerciler will be offered to public. As per the statement released by the Company, 15 intermediary institutions will work for the public offering process. Furthermore, it has been stated that upon the approval of the Capital Markets Board, the incentives for investors, which are “Repurchase Guarantee” and “Bonus Stock”, will be used in the public offering process at the first time. Accordingly, individual and institutional investors not selling all or a part of their shares that they purchase at the public offering for a period of 90 days will automatically receive 5% of the shares that they have kept in their accounts as bonus. If the market value of the shares decline under the public offering value, individual investors have the right to sell a part of their shares that they have kept for 90 days following the public offering over the public offering value.
- Pursuant to the written announcement made by Axa Sigorta, Axa Seguros, the subsidiary of Axa Group in Spain, has acquired 51% stake of MBank Sigorta, an insurance company being active in Azerbaijan. It has been further stated that Axa has reached to an agreement with Unibank concerning the banking insurance as a result of such acquisition. The announcement also states that Axa Group MBank Sigorta carries on its activities under the control of Axa Sigorta.

### **CAPITAL MARKETS UPDATES**

- Pursuant to the announcement released by Dogan Holding to the Public Disclosure Platform, the 54.14% stake held by the Holding in Petrol Ofisi has been transferred to OMV Aktiengesellschaft, the Austrian managing shareholder of Petrol Ofisi, in return for Euro 1 billion, subject to dividend distribution amounting to US\$ 489,200,000 to all shareholders of Petrol Ofisi and obtaining necessary legal approvals. The Holding has further announced that its (i) 2,000 shares in ERK Petrol Yatirimlari, (ii) 2,000 shares in PO Gaz Iletim and (iii) 1,778 shares in PO Alternatif Yakıtlar will also be transferred within the framework of such acquisition.
- As per the dailies, as a result of the public offering of Kocfinans private sector bonds amounting to TL 100 million with 18-month maturity period and with 6-month fixed coupon payment, the Company has received purchase requisition amounting to TL 42.1 million from individual investors and TL 277.4 million from institutional investors within the book-building period. Being subject to the decision to be rendered by the Board of Directors of the Istanbul Stock Exchange, Kocfinans bonds will start to be traded on the Stock Exchange as of 21 October 2010.

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#### *Highlights*

*a. Privatization Highlights*

*b. Capital Markets Updates*

*c. Energy Markets News*

*d. Other News*

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- Pursuant to the dailies, Torunlar Real Estate Investment Trust shares which have been offered to public will start to be traded on the Istanbul Stock Exchange Corporate Products Market at TL 7.30 base price as of 21 October 2010
- As per the dailies, the Board of Directors of Vakifbank is authorized to issue bonds amounting to TL 3 billion within 3 years by the General Assembly of the Bank. Through such bond issuance, the Bank aims to remove the maturity mismatch in the balance sheet.
- Pursuant to the weekly bulletin of the Capital Markets Board, Akbank has applied to the Board for the issuance of bonds and banking bonds amounting to TL 2.5 billion.

#### **ENERGY MARKETS NEWS**

- As per the dailies, Turkiye Petrolleri Anonim Ortakligi has won the tender for the operating right of Mansuriye natural gas field in Iraq. It has been further stated that total natural gas reserve in Mansuriye, Akkas and Siba Naturalgas Fields is 314 billion m<sup>3</sup>, and the tenders for operating right for Akkas natural gas field and Siba natural gas field are still continuing. Turkiye Petrolleri Anonim Ortakligi, Total, Edison, Korea Gas Corporation and TNK-BP are some of the bidders for other two tenders.
- Pursuant to the dailies, Bandirma Natural Gas Combined-Cycle Power Plant owned by Enerjisa has launched its operations as of 23 October 2010. It has been stated that the generation capacity of the Power Plant is net 920 MW which meets 70% of the electricity demand of Bursa, Canakkale and Balikesir.

#### **OTHER NEWS**

- Pursuant to the dailies, the General Manager of Garanti Bankasi has confirmed the ongoing negotiations between GE and BBVA, the second largest bank in Spain, concerning the acquisition of 20.85% stake of GE in Garanti Bankasi.
- As per the dailies, Aselsan Elektronik has executed a subcontractor agreement with Raytheon, a company based in US, regarding production of antenna relay station which is one of the major components of missile protection system. The agreement value has been declared as approximately US\$ 12 million.
- Pursuant to the dailies, Turkiye Petrol Rafinerileri (TUPRAS) has been imposed a tax penalty amounting to TL 605.4 million without default interest. As per the announcement released by the Company the fine has arisen due to the misinterpretation of Tax Law by the Company. The Company also stated that it would use all its legal rights regarding related tax reports.
- As per the dailies, the tax fine amounting to TL 891.2 million which was imposed against Dogan Yayin Holding has been approved by the relevant tax court. Accordingly, the tax court has decided that during the share sale process to Axel, the transfer of temporary share certificates must be subject to the value added tax. As a result of the court decision, total penalty imposed on Dogan Yayin Holding has reached to approximately TL 2.5 billion. The Holding has the right to appeal the decision but it has no right to ask for settlement from the Treasury.

*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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