

# TABOGLU & DEMIRHAN

## Newsletter

### PRIVATIZATION HIGHLIGHTS

*cont'd.*

- Pursuant to the dailies, Fatih Sultan Mehmet Bridge, Bosphorus Bridge and the Highways, the National Lottery, assets of Turkseker, Galataport and Dogusan Boru Sanayi A.S. are in the Privatization Administration's agenda for the years between 2009 and 2011. Accordingly, it is anticipated that the privatization of certain premises of sugar factories, which are divided into 6 portfolios, will be realized through asset sale method. Furthermore, the value assessment studies regarding the privatization of Dogusan Boru Sanayi have been continuing and the announcement of this tender will be made in the last quarter of the year 2008 after the completion of the necessary procedure under capital markets legislation. It is also anticipated that the tender for the facility owned by Sumer Holding will be announced in the last quarter of the year 2008 while the studies in order to conclude this facility construction, which started 20 years ago, have been continuing.
- The Privatization Administration has announced that three bids were submitted in the tender regarding the sale of the real property in Ankara owned by TEKEL with 182,000 m<sup>2</sup> survey area whereas there were no bids for the real property in Izmir with a survey area of 27,375 m<sup>2</sup>.
- As per the dailies, the tenders for electricity generation by use of wind energy will be initiated in forthcoming days. The applicants for the same region will initially be eliminated in accordance with their technical points. Subsequently, in the tender to be held, the company willing to pay the highest contribution fee will be entitled to construct the plant in order to generate electricity in such region. The tender procedures are expected to be commenced following the publication of the respective regulations in the Official Gazette.
- Hema Enerji Kaynaklari, one of the group companies of Hattat Holding, has executed an agreement for the performance of the project named "West Black Sea Energy Projects" for Zonguldak, Amasra and Bartin regions with Datong Coal Mine Group Foreign Trade Economic Corporation Co, the second largest electricity and coal producer company in China. The Chairman of Datong has declared that they will invest Euro 2.5 billion in the Project. Through implementation of this Project, the companies aimed to expropriate 5 million tonnes per year initially and extend the production to 10 million tonnes in the following years. According to the Chairman of the Board of Directors of Hattat Holding, through such investment and implementation of the Project, it is expected that 50% of price paid to import coal of 22 million tonnes per year will be saved. In addition, upon construction and taking into operation of the power plants to utilize such coal production, the initial aim is to generate 1350 MW electricity per year and increase such amount to 5000 MW upon further investments. Furthermore, as per the statement made by the Deputy Chairman of the Board of Directors of Hattat Holding, the company has also been planning to expropriate methane and to execute an agreement with one of the largest corporations of the United States of America in that respect.

### ENERGY SECTOR NEWS

- Calik Enerji has transferred certain amount of shares in Bursagaz and Kayserigaz to EWE Energy, a group company of EWE Group. Accordingly, EWE Energy holds 80% of shares in each of Bursagaz and Kayserigaz, while Calik Energy holds 10% of shares and the relevant municipality holds 10% of shares. According to the written statement of Calik Holding, such share transfer has been realized in line with the cooperation agreement, which was executed in 2007 regarding the areas of gas and electricity distribution and water services.

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#### Highlights

a. Privatization Highlights

b. Energy Sector News

c. Banking Sector News

d. Capital Markets Updates

e. Other News

**BANKING SECTOR NEWS**

- The Banking Regulation and Supervision Authority has recommended the banks not to distribute their profits of the year 2008 in order to strengthen their equity. Should the banks consider distribution of profit, they shall apply to the Banking Regulation and Supervision Authority with their reasoning for approval thereof.
- Pursuant to the dailies, the Banking Regulation and Supervision Authority has issued a decision in the Official Gazette on 1 November 2008 in order to clarify the recent amendment in the Communiqué on the Turkish Accounting Standards. Such amendment aims to provide safeguard for the banks against the interest rates of domestic government bonds and minimize their effects in the capital adequacy ratios.

**CAPITAL MARKETS UPDATES**

- Tekfen Holding has purchased 23.23% shares of Eurobank Tekfen A.S., which was owned by TST International Finance S.A., in return for US\$ 31.9 million. As per the statement made by Tekfen Holding on 24 October 2008, the purchase price has been paid in cash. Accordingly, Tekfen Holding has increased its shareholding ratio in Eurobank to 29.13%.
- As per the dailies, Recordati, a pharmaceuticals company based in Europe, has purchased Yeni Ilac in return for Euro 48 million. Recordati stated that the share purchase agreement has been signed, and the purchase process is expected to be finalized by the end of the year 2008.
- Yapi Kredi Bank has announced that the sale procedure of Yapi Kredi Sigorta has ended since the offers for the sale are not deemed to be satisfactory under negative atmosphere of the global crisis.

**OTHER NEWS**

- The Competition Board has decided to launch an inquiry in order to determine whether Turkcell, the leading GSM operator in Turkey, abused its dominant position in the infrastructure market or not. The statement of the Competition Board has indicated that this statement is merely to inform public and such inquiry would not directly indicate that Turkcell has violated the Competition Law or that it may be subject to a penal sanction.
- The Regulation Amending the Regulation on Registration of Intellectual Property has been published in the Official Gazette dated 28 October 2008. According to the amendment, registration of computer games became a mandatory obligation for right owners in order to determine the rights and to provide ease on burden of proof, similar to the registration of movies. In addition, the agreement regarding transfer of financial rights or license agreement should be submitted for registration of certain intellectual property rights.
- It has been announced that Turkish Airlines submitted the highest bid in the tender for the privatization of the 49% public shares of Bosnia Herzegovina Airlines. Apart from Turkish Airlines, a consortium, one of its member companies is Royal Jordanian Airlines and Comintel from Malaysia participated in the tender. The Minister of Transportation and Telecommunications of Bosnia Herzegovina declared that Turkish Airlines accepted to settle leasing debt of two planes amounting to Euro 5 million and to make additional investments amounting to Euro 5 million. The Minister further stated that negotiations with Turkish Airlines will commence in the following days.

*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.*

**TABOGLU & DEMIRHAN****Attorneys at Law**

Levent Cad. No. 9

1. Levent, 34330, Istanbul, Turkey

E-MAIL: [enquiries@taboglu.av.tr](mailto:enquiries@taboglu.av.tr)[www.taboglu.av.tr](http://www.taboglu.av.tr)

PHONE: (212) 339 8800

FAX: (212) 339 8899