

# TABOGLU & DEMIRHAN

## Newsletter

### *ENERGY SECTOR UPDATES*

- According to the report released by PricewaterhouseCoopers on mergers and acquisitions in energy sector in year 2008, 19 merger and acquisition transactions have been completed amounting to US\$ 6.6 billion which was US\$ 1.22 billion in 2007. It has been stated that 53% of these mergers and acquisitions have been performed by local or foreign consortiums. It has been noted that Izgaz, the gas distribution company in Kocaeli, which has been purchased by GdF Suez, was the only transaction with 100% foreign investment in 2008. The privatization process of Baskent Dogalgaz amounting to US\$ 1.6 billion and the privatization process of Baskent Elektrik Dagitim amounting to US\$ 1.2 billion were the largest transactions for the year 2008.
- Zorlu Dogal Elektrik has signed an agreement regarding the sale of electricity with Tesco Kipa. Within the framework of such energy sale agreement, Zorlu will provide 140 million kWh of its electricity production to be generated from its renewable energy investments. According to the statement made by Zorlu Enerji, the Company is planning to prioritize the investments in renewable energy resources such as water, wind and geothermal within the next 5-year period.

### *TELECOMMUNICATIONS SECTOR NEWS*

- As per the dailies, the International Centre for Settlement of Investment Disputes has rendered its interim decision on the lawsuit filed by Telsim regarding the transfer of Telsim to the Savings Deposit Insurance Fund. The hearing will be held between 5 October 2009 and 9 October 2009 at the World Bank's premises in Paris. The Law No. 5020 governing the authorities of the Fund will be examined before an international court for the first time in terms of violation of the Turkish Constitution and international law principles. The claim of the plaintiff is reimbursement of Telsim or payment of approximately US\$ 20 million by the Fund as indemnity.

### *CAPITAL MARKETS NEWS*

- The Istanbul Stock Exchange has applied to the Capital Markets Board to obtain legal advice regarding de-listing application of AFM. 52% shares of AFM were sold to Eurasia Cinemas, a group company of Alfa Group, in return for US\$ 28.5 million and Eurasia Cinemas has increased its shareholding to 88% in the Company upon the mandatory tender offer which resulted in a free float rate of 1.99% for AFM. Upon the resolution of the Capital Markets Board, de-listing principles shall be completed and the application of AFM shall be finalized.
- Moonlight Perakendecilik announced that the Company shall merge with Migros Turk, its subsidiary, and the trade-name shall be amended as "Migros Ticaret". Each shareholder of Migros Turk shall be entitled to receive 1 Moonlight share in return for 1 Migros share as a result of the merger. Upon completion, the share capital of Moonlight will be increased from TRY 174.3 million to TRY 178 million. It has also been expressed by the Chairman of the Board of Directors of Migros that they will continue to make investments and they are planning to obtain TRY 10 billion as revenue and expand their activities in the markets of Ukraine, Iran, Iraq and Syria.
- In line with the decision of the Capital Markets Board dated 15 January 2009, certain information relating to independent audit institutions shall be published in the Board's website. Accordingly, the trade-name, address, contact information, legal structure, names of the members of the boards of directors and boards of auditors, names of partners-in-charge and the number of auditors as well as the trade-names of foreign audit companies with whom the audit company has a license agreement shall be disclosed to public in the Board's website. The decision of the Board is in line with the harmonization of respective legislation with the European Union legislation.

#### *Highlights*

*a. Energy Sector Updates*

*b. Telecommunication Sector News*

*c. Capital Markets News*

*d. Privatization Highlights*

*e. Other News*

### PRIVATIZATION HIGHLIGHTS

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- The Decision No. 2009/1 of the Privatization High Council approving the changes on the zoning plans of the immovable property owned by Tutun Mamulleri Tuz ve Alkol Isletmeleri A.S. in Konak, Izmir has been published in the Official Gazette on 16 January 2009. Furthermore, as per the Decision No. 2009/2 of the Council as published in the Official Gazette dated 16 January 2009, the change on the zoning plans of immovable property in Kozlu, Zonguldak and Bakirkoy, Istanbul owned by Turkiye Elektrik Dagitim A.S. have been approved.
- Foreign investors have made US\$ 2.98 billion net asset sales at the Istanbul Stock Exchange in 2008. In this period they have made US\$ 69.5 billion purchase and US\$ 72.5 billion sale. The highest net sale was the sale of Migros for an amount of US\$ 870 million in the year 2008. The sale of Akbank with US\$ 235.3 million and the sale of Garanti Bankasi with US\$ 198.8 million were the other significant transactions of 2008. The purchase of Turk Telekom with US\$ 161.7 million, the purchase of Dogan Holding with US\$ 126.8 and the purchase of Yapi Kredi Bankasi with US\$ 58.4 million were further important transactions of 2008.

### OTHER NEWS

- C.Rob.Hammerstein GmbH and Co.KG of Germany has initiated an investment for construction of a 15,000 m<sup>2</sup> production plant in Gebze, Kocaeli. The cost of the plant will be approximately Euro 15 million and around 400 employees will be hired. It has been stated by CRH and the Investment Support and Promotion Agency of the Prime Ministry that CRH has pushed the button for a new investment in Turkey. Besides, CRH will supply equipment to Ford Otosan's factory in Golcuk for its commercial vehicle model, Transit.
- The Regulation Amending the Life Insurances Regulation has been published in the Official Gazette on 13 January 2009 by the Undersecretariat of Treasury. Accordingly, definitions for the annuity payment life insurance and the capital redemption insurance have been included in the Regulation. Furthermore, the fees for sharing of expenses and agent commission will be determined by insurance companies in line with the specifications of tariffs. Technical principles relating to life insurance tariffs and dividends have also been restated.
- Arkas Holding, one of the leading international transport companies in Turkey, has signed a partnership agreement to become the agency of a Taiwanese shipping firm, Yang Ming Marine Corporation. The partnership has started to operate under the trade-name of Yang Ming Anadolu Gemi Acenteligi as of 1 January 2009.
- Koc Holding has secured a loan of US\$ 770 million, which will be used by several of its subsidiaries, namely Ford Otomotiv, Otokar Turk Traktor and Aygaz. Turk Traktor will utilize Euro 55 million of such loan for its financial requirements. Otokar will utilize US\$ 10 million, Aygaz will utilize US\$ 80 million and Euro 53 million, Ford Otomotiv will utilize US\$ 20 million and Euro 25 million of total loans. Koc Holding has signed a loan agreement with 12 foreign banks and 2 Turkish banks for the purposes of the loan to be granted by the consortium of banks.
- JTI Turkey has announced its investment plan for the 3-year period in Turkey to be US\$ 200 million.

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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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