

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

- According to the dailies, US\$ 4.1 billion revenue will be collected from the privatizations that have already been tendered but not finalized yet. US\$ 2 billion 40 million revenue has already been received from the privatization of Petkim through block sale, US\$ 1 billion 720 from the privatization of Tekel, and US\$ 1 billion 928 million from the public offering of Turk Telekom. Accordingly, US\$ 5.8 billion of privatization revenue is realized in total since the beginning of the year 2008.
- The Privatization High Council has re-included Turkseker in the privatization agenda subsequent to the cancellation decision of the Council of State. According to the High Council's decision published in the Official Gazette on 13 August 2008, sugar facilities of Turkseker will be privatized in 6 geographical portfolio groups, each of which shall be privatized separately, as well as in their integrity through asset sale method. Purchasers of each group shall be required continue production for a period of at least 5 years within the sugar quota to be determined by the Sugar Council. In addition, seed sowing premises of Turkseker, EMAF (electro-mechanical device premise) and Afyon, Erzincan, Turhal, Ankara and Eskisehir machinery premises are planned to be privatized separately through asset sale method within 2 years.
- Gaz de France became the winning bidder of the privatization tender for Izmit Gaz Dagitim (IZGAZ), which is Turkey's 3rd largest gas distribution company, with its offer amounting to US\$ 232 million. Apart from Gaz de France, Zorlu Enerji, GENPA and Palmet Enerji participated in the tender. Upon approval of the tender results, operating rights of gas distribution shall be vested in Gaz de France for a period of 25 years. Gaz de France shall also settle financial debt of IZGAZ amounting to approximately US\$ 317 million.

BANKING SECTOR NEWS

- Bank Julius Baer, a leading Swiss bank, declared that they have obtained permit from the Banking Regulation and Supervision Authority for opening up a branch in Istanbul. According to the Bank's statement, the branch will begin to operate at the end of this year.
- The General Manager of Akbank has stated that the Bank is about to open up branches in three developing markets, namely China, Russia and Dubai. He further stressed that Russia and China are ranking as large markets given the potential in energy sector whereas Dubai should be considered as a financial center. Accordingly, the Bank is contemplating with Citibank to enter into the Russian market and planning to develop high valued projects in that country and the Bank's step towards China is also supported by Citibank. Akbank had achieved TRY 1.437 million gross profit in the first half of 2008, received TRY 1.215 million net profits and enhanced its net profit by 8%. The major part of the profits came from the loans that has grown by 23% and reached up to US\$ 49.2 billion.
- Sekerbank realized TRY 86 million 295 thousand net profit in the first half of 2008. Bank's profit rose by 39% when compared with the same period of the previous year. Assets of the Bank grew by 20% and reached to TRY 7 billion 306 million whereas its equities rose by 1.33% and reached to TRY 876 million 311 thousand.

CAPITAL MARKETS HIGHLIGHTS

- The Capital Markets Board has decided to suspend activities of B.A.B. Menkul Degerler, an intermediary institution. According to the statement released by the Board, the decision has been rendered due to the corporation's activities in contradiction with capital markets legislation as well as the intermediary institution's financial weakness. *cont'd.*

Highlights

a. Privatization Highlights

b. Banking Sector News

c. Capital Markets Highlights

d. Other News

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- Moonlight has purchased 13% stakes of Migros in return for TRY 482.2 million from the market. Moonlight had already acquired 50.8% stakes of Migros from BC Partners and started buying shares from the market prior to the tender offer to be made to Migros' shareholders and accordingly bought 22 million 980 thousand shares, equaling to TRY 482 million 286 thousand in total. Within that framework, Moonlight has increased its shareholding ratio to 63.74% and Company's free float rate was reduced to 36%.
- Yapi ve Kredi Bankasi has announced that the sale of shares with a nominal value of TRY 1.4 million, remaining after utilization of the pre-emption rights of the shareholders in the capital increase, had been completed. According to the Bank's statement published in the Istanbul Stock Exchange Bulletin, all shares issued during the capital increase have been sold in full.
- Isiklar Ambalaj announced that they have ended negotiations with Koor Metals and Gih Group Companies with respect to sale of the shares of Cemas Dokum Sanayi as they could not reach a settlement. According to the declaration made by Isiklar Ambalaj to the Istanbul Stock Exchange, Is Yatirim still continues to handle the sale of Cemas Dokum Sanayi shares.

OTHER NEWS

- According to the dailies, Turkey has lost its high acceleration in foreign investment in the second half of year 2008. According to the Central Bank, the foreign direct investment in Turkey as of June 2008 correspond to US\$ 7 billion 587 million.

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- Coca Cola has signed a collective bargaining agreement with Oz Gida Is Labor Union for 630 workers in 3 working premises of Coca Cola throughout Turkey. According to the agreement signed for the period between 1 April 2008 and 31 March 2009, the workers shall be entitled to 17% raise for the first year and an indefinite raise for the second year will be vested in workers to be adjusted in line with the inflation rates. Social benefits of workers have been improved by 25%.
- The Housing Development Administration of Turkey is about to put on sale the Atakoy Galleria Complex, operational rights of which are owned by Dati Yatirim Holding until 2038. The Complex has been put out to tender in the previous days but such tender was cancelled. The tender shall relate to the period to commence after year 2038 and the appraisal value of the Complex is set as TRY 450 million. The tender is planned to be held on 4 September 2008.
- Cimsa, a cement company in Sabanci Group, has decided to concentrate on concrete sector after purchase of the assets of Bilecik Hazir Beton in return for US\$ 19 million 20 thousand.
- Petrol Ofisi has signed a letter of intent with Toreador Turkiye to purchase 26.75% stake out of Toreador's 36.75% interest in Akcakoca project comprising eight off-shore exploration permits that also include natural gas production fields in exchange of US\$ 80.25 million, subject to governmental approvals, the approval of other parties in the project and the execution of a share purchase agreement.

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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