

# TABOGLU, ATES & DEMIRHAN

## Newsletter

### **BANKING SECTOR NEWS**

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- According to the disclosure made by Sekerbank, transfer of 42,473,400 shares of the Bank representing 34% of its share capital to TuranAlem Securities JSC has been completed as of 15 March 2007 in return for TRY 424.7 million.
- According the statement made by Yapi Kredi, the Bank has reached to a net income amounting to TRY 512 million as of the completion of merger with Kocbank realized on 2 October 2006. Further, pursuant to first balance sheet after the merger reflecting the year-end figures of 2006, the capital adequacy ratio has reached to 12.3% with an increase of 5%, whilst the return on equity ratio has reached to 18%. Moreover, the Bank's market share ratio concerning credit cards is indicated as 26%. Yapi Kredi has kept its position at the fourth rank among other banks with its asset value of TRY 49 billion.

### **PRIVATIZATION UPDATES**

- As per the dailies, Is Investment, the domestic lead manager in the privatization of Halkbank through initial public offering, has submitted the application for public offering of Halkbank's shares representing 24.98% of the Bank's share capital, including the green-shoe option, to the Capital Markets Board. As per the application, registration of shares to be offered by the Privatization Administration has been requested. . The offered shares have a nominal value of TRY 312,250,256 and the paid in share capital of the Bank as of the application date is TRY 1 billion 250 million. The Bank is in the privatization agenda of the Government since the beginning of 2006. Initially, the Privatization High Council was planning to privatize the Bank through block sale and the decision was converted to a public offering beginning of 2007. The offering will be a global offering and shares of the Bank will be offered in and outside Turkey.

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- The sale process of 51% shares of Petkim via block sale method has been initiated through announcements published in dailies. Accordingly, deadline for submitting the pre-qualification applications has been set as 14 May 2007, whilst the deadline for final bids has been determined as 15 June 2007. Moreover, the bid bond amount in Petkim tender has been determined as US\$ 20 million. In order to pass the pre-qualification stage, total assets of a bidder and its group companies must be at least US\$ 200 million in the years 2005 and 2006. It is also required that equities of such companies must be at least US\$ 150 million in the mentioned years.

- According to the dailies, 14 companies including Zorlu Holding and Sama Dubai have purchased tender specifications to participate in the tender of the real property owned by IETT at the location of Levent, Istanbul. The tender will be realized on 21 March 2007 at the Istanbul Metropolitan Municipality. Three pieces of land ready for development with a total area of 46.241 square meters shall be offered to sale with an estimated value of TRY 265,885,750 excluding VAT. The tender shall be realized via sealed bid method.

- Pursuant to the dailies, the Privatization High Council has approved the sale of the real property owned by the State Highway Authority to Zorlu REIT of Zorlu Group for US\$ 800 million. In case Zorlu does not complete the transaction, i.e. failing to sign the purchase agreement and make the payment as per the terms and conditions of the purchase agreement, then the second highest bidder, Emaar Real Estate Development, with a bid of US\$ 799 million, will be entitled to purchase this most valuable land in Istanbul. In case they fail to complete, then the third bidder Limak MSREF consortium will be entitle to close the deal.

#### *Highlights*

*a. Banking Sector News*

*b. Privatization Updates*

*c. Energy Market Sector News*

*d. Other News*

**ENERGY MARKET SECTOR NEWS***cont'd.*

- As per the dailies, Austrian energy company Verbund has confirmed its decision to form a partnership with Sabanci Energy Group and, as a first step, to participate in the energy generation company of Sabanci, namely Enerjisa Enerji Uretim A.S. Accordingly, Verbund shall hold 49.9% shares of Enerjisa in return for US\$ 326.2 million. According to the statement made by Verbund, shareholding in Enerjisa shall be realized via acquiring existing shares from some of the current shareholders and subscribing for new shares to be issued through capital increase by Enerjisa. Accordingly, Verbund shall make an investment in aggregate of US\$ 326.2 million including capital increase of US\$ 242.4 million. As per the statement made by the Chairman of Enerjisa, Verbund and Sabanci are planning to hold a share ratio of at least 10% in Turkish electricity market until 2015, intend to construct hydropower, gas, coal and wind power plants with a total capacity of 5,000 MW and also to participate in the planned privatization of the electricity distribution and generation companies in Turkey. Sabanci Group is anticipating US\$ 2.5-3 billion turnover per year until 2015 from the energy market.
- A significant amendment with respect to National Marker being used since 1 January 2007 in order to stop the oil smuggling is on the agenda of the Energy Market Regulatory Authority due to the fact that ratios determined by the Authority could not be met. The distributors are indicating the reason for this failure as the colour substance in the marker is being crystallized and sunk. The President of the Authority has declared that the formula of national marker shall be changed in April.
- As per the dailies, the Greek-Bulgarian, Burgaz-Dedeagac pipeline project is being implemented. Accordingly, construction of Burgaz-Dedeagac pipeline has been planned to start in the year 2008 and 51% shares thereof shall be hold by Russia. Construction costs of the pipeline are estimated to be approximately US\$ 1 billion. The pipeline will be 285 km long from Burgaz on the Bulgarian Black Sea coast to Dedeagac in Greece and expected to provide Greece a revenue of US\$ 30-50 million per year.
- According to the dailies, the Turkish Petroleum Law, certain articles of which have been vetoed by the President, will be re-discussed by the Turkish Parliament. Article 2 of the Law covers the definitions and Article 4 determines prohibitions and special provisions. Additionally, Article 19 captioned "Share of State" foresees a gradual and reduced determination of shares of the State in accordance with production amount, production type, land and sea rooms, water depth, gravity and production method.

*cont'd.***OTHER NEWS**

- The Amending Communiqué on Principles concerning the Incorporation and Amendment of Articles of Association of Joint Stock Companies and Limited Liability Companies has been published on 15 March 2007. According to the amendments, participation banks, companies of consumer finance and card services, asset management companies, companies engaged in licensed storage business, companies engaged in licensed storage business for agriculture crops are required to obtain the approval of the Ministry of Trade for incorporation and amendments to their Articles of Association.

*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, Ates & 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, Ates & Demirhan, a full-service law firm based in Istanbul.*

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