

TABOGLU & DEMIRHAN

Newsletter

CAPITAL MARKETS UPDATES

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- As per the announcement made by Galatasaray Futbol A.S., a voluntary tender offer process to purchase 37% stake held by retail investors and QVT Fund in Sportif A.S. is initiated on 11 March 2010. The purchase is being performed at TRY 155.8 per share, and the voluntary tender offer process will continue until 24 March 2010. Galatasaray has also announced that the consideration of shares will be paid in cash. The process has been initiated as a first step to merge Galatasaray Futbol A.S. and Sportif A.S.
- Pursuant to the dailies, Sberbank, one of the largest banks in Russia and Kazakhstan, is closely interested in the sale of 20.85% shares held by General Electric (GE) in Garanti Bank. Beside Sberbank that is planning to bid for the entire of stakes of GE, there are at least 10 other companies, being interested in GE shares, including Banco Santander from Spain, Intesa from Italy, Bank of Egypt.
- As per the dailies, the applications made by Deutsche Bank and Is Yatirim to the Capital Markets Board to issue warrants with a long term maturity are at the decision stage. The decision of the Capital Markets Board is expected to be announced in March. It is expected that trading of warrants will increase the trading volume of the Istanbul Stock Exchange.
- Pursuant to the dailies, one American and two European private equity funds will extend financial source to eight companies willing to go public in the amount of US\$ 200 million through cooperation with Investco, a corporate finance consultancy company. It is expected that these private equity funds would hold these investments for a period of 2 to 3 years. The Chairman of Investco has announced that they contemplate to have an active role in public offerings of such eight companies and to hold shares of these companies in the ratios between 5% and 40% together with these private funds.

- The Istanbul Stock Exchange has approved the listing of the bonds to be issued by Akfen Holding with a nominal value of TRY 100 million and a 2-year maturity and trading has started on 12 March 2010. In addition, Akfen Holding has announced that Akfen Insaat and Hamdi Akin, two shareholders of the Holding, will offer their shares therein to public. The Holding has further stated that its share capital will be increased by TRY 28,486,110 and corresponding new shares will also be offered to public through restriction of pre-emption rights of existing shareholders. Furthermore, the Holding has also decided to accept registered capital system.

ENERGY MARKET NEWS

- As per the announcement released by Akenerji, the Company has agreed with the sellers on the acquisition of 99.99% shares of Ickale Enerji with the share capital of TRY 46 million 605. Ickale Enerji owns Kemah Dam with the installed capacity of 163.26 MWm/160 MWe in total and Hydro Electricity Power Plant Project. It has been further announced that within the context of such acquisition, the closing will be realized following the receipt of related approvals from the Energy Market Regulatory Authority and the Competition Board and subsequent to the fulfillment of the agreed conditions precedent by sellers.
- Pursuant to the dailies, Turkish Electricity Generation Co. has executed a goodwill protocol with KEPCO, South Korea Electricity Company, for installation of a nuclear power plant in Sinop. The Minister of Energy has stated that in case they reach an agreement on target price, a protocol will be signed. The Minister has further stated that in case of new offers by other countries or companies, such offers will also be taken into the consideration.

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Highlights

a. Capital Markets Updates

b. Energy Market News

c. Privatization Highlights

d. Other News

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- As per the dailies, Gazprom Germania, which holds 71% of Bosphorus Gas, is planning to make new investments in Turkey. The South European Strategy Director of Gazprom Germania has stated that they are planning to participate in partnerships and initiate acquisitions in energy sector and has already initiated negotiations with other companies to get into a partnership. The Director has stressed that they are willing to establish their own gas power plant rather than participating in privatization process of existing power plants in Turkey. He has also added that they will launch feasibility studies to construct a natural gas storage facility as well as importing additional amount of 1.5 to 2 billion m³ gases in Turkey.

PRIVATIZATION HIGHLIGHTS

- Pursuant to the dailies, the Competition Board has approved the tenders regarding the privatizations of 100% shares of certain electricity distribution companies, namely Coruh, Osmangazi and Yesilirmak through block sale method to any of the bidders which are Aksa, Calik, Cengiz and Aydem for Coruh; Eti, Aksa, Sarar, KCETAS-Ayen Consortium, Kolin and Cengiz for Osmangazi; and Calik, Anadolu Dogal Gaz, Kolin, Cengiz and Limak for Yesilirmak. The Competition Board has announced on its website that these contemplated privatizations do not create any dominant position or strengthen their existing dominant position which would result in significant lessening of competition in the related market.

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- The Privatization Administration has announced the list of 613 bidders participating in privatization tenders for 52 stream power plants owned by Turkish Electricity Generation Co. As per the announcement, the privatization of these stream power plants will be realized through transfer of operating rights method.

OTHER NEWS

- As per the dailies, the Saving Deposit Insurance Fund has cancelled the sale of four commercial integrities of Garipoglu Group Companies which are Akmaya, Ak Nisasta, Berolina Plastik and Avpil PVC and two commercial integrities of Aksoy Group Companies which are Show Radyo and Viva TV-Radyo Viva. The sale process of Maxi TV and Radyo Tek, on the other hand, is being carried on. The tender for Maxi TV will be realized on 22 March 2010 whereas the tender for Radyo Tek will be realized on 24 March 2010. Additionally, the Fund has put twenty-four immovable properties, the total estimated price of which is TRY 82 million, up for sale. As per the announcement released by the Fund, the bids will be submitted until 24 March 2010. Celik Tel Factory and its outbuilding amounting to TRY 75 million and Trakya Industry Facilities installing on the area of 215,298 m² in total are some of the properties to be sold.
- As per the dailies, Isotlar Group, the distributor of TATA in Turkey, has executed a partnership agreement with K.S.I International, an Israeli company, for the sale of its 49% stake.

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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