

TABOGLU & DEMIRHAN

Newsletter

BANKING SECTOR NEWS

- DD Mortgage, a joint venture between Deutsche Bank and Dogan Group, launched its operations after obtaining the necessary license from the Banking Regulation and Supervision Agency. According to the statement made by the Chief Executive Officer of DD Mortgage, the Company is planning to establish three branches in Istanbul and to grant TRY 4.5 billion as housing credit. The target audience of the Company is the community to purchase houses from the Housing Development Administration of Turkey.
- The Banking Regulation and Supervision Agency has adopted a resolution on 9 June 2008 for the performance of independent audit of financial leasing, factoring and financing companies by the audit firms that are already authorized to perform independent audit in banks.

ENERGY SECTOR UPDATES

- As per the dailies, the privatization process of electricity distribution companies has commenced with the sale of Baskent Elektrik Dagitim A.S. and Sakarya Elektrik Dagitim A.S. It is reported that 10 potential bidders have submitted their bids for those electricity distribution firms.
- According to the statement made by the Minister of Energy and Natural Resources, an agreement shall be signed among Turkey, Syria and Iraq which will comprise many studies including petroleum search in various countries.

PRIVATIZATION HIGHLIGHTS

- The Privatization High Council has approved the acquisition of Barit Ogutme cement grinding facility by As Cimento in return for US\$ 5.565 million. The facility was owned by Sumer Holding prior to the acquisition.

OTHER NEWS

- Ferroli Group, an Italian company manufacturing heating systems and air conditioners, has decided to realize an investment amounting to US\$ 30 million in Duzce. According to the statement made by Ferroli Turkey's General Manager, the Company is planning to complete the investment within 5 years.
- Mavi Jeans, a local producer company of denim wear, and Turkven, a local venture capital company, are planning to form a partnership in order to sustain Mavi Jeans' leadership in local market while targeting growth at the same time. According to the statement made by Mavi Jeans, the Company is present in 50 countries with 4000 sales points and has achieved a turnover of TRY 194 million last year.
- According to the daily news, the World Bank and the General Directorate of Land Registry have signed a credit agreement amounting to Euro 135 million to be used for the Land Registry Modernization Project. Pursuant to the statement made by the Turkish Treasury, the project aims to improve the effectiveness and efficiency of the land registry and surveying services and contribute to public services by spreading, e-government applications and rendering it more effective. The term of repayment of the loan will be 23,5 years with no repayments for the first five years.
- According to the statement made by Vestel to the Istanbul Stock Exchange, the Company has signed a confidentiality agreement with Whirlpool Europe SRL for the initiation of due diligence procedure in order to establish a company on 50-50 basis. According to the letter of intent signed by the parties on 23 October 2007, Vestel Elektronik would transfer shares of Vestel household appliance to the new company.

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Highlights

- a. Banking Sector News*
- b. Energy Sector Updates*
- c. Privatization Highlights*
- d. Other News*

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- According to the statement made by the Chairman of the Capital Markets Board, the Board is preparing a draft capital markets law. Accordingly, among others, in case the free-float rate decreases below 5%, publicly held companies shall be allowed to be de-listed from the Istanbul Stock Exchange. Consequently, investors will be permitted to sell their shares in de-listing companies. According to the statement made by the Chairman, the Capital Markets Law is to be amended in order to comply with legislation in European Union and the draft law has not been sent to the Prime Ministry yet.
- GE Healthcare, General Electric's (GE), healthcare services branch, worth US\$ 17 billion, decided to assign Turkey as its administration center for its international operations. The base in Turkey will become the diagnosis-imaging center of the Middle East, Africa, Central Asia, Russia and Commonwealth of Independent States. It is expected that GE would achieve US\$ 1.2 billion income in this region by 2010.
- According to the dailies, Erste Group, an Australian company, is planning to enter into the Turkish market by the way of purchasing 50% shares of Raymond James Turkey.
- Pursuant to the dailies, the Savings Deposit Insurance Fund is going to sell Kral TV and Kral FM assets with an estimated price of US\$ 85 million. The Fund had taken over these assets from Teleon Reklamcilik, an Uzan group company.
- Anheuser-Busch, producer of Budweiser in America, has received a US\$ 46 billion buy-out offer from InBev, a Belgian company owning Stella Artois and Beck's. If the deal is finalized, the legal entity would be the world's largest beer company.

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- As per the dailies, Savills, a British real estate investment company, has allocated Euro 400 million to Turkey in order to attain 25% net profits from the market. According to the statement made by property investment director of Savills, the international credit demand is increasing in the real estate sector in developing countries, including Turkey, and the demand for housing is likely to increase in the coming years.
- As per the daily news, an airport contract has been signed by and between Koc Holding's subsidiary, Setur Servis Turistik (Setur) and Istanbul Sabiha Gokcen Uluslararası Havalimani Yatirim Yapim ve Isletme A.S. According to the agreement, Setur shall run the duty-free shops for 20 years at Sabiha Gokcen International Airport. Istanbul Sabiha Gokcen is a consortium of Malaysia Airports Holdings, Limak and GMR Infrastructure and holds the operational rights of Sabiha Gokcen airport for 20 years.
- Pursuant to the dailies, Global Investment House, the investment company of Middle-East, has established a branch office in Istanbul to deal with venture capital activities in Turkey. According to the statement made by the Vice Chairman of the Company, the priority of investments will be energy, finance, health and construction sectors.
- The Competition Board has approved the transfer of 8 concrete facilities and 3 mining licenses owned by Bilecik Hazir Beton to Cimsa and transfer of concrete facilities in Bilecik from Cimsa to Ipek Insaat.

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.

TABOGLU & DEMIRHAN

Attorneys at Law

Levent Cad. No. 9

1. Levent, 34330, Istanbul, Turkey

E-MAIL: enquiries@taboglu.av.tr

www.taboglu.av.tr

PHONE: (212) 339 8800

FAX: (212) 339 8899