

# TABOGLU & DEMIRHAN

## Newsletter

### PRIVATIZATION HIGHLIGHTS

- As per the dailies, Turcas & Socar-Injaz Joint Venture, the majority shareholders of Petkim, will invest US\$5 billion in the Company to increase its capacity. The Vice President of Turcas & Socar-Injaz Joint Venture has stated that the Group is planning to establish a chemistry park in Petkim which will double its capacity and the number of its employees.

### BANKING SECTOR UPDATES

- According to the statement made by the Chief Executive Officer of Sabanci Holding, Akbank will participate in the privatization of Halkbank. Sabanci Group, the majority stake owner of Akbank, previously had sold 20% of Akbank to Citigroup for US\$ 3.1 billion last year. According to the Banks Association of Turkey, Akbank is the third largest bank in Turkey whereas Halkbank is rated as the seventh. The government owns 75% of Halkbank and the remaining portion is open to public.
- As per the dailies, Saving Deposit Insurance Fund has opened a tender for the sale of its shares in Adabank amounting to 99.9% of the Bank's total share capital. The estimated price for the shares on sale is US\$ 55 million and the tender will be held on 10 October 2008. Previously, Adabank had been purchased by International Investor Company of Kuwait in 2006. However, the Banking Regulation and Supervision Agency had not approved the sale.
- According to the statement made by Yapi Kredi Bankasi, the Bank's total issued share capital will be increased from TRY 3.4 billion to TRY 4.3 billion. Koc Finansal Hizmetler, the main shareholder of the Bank with 81.8% stake, is expected to participate in the capital increase proportionately by using its preemptive right between 18 July 2008 and 1 August 2008. According to the statement made by the General Manager of the Bank, the official proceedings will be completed upon receiving the necessary approvals from the authorities.

### ENERGY SECTOR NEWS

- Enerjisa, the joint venture in energy sector controlled by Sabanci Holding and Verbund, has signed a loan agreement with the European Investment Bank and the International Finance Corporation coordinated by IFC, Akbank, WestLB AG for an amount of Euro 1 billion. The transaction is reported as the greatest loan ever granted to a Turkish private company engaging activities in energy sector. Enerjisa currently operates 4 hydroelectric and 4 natural gas power plants with a total capacity of 455 MW generating 2% of Turkey's total electricity production capacity. The company is planning to increase such capacity up to 2,855 MW by 2015.
- As per the dailies, Mityandoab-Bazergan natural gas pipe line tender will be launched by the National Gas Company of Iran. The pipeline will approximately cost Euro 600 million and will be 420 km long. The project has a great importance for Turkey in respect of its increasing natural gas need.

### OTHER NEWS

- According to the dailies, Gulftainer, the second largest port operator in the United Arab Emirates, has acquired 50% of Demas International for Euro 20 million. Demas is currently active on providing transportation services. Gulftainer's revenue was Euro 7.5 million in 2007 whereby the Company is planning to achieve a revenue of Euro 15 million by the year 2009.
- According to the dailies, ArcelorMittal, the world's largest steel producer, which is currently holding 65% of Uginox Sanayi, is planning to purchase the remaining 35% from Primex, a German company. Upon the closing of the transaction, ArcelorMittal will be the sole owner of Uginox Sanayi and the trade name of the company will be amended as ArcelorMittal Istanbul Stainless Service Turkey. *cont'd.*

#### Highlights

a. Privatization Highlights

b. Banking Sector Updates

c. Energy Sector News

d. Other News

cont'd.

- The Law No. 5782 amending Articles 35 and 36 of Land Registry Law has been published in the Official Gazette on 15 July 2008. Accordingly, the amending law has introduced the provisions concerning the purchase of immovable property in Turkey or establishment of limited rights in rem thereon by and in favor of foreign nationals or Turkish companies with foreign shareholders. Previously, the provisions of the Land Registry Law and Foreign Direct Investment Law regulating these standards had been cancelled by the Constitutional Court's ruling. According to the Law No. 5782 individuals with foreign nationality are allowed to acquire up to maximum 10% of the total land survey area set forth in the zoning plans of the central towns. Also, pursuant to the Law No. 5782, the Turkish companies with foreign shareholders are allowed to acquire immovable properties within their scope of activities as set forth in their articles of association. However, the transfer of immovable properties within the military or strategic regions and special security zones are subject to the approval of respectively the related military bodies or the governorships.
- The Regulation of Environmental Impact Assessment has been promulgated in the Official Gazette on 17 July 2008 and the previous Regulation thereon has been cancelled. According to the new Regulation, the capacity increases exceeding certain thresholds necessitates the provision of environmental impact blessings. In addition to that the means of announcements to the public with respect to an application concerning a project requiring the environmental impact assessment have been promoted. Finally, the time periods with respect to the announcements to the public and application procedures have been amended.

cont'd.

cont'd.

- As per the dailies, a private equity company, Carlyle Group, has acquired 50% of TVK Gemi Yapim, a Turkish shipbuilding company. According to the statement made by the Managing Director of Carlyle Turkey, the Group is planning to make further investments in Turkey and TVK shall be the first step of this plan. The Group has realized 802 acquisitions in 21 countries amounting to US\$ 216 billion worth since 1987 and its portfolio reached to US\$ 109 billion.
- Is Girisim has sold its 33.3% stake in Step Hali to Intaj Step SARL for US\$ 6.75 million. According to the statement by Is Girisim to the Istanbul Stock Exchange, the Company has invested in Step Hali US\$ 3.5 million since 2004.
- According to the statement made by Componenta Dokumculuk to the Istanbul Stock Exchange, the Company is planning to make an investment amounting to Euro 25 million for constructing a new factory in Manisa province and Euro 2 million for the renovation of Bursa plant.
- Pursuant to the dailies, the tender opened with respect to sports betting games to be made on 21 July 2008 is postponed to 12 August 2008. Dogan Yayin Holding is planning to participate in the tender with Italian Lottomatica. Accordingly, an MoU has been executed by such parties on equal partnership basis.
- As reported in the dailies, the 13<sup>th</sup> Chamber of the High Appeals Court has approved the Customer Dispute Settlement Committee's decision on credit card usage fees and concluded that the banks are not allowed to obtain such fees from credit card users in case of the font size in the contract is not 12 point and in bold characters.

*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.*

## **TABOGLU & DEMIRHAN**

**Attorneys at Law**

Levent Cad. No. 9

1. Levent, 34330, Istanbul, Turkey

E-MAIL: [enquiries@taboglu.av.tr](mailto:enquiries@taboglu.av.tr)

[www.taboglu.av.tr](http://www.taboglu.av.tr)

PHONE: (212) 339 8800

FAX: (212) 339 8899