

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

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- As per the dailies, the Privatization Administration is to hold a road show in several international finance centers between 27 April 2008 and 9 May 2008 regarding the public offering of 17.25% shares of Turk Telekomunikasyon A.S. In the road show meetings, which will be held in Dubai, Riyadh, London, New York, Boston and Frankfurt, the international investors will be informed about Turk Telekom. The consortium composed of Deutsche Bank and Garanti Yatirim Menkul Kiyemetler is providing financial counseling service for the public offering of Turk Telekom. In the meantime, it is reported that the Capital Markets Board has approved amendments to the Articles of Association of Turk Telekom, which would be performed in order to facilitate the proposed public offering by the Privatization Administration.
- The Privatization Administration has declared that Socar & Turcas Petrokimya A.S., which has been established by Socar-Turcas-IPLC Joint Venture, has decided to pay the purchase price for 51% shares of Petkim in installments. Accordingly, 50% of the tender price will be paid in advance on the execution date of the contract and the remainder will be paid in three equal installments within 3 years. The Company will execute the share purchase agreement by 30 May 2008.
- The Directorate of National Railways is going to initiate the tender process for Hasanbey Logistics Village to be constructed in Eskisehir. The project comprises facilities in which certain local and international logistics services will be offered by several service providers. The tender for the construction of social facilities, malls and hotels that will be built on 116,000m² of land will be held on 5 May 2008. Accordingly, the transportation capacity will be increased from 215,000 tonnes to 1,360,000 tonnes.

- According to the dailies, a tender for the privatization of National Lottery of Turkey, which has an annual turnover of US\$ 683 million and a net profit of US\$ 189 million, is expected to be held in the second quarter of 2008. The tender will be realized through license grants for a period of 10 years.

CAPITAL MARKETS NEWS

- Koc Holding, which has transferred 50.8% shares of Migros to Moonlight Capital, has signed an agreement for the amendment of certain provisions of the contract due to the distribution of cash dividend regarding the share transfer. According to the statement submitted to the Istanbul Stock Exchange by Koc Holding, in case the General Assembly of Migros decides to distribute cash dividend amounting to TRY 105,494,954.71 prior to the transfer of shares, it will be necessary to have the sale price modified in accordance with the adjustment mechanism included in the share purchase agreement. In this context, approximately TRY 1.904 billion will be paid on the transfer date by deducting the dividend amounting to TRY 53.6 million from the balance amount of TRY 1.957 billion.
- According to the dailies, Citibank has started to sell Akbank's investment funds, which are based on protection of principal capital. It has been stated by Citibank that they have also signed agreements with Fortis and TEB and will initiate the sale of investment funds of Fortis and TEB in the near future.

NEWS RE TOBACCO SECTOR

- Pursuant to the dailies, Korean Tobacco & Ginseng Corporation has initiated production activities last week in Tire Industrial Zone in Izmir. The South Korea-based company plans to produce four types of cigarettes in its factory in Tire.

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Highlights

a. Privatization
Highlights

b. Capital Markets
News

c. News re Tobacco
Sector

d. Other News

OTHER NEWS*cont'd.*

- According to the dailies, property sales to foreigners have been suspended as of 16 April 2008 following a ruling by the Turkish Constitutional Court to ban the sale of immovable property to foreigners residing in Turkey. The Government failed to comply with the three-month deadline to alter the legislation after the publication of the Turkish Constitutional Court's previous ruling in the Official Gazette. Accordingly, related circular letter was sent to all land registry offices by the Ministry of Public Works and Settlement indicating the deadline of the sale of real estate to foreigners. However, there is no provision for foreigners, who already own property in Turkey, to restrict them to sell their real property to Turkish citizens.
- According to the decision of the Turkish Constitutional Court, published in the Official Gazette on 16 April 2008, the Turkish Constitutional Court has annulled Article 3/d of the Direct Foreign Investment Law No. 4875, which states that: "the companies may freely acquire real estate or limited rights in rem through a legal entity established or participated by foreign investors in Turkey, provided that such acquisitions are permitted for Turkish citizens in such foreign country" and the annulment decision shall come into effect six months following its publication in the Official Gazette.
- As per the dailies, the Savings Deposit Insurance Fund has taken control of 17.07% stakes in AKS Televizyonculuk A.S., which owns broadcasting rights of nationwide television channel, Show TV. Accordingly, the Fund has adopted a decision on 3 April 2008 in order to collect the bad credits of Erol Aksoy Group. The decision also includes appointment of a board member and an auditor to represent the Fund. The Fund will sell the stakes within a few months.
- The code share agreement has been signed between Turkish Airlines, which has joined to Star Alliance on 1 April 2008, and another member of the alliance, Austrian Airlines. In accordance with this agreement, Turkish Airlines and Austrian Airlines have launched daily flights from Istanbul and Ankara to Vienna.
- As per the dailies, 10% shares of Baytur Motorlu Araclar, which is the automobile sale and service company of Bayraktar Holding for Subaru vehicles, has been sold to Japanese Fuji Heavy Industries, producer of the Subaru automobiles.
- Boyner Holding announced that they have invested US\$ 7.5 million in Siraevler project, the new shopping district in Akaretler, Istanbul.
- As per the dailies, France Telekom is planning to purchase TeliaSonera through share exchange. TeliaSonera is currently a shareholder of Turkcell, the leading GSM operator in Turkey.
- Besiktas Maritime Group is building the largest shipyard in the Mediterranean coast at Adana Yumurtalik Free Trade Zone. The shipyard will be situated on a land of 320,000m² which will cost nearly US\$ 100 million and will be completed in three years.
- The Mayor of Istanbul Metropolitan Municipality has stated that the Administration is to sell IGDAS, the gas distribution company, and IDO, the maritime transportation company, and thus realizing expected proceeds of US\$ 10 billion. The Municipality is to invest such proceeds for the construction of an additional line of 100-150 kilometers to the city's subway system.

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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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