

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

- As per the announcement made by the Competition Board, the Board has granted its permission for the privatization of sugar production factories located in Corum, Carsamba, Kirsehir, Turhal and Yozgat through asset sale method concluding that such privatization would not cause a dominant position in the relevant sector. The first three bidders permitted by the Board are Ak-Can Seker, Safi Seker, Kolin-Limak JV and Torunlar Gida
- Pursuant to the dailies, the Turkish State Railways (TCDD) has executed a consultancy agreement with a consortium led by Ecory Research and Consulting regarding the Turkish Railways Reform Project, which also comprehends the privatization of TCDD, projected to be Euro 3 million 168 thousand. The Project was developed by the European Commission in order to generate resources to finance the efforts of harmonization with the EU legislation within the scope of Turkey-EU Fiscal Cooperation. Accordingly, by liberalization of railways in line with the EU legislation, the Project strives to reform and organize infrastructure, tariffs, safety and enhanced operability of the Turkish railways.

BANKING SECTOR HIGHLIGHTS

- The Under-secretariat of Treasury has announced on its website that the Treasury has authorized Barclays Capital, Citigroup and JP Morgan as leading banks for issuance of US\$ denominated state bonds to be valid until September 2022 as a part of its 2012 foreign borrowing program.
- Akbank has issued 3-year maturity private sector bonds, which have been the longest maturity term private bonds in Turkey, at a nominal value of TL 390 million. As per the statement made by the Bank, bonds with a maturity of 3 years amounting to TL 390 million and bonds with a maturity of 6 months amounting to TL 260 million have been offered to investors and bank customers.

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- Euro Yatirim has announced to the Public Disclosure Platform that the Company has acquired Gries&Heissel, which is known as a deposit bank in Germany specializing in asset management.
- As per the dailies, Turkey and Russia will incorporate an investment bank to stimulate the volume of trade and industrial investments between each other. Turko-Russian Investment Bank is also expected to hedge against the fluctuations and risks associated with the US\$.
- Pursuant to the dailies, due to the economic crisis in the Euro Zone Market and decreases in the revenues, the market values of the publicly traded Turkish banks have dropped by 52% since November 2010. Total market value of 16 banks dropped from US\$ 140.4 billion to US\$ 67.2 billion.

CAPITAL MARKETS UPDATES

- Eczacibasi Holding has announced that the Holding has increased its shareholding in Intema, a building materials company, up to 44.32% as of 16 January 2012.
- Turkish Airlines (THY) has declared to the Public Disclosure Platform that its Executive Board has been authorized to conduct a feasibility study in order to bid for the privatization of Polish National Airlines, LOT.
- As per the dailies, Ozak Real Estate Investment Trust will go public in February which will be the first public offering of 2012. Ozak is planning to offer 25% of its shares at an amount of US\$ 15.5 million thereby increasing its share capital to US\$ 157 million.
- As per the dailies Sabanci Holding stakes in Aksigorta has reached to %33.87 as of January 2012.

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Highlights

a. Privatization Highlights

b. Banking Sector Highlights

c. Capital Markets Updates

d. Energy Sector News

e. Competition News

f. Telecommunications News

g. Other News

ENERGY SECTOR NEWS

- Pursuant to the dailies, deals closed in 2011 in the energy sector have fallen short comparing to the year 2010. The total transaction amount closed in 2010 in the energy sector was US\$ 6 billion whereas in 2011 the deals that were closed only reached to an amount of US\$ 1.2 billion. The reason has been speculated to be unsuccessful power distribution company privatizations due to financing difficulties and high transaction values and costs.
- According to the dailies, Genel Enerji has increased its stake in the Chia Surkh hydro-carbon exploration plant in Syria from 20% to 80% in return for US\$ 94 million. Chia Surkh plant is believed to have a production capacity of 305 million barrel of crude oil and natural gas.
- As per the dailies, 5 transactions at a total value of US\$ 237 million have been successfully closed in the Turkish oil and natural gas market in 2011.
- Pursuant to the dailies, Dogan Enerji has started its efforts to return to the fuel market by obtaining an exclusivity to negotiate the acquisition of or cooperation with fuel companies of Full Group. The exclusivity will expire on 4 March 2012.

COMPETITION NEWS

- The Competition Board has concluded its investigation on Turkish Airlines (THY) and announced its decision on the allegation of abuse by THY of its dominant position to push Pegasus Airlines out of the market in domestic and international flights. The Board has concluded that THY had not abused its dominant position against Pegasus Airlines and no penalty has been imposed by the Board on THY.

TELECOMMUNICATIONS NEWS

- The Information Technologies and Telecommunications Board has imposed fines on Turkcell amounting to TL 6.8 million due to its 11 different marketing campaigns.
- The Information Technologies and Telecommunications Board has imposed a fine of TL 4 million 975 thousand on TTNET, which is the internet service provider subsidiary of Turk Telekom, for negligence in taking sufficient precautions to protect user privacy.

OTHER NEWS

- The Banking Regulation and Supervision Authority (BDDK) has authorized Grup Gayrimenkul and Guneybati Gayrimenkul in Ankara and Izmir, respectively, as licensed real estate appraisals.
- Wall Street Journal (WSJ) has reported that News Corp., owned by Rupert Murdoch is interested in acquiring Calik Group's ATV and Sabah Newspaper. News Corp. has asked Goldman Sachs to extend the initial offer period. The report has drawn particular attention since WSJ also belongs to the News Corp.
- Pegasus Airlines has withdrawn its public offering application, with the concern of being undervalued due to global crisis.
- According to a report issued by the Turkish Chambers and Exchanges Association, (TOBB), newly established companies are increased by 5.92% whereas dissolutions increased by 14.87% in 2011.

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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