

# TABOGLU, ATES & DEMIRHAN

## Newsletter

### CAPITAL MARKETS HIGHLIGHTS

- Koc Holding has announced that it has mandated JP Morgan to assess strategic alternatives for the sale of Migros. As reported in the dailies, Migros' consolidated net profit has increased by 69% in the first quarter of 2007 to TRY 32.66 million, while its net sales has risen 14% to TRY 1.09 billion.
- The book-building period of initial public offering of Albaraka Turk has started as of 20 June 2007. The Bank will increase its paid-in capital from TRY 215 million to TRY 269.5 million as a result of the offering. The initial free-float will represent 20.22% of the Bank's total share capital. Should the green shoe option be exercised the offer ratio will rise to 20.57%. The price range has been determined between TRY 3.6 and TRY 4.1.
- The initial public offering of Sinpas has been completed. 66% of the offered shares has been allocated to foreign investors whereas 34% has been allocated to domestic investors. The offer price has been determined as TRY7.60. Following the listing and trading decision of the Istanbul Stock Exchange, Sinpas shares have started trading as of 22 June 2007.
- Pursuant to the dailies, the Housing Development Administration of Turkey (TOKI) has been preparing for issuing bonds in international markets and selling its receivables in domestic market. Fitch is retained by the Administration to conduct rating of TOKI within 2 to 3 weeks. TOKI is planning to provide at least US\$ 300-350 million resources through bond issue. Additionally, its receivables exceeding US\$ 4 billion will be sold through issuing asset-backed securities in domestic market.
- Avrasya Derecelendirme, a rating agency, has obtained rating activity license from the Capital Markets Board on 15 June 2007. Avrasya Derecelendirme has become the first and only domestic rating agency.

### PRIVATIZATION UPDATES

- Mediobanca, an Italian bank, and Turkiye Sinai Kalkinma Bankasi, a Turkish investment bank, have established a consortium to advise the Privatization Administration on the privatization of the State's motorways which concerns more than 2,000 kilometers of motorways and is planned to be contemplated next year.

### BANKING SECTOR NEWS

- It has been reported in the dailies that ING have reached an agreement to purchase Oyak Bank in return for US\$ 2.673 billion. The transaction, which remains subject to the approval of the Turkish authorities, will be concluded in cash. The trade-name of the Bank is planned to be amended within one year of the sale.
- The Turkish Treasury and the Turkish Competition Authority have approved the sale of 80% shares by Garanti Bank in Garanti Sigorta for Euro 365 million and 15% shares in Garanti Emeklilik and Hayat for Euro 100 million to Eureko. Under the share purchase agreement signed back in March 2007, Eureko was granted an option to acquire additional 35% stake in Garanti Emeklilik and Hayat, exercisable within two years following the third anniversary of the closing of the deal.
- Yapi Kredi has introduced a new ATM named "Tele24 Plus" utilizing barcode reader technology. Tele24 Plus enables to pay electricity and mobile phone invoices and makes credit card payments easily and rapidly through reading the barcode on the abstract or invoice.
- The Assistant General Manager of Yapi Kredi has stated that demand for variable housing credit rate will be low within this year and will be increased after the reduction of interest rates by 2008.

#### Highlights

a. Capital Markets Highlights

b. Privatization Updates

c. Banking Sector News

d. Energy Sector News

e. Other News

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- The trade-name of Isbank's offshore branch in Bahrain has been changed from "Off Shore Banking Unit" to "Wholesale Banking" within the scope of the regulations of the Central Bank of Bahrain. According to the statement made by the Bank, the scope of the services by the branch will not be affected from the trade-name change.

### ENERGY SECTOR NEWS

- POAS has rectified the judgment of the Court of Appeals regarding its payment amounting TRY 21.37 million to the Privatization Administration.
- It has been reported in the dailies that Baku-Tbilisi-Ceyhan pipeline is being operated at full capacity. According to estimates, together with the full utilization of the pipeline, its revenue will be more than US\$ 1.6 billions within next year. On the other hand, the revenues of Turkiye Petrolleri Anonim Ortakligi have reached to US\$ 580 million.

### OTHER NEWS

- The Competition Authority's investigation for Anadolu Cam has been completed and the Authority has unanimously decided not to impose any penalty on Anadolu Cam which was considered in dominant position in the relevant market.
- Calik Energy and Turk Telekom consortium has become the new owner of Albtelekom, Albanian fixed line telephone company. According to the agreement signed with Albania Government, the transaction is subject to approval of the Albanian Parliament.

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- Ulker, Vakko, and Vitra have been admitted to the Turquality project which is the one and only state-initiated program supporting companies in generating worldwide brands. With the accession of these brands, the total number of the companies within the program has reached to 39. Along with the total number of participating companies, the amount of support has also increased. 50% of all expenditure spent on generating a brand will be subsidized by the government during the next 5 years.
- Tesco Finance and Strategy Director has stated that they would be interested in acquisitions in Turkey after Turkey's largest supermarket chain Migros was put up for sale. Tesco, the biggest retail company of UK and the world's fifth-largest retailing chain, has declared that they were always looking for new stores.
- The Ministry of Finance has prepared a 5-year strategic plan covering the period between 2008 and 2012 to lower the informal economy by 2% points each year. As per the dailies, applying the 15 steps planned by the Ministry will help to decrease informal economy. The steps include, *inter alia*, decreasing the inflation ratio, establishing a documentation system, reducing tax rates, and widening tax base by limiting exemptions and dispensations as much as possible. These steps also include limiting the cash economy, decreasing bureaucratic transactions, beginning to use risk-based audit system and simplifying the legal system.

*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.*

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