

# TABOGLU & DEMIRHAN

## Newsletter

### *PRIVATIZATION HIGHLIGHTS*

- The Housing Development Administration will initiate two tenders on 19 August 2009 for the state-owned immovable properties in Atakoy, Istanbul. As per the announcement made by the Administration, the first immovable property will be put out to tender for sale with an estimated price of TRY 517 million. The tender will be realized through auction method. It has been also stated that the winning bidder may develop constructions on the immovable property with the survey area of 94,000 m<sup>2</sup> involving hotel, apart hotel, marina, yacht club, shopping malls, restaurants, convention center, entertainment and sports center, petroleum products sales units, health club etc. According to the statement of the Administration, the second piece of immovable located in Atakoy, Istanbul shall also be put out to tender on 19 August 2009 for a long term lease, i.e. 49 years, with the annual rental of TRY 6 million.
- The State Airports Authority has approved the winning bidder, Eko Insaat, of the tender held for the extension of runway numbered 06/24 in Istanbul Ataturk Airport. Accordingly, the Authority and the winning bidder will execute a definitive agreement within 10 days from 23 July 2009. The construction will start in October 2009.

### *CAPITAL MARKETS UPDATE*

- Indeks Bilgisayar Sistemleri and Iomega Corporation have started negotiations regarding the distribution of the Iomega products in Turkey. According to the statement made by Indeks Bilgisayar Sistemleri to the Istanbul Stock Exchange, Iomega, an affiliate of EMC Corporation, is active in production of storage and back-up products for small enterprises and individual consumers.

### *ENERGY MARKET NEWS*

- As per the statement made by Adapazari Water and Sewerage Administration, the Administration is planning to establish 3 hydroelectric power plants on Sakarya River with an annual production capacity of 155 million kWh. It has been stated that the power plants will be established in Rustemler, Sinanoglu and Pamukova regions of Sakarya River with an estimated cost of Euro 22 million for each power plant. The first tender regarding the construction of Adasu power plant in Rustemler region will be held in August 2009, and the power plant will start its operations within 2 years. Accordingly, Ova power plant will be established in Pamukova region and Akim power plant in Sinanoglu region. The total production capacity of these power plants will satisfy 1% of the annual electricity consumption of Sakarya province. Furthermore, the Administration has applied to Ilker Bankasi for a loan amounting to US\$ 30 million to be used for Adasu power plant, and the Bank has accepted such application.
- The Istanbul Chamber of Commerce has requested from the government the re-examination of the price ceiling applications to the petroleum products. It has been stated that although the regulation and monitoring are very important, the stability and balance thereof should also not be damaged. According to the statement, the ceiling price application for the petroleum products market creates competition problems and disadvantages especially for the petroleum product dealers located far from refineries, due to the fact that the transportation costs are not covered with the ceiling price. It has been also argued that the special consumption tax application for the petroleum products has also negatively affected the market.

#### *Highlights*

*a. Privatization Highlights*

*b. Capital Markets Update*

*c. Energy Market News*

*d. Telecommunications Market Updates*

*e. Other News*

### TELECOMMUNICATIONS MARKET UPDATES

- Turkcell has executed loan agreements which have been previously announced on 1 July and 16 July 2009, respectively. According to Turkcell's statement, the loans amounting to US\$ 360 million in total shall be allocated to the 2G and 3G infrastructure investments.
- Pursuant to the announcement made by Vodafone, Vodafone has started to receive pre-registration applications of its customers through SMS messages for 3G services which will be available as of 30 July 2009.

### OTHER NEWS

- As per the 500 Largest Industry Firms 2008 Report of the Istanbul Chamber of Industry, Tupras has become the largest industry firm of Turkey in 2008 with its sales volume of TRY 27.7 billion. According to the report, EUAS has become the second largest whereas Ford Otomotiv has announced as the third largest industry firm with their sales volumes of TRY 6.2 billion and TRY 6 billion, respectively. Additionally, Tupras with its exportation amount of US\$ 4.5 million has been the biggest exporter of the year 2008 in Turkey.
- Ozsoy Insaat has become the winning bidder of the tender for the renovation project of Ataturk Kultur Merkezi. As per the dailies, the scope of the work covers statically strengthening, repair, architecturally development, improvement of energy usage and electromechanical systems of Ataturk Kultur Merkezi.

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- The Competition Authority has issued a new Guideline on vertical agreements. The Guideline aims to (i) clarify which points are to be taken into account by the Board in terms of the applications made within the "Block Exemption Communiqué on Vertical Agreements" No. 2002/2 as amended by the Communiqués No. 2003/3 and 2007/2, (ii) clarify evaluations to be made within the framework of Article 5 of the Act No. 4054 for vertical agreements that are outside the scope of this Communiqué, and (iii) minimize the uncertainties that may arise in interpretation of vertical agreements that are within the Communiqué as well as falling out of scope of the Communiqué from the view of Article 5 of the Law No. 4054.
- As per the statement made by TAV Havalimanlari Holding to the Public Disclosure Platform, the term of the lease agreement executed by and between TAV Istanbul Terminal Isletmeciligi and USAS Ucak Servis regarding the sales units in Istanbul Ataturk Airport Domestic Flights Terminal has been extended to 30 June 2010 by additional lease agreements. It has been further stated that the lessee, USAS, has submitted an evacuation commitment for the leased property due on 30 June 2010.
- Pursuant to the dailies, the Undersecretariat of Treasury has authorized 3 banks, Barclays Capital, Deutsche Bank and Goldman Sachs, for reopening of the bonds denominated in US\$ currency due in 2017, under the foreign borrowing program for the year 2009.

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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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