

## PRIVATIZATIONS IN THE PIPELINE

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Privatization, which is used to develop a competition-based market economy and provide necessary funding for State activities, is highly recognized in Turkey and holds an important place in the development strategies of the Turkish Government. Currently, a number of facilities in different sectors (energy, transportation, free trade zones, etc.) are on the Privatization Administration's agenda.

As widely reported, following the adoption of the Certificate on Electricity Power Sector Reform and Privatization Strategy<sup>1</sup> in 2004, and the Certificate on Electricity Power Market and Supply Security Strategy<sup>2</sup> in 2009, privatizations in the electricity power sector gained speed in Turkey. More than 70 facilities have been privatized since then, most of which are hydroelectric power plants ("HPPs"). In June 2015 and May 2017, the remaining HPPs that are currently operated by Elektrik Üretim A.Ş. were included in the scope of the privatization portfolio, and the tender procedures have been initiated at a rapid pace. The acquisition of these facilities, which are already in an operative state, represents several advantages to the sector players to increase their capacities, but also to potential investors willing to enter into the sector. In addition to the HPPs, coal sites and natural gas power plants are also trend topics in the Privatization Administration's current portfolio.

We have prepared this Client Alert to provide a brief presentation about the privatization tenders already announced by the Privatization Administration and those that have not yet been announced but are expected to be on the table in the upcoming months.

<sup>1</sup> Please see the following link for the whole text:

[http://www.enerji.gov.tr/File/?path=ROOT%2F1%2FDocuments%2FBelge%2FElektrik Enerjisi Sektoru Reformu ve Ozellestirme Strateji Belgesi.pdf](http://www.enerji.gov.tr/File/?path=ROOT%2F1%2FDocuments%2FBelge%2FElektrik_Enerjisi_Sektoru_Reformu_ve_Ozellestirme_Strateji_Belgesi.pdf)

<sup>2</sup> Please see the following link for the whole text:

[http://www.enerji.gov.tr/File/?path=ROOT%2F1%2FDocuments%2FBelge%2FArz Guvenligi Strateji Belgesi.pdf](http://www.enerji.gov.tr/File/?path=ROOT%2F1%2FDocuments%2FBelge%2FArz_Guvenligi_Strateji_Belgesi.pdf)

## ANNOUNCED TENDERS

PROJECT	FEATURES	
<b>HYDROELECTRIC POWER PLANTS</b>		
<b><i>Dinar 2 HPP and its immovables*</i></b>	<b>Installed Capacity</b>	: 3.0 MW
	<b>Location</b>	: Afyonkarahisar
	<b>Privatization Method</b>	: Transfer of operation rights for 49 years through sealed-bid tender
	<b>Tender Date</b>	: <b>14 August 2017</b>
	<i>* Participants may also bid for the tender of Manyas HPP and its immovables.</i>	
<b><i>Manyas HPP and its immovables*</i></b>	<b>Installed Capacity</b>	: 20.3 MW
	<b>Location</b>	: Balıkesir
	<b>Privatization Method</b>	: Transfer of operation rights for 49 years through sealed-bid tender
	<b>Tender Date</b>	: <b>21 August 2017</b>
	<i>* Participants may also bid for the tender of Dinar 2 HPP and its immovables.</i>	
<b><i>Suçatı, Değirmendere, Karaçay and Kuzuculu HPPs and their immovables*</i></b>	<b>Total Installed Capacity</b>	: 8.2 MW
	<b>Location</b>	: Kahramanmaraş (Suçatı HPP), Osmaniye (both Değirmendere and Karaçay HPPs) and Hatay (Kuzuculu HPP)
	<b>Privatization Method</b>	: Transfer of operation rights through sealed-bid tender
	<b>Tender Date</b>	: <b>23 August 2017</b>
	<i>* Participants may bid for any or all of the HPPs subject to tender by submitting separate offers for each HPP.</i>	
<b><i>Çine HPP and its immovables*</i></b>	<b>Installed Capacity</b>	: 46.3 MW
	<b>Location</b>	: Aydın
	<b>Privatization Method</b>	: Transfer of operation rights through sealed-bid tender
	<b>Tender Date</b>	: <b>24 August 2017</b>
	<i>* Final acceptance of the HPP took place on 26 July 2017.</i>	

PROJECT	FEATURES	
<b>Menzelet and Kılavuzlu HPPs and their immovables*</b>	<b>Total Installed Capacity</b>	: 178 MW
	<b>Location</b>	: Kahramanmaraş
	<b>Privatization Method</b>	: Transfer of operation rights through sealed-bid tender
	<b>Tender Date</b>	: <b>11 September 2017</b>
	<i>* The HPPs were previously tendered to Akörenbeli Hidroelektrik Santral Yatırımları Yapım ve İşletim A.Ş. on 3 November 2016. However, its privatization process could not be completed.</i>	
PORTS		
<b>Taşucu Port and its hinterland immovables*</b>	<b>Location</b>	: Mersin
	<b>Privatization Method</b>	: Transfer of operation rights for 36 years and sale of the immovables in the hinterland
	<b>Tender Date</b>	: <b>24 August 2017</b>
	<i>* Taşucu port is a sea customs gate and the seat of marine transportation to Northern Cyprus.</i>	
FREE TRADE ZONES		
<b>MESBAŞ Mersin Serbest Bölge Kurucu ve İşleticisi A. Ş.*</b>	<b>Location</b>	: Mersin
	<b>Privatization Method:</b>	: Sale of 21.26% shares of MESBAŞ, Mersin Serbest Bölge Kurucu ve İşleticisi A.Ş.
	<b>Tender Date</b>	: <b>24 August 2017</b>
	<i>* Shares subject to privatization are currently held by Türkiye Denizcilik İşletmeleri A.Ş. and qualify as A group privileged shares.</i>	

## EXPECTED TENDERS

PROJECT	FEATURES	
<b>HYDROELECTRIC POWER PLANTS</b>		
<b><i>Kesikköprü, Derbent, Çamlığöze, Seyhan 1, Seyhan 2 and Yüreğir HPPs and their immovables*</i></b>	<b>Total Installed Capacity</b>	: 217.50 MW
	<b>Location</b>	: Ankara (Kesikköprü HPP), Samsun (Derbent HPP), Sivas (Çamlığöze HPP), and Adana (Seyhan 1, Seyhan 2 and Yüreğir HPPs)
	<b>Expected Privatization Method</b>	: Transfer of operation rights through sealed-bid tender
	<i>* These HPPs are included in the privatization portfolio by the decision of the Privatization High Council dated 15 June 2015. Tenders may be organized separately for each HPP or for several HPPs in one package. Negotiations between the Privatization Administration and the Ministry of Energy and Natural Resources with respect to the tender documentation are ongoing.</i>	
<b><i>Demirköprü, Akköprü, Topçam and Kepez 1 HPPs and their immovables*</i></b>	<b>Installed Capacity</b>	: 270.40 MW
	<b>Location</b>	: Manisa (Demirköprü HPP), Muğla (Akköprü HPP), Ordu (Topçam HPP), Antalya (Kepez HPP)
	<b>Expected Privatization Method</b>	: Transfer of operation rights through sealed-bid tender
	<i>* These HPPs are included in the privatization portfolio by the decision of the Privatization High Council dated 24 May 2017. Tenders may be organized separately for each HPP or for several HPPs in one package. Negotiations between the Privatization Administration and the Ministry of Energy and Natural Resources with respect to the tender documentation are ongoing.</i>	
<b><i>Çamlıca 1 HPP and its immovables*</i></b>	<b>Installed Capacity</b>	: 84 MW
	<b>Location</b>	: Kayseri
	<b>Expected Privatization Method</b>	: Transfer of operation rights through sealed-bid tender
	<i>* The previous tender dated 8 September 2016 was cancelled due to offers standing under the minimum value determined by the tender commission (i.e. TL 443,417,000). A new tender is expected to be conducted.</i>	

PROJECT	FEATURES	
<b>NATURAL GAS POWER PLANTS</b>		
<b>Bursa Natural Gas Power Plant*</b>	<b>Installed Capacity:</b>	: 1,432 MW
	<b>Location</b>	: Bursa
	<b>Expected Privatization Method</b>	: Transfer of operation rights through sealed-bid tender
<i>* The previous tender was cancelled due to insufficient participation. A new tender is expected to be conducted.</i>		
<b>COAL SITES</b>		
<b>Eskişehir Coal Site</b>	<b>Location</b>	: Eskişehir
	<b>Expected Privatization Method</b>	: Construction of a thermal power plant through transfer of operation rights
<b>Tekirdağ Coal Site*</b>	<b>Location</b>	: Tekirdağ
	<b>Expected Privatization Method</b>	: Construction of a thermal power plant through transfer of operation rights
<i>* The ongoing environmental organization plan applicable to the region needs to be completed to initiate the project.</i>		
<b>TRANSPORTATION</b>		
<b>Haydarpaşa Central Station and Seaport</b>	<b>Location</b>	: İstanbul
	<b>Expected Privatization Method</b>	: Transfer of operation rights