

ACHIEVING
SUCCESS
TODAY
AND
TOMORROW

That's the main thing!
We don't have any other option.

WE ASSUMED AN ACTIVE ROLE IN TURKEY'S ECONOMIC GROWTH!

2012 was a successful year when each and every player in our Group demonstrated an exemplary performance in their operations; we translated our long standing experience into significant value; and we received recognition for our achievements. We initiated the largest investment program in our history, both in Turkey and in numerous locations around the world. We improved our performance figures impressively by completing existing investments and making them fully operational.

In short, we achieved the best all-around performance and successfully fulfilled our leading role...



Nilgün Yolalan

Uğur Erol

Osman Özdemir

Ali Rıza Şen

Seda Okay

Koray Gökal

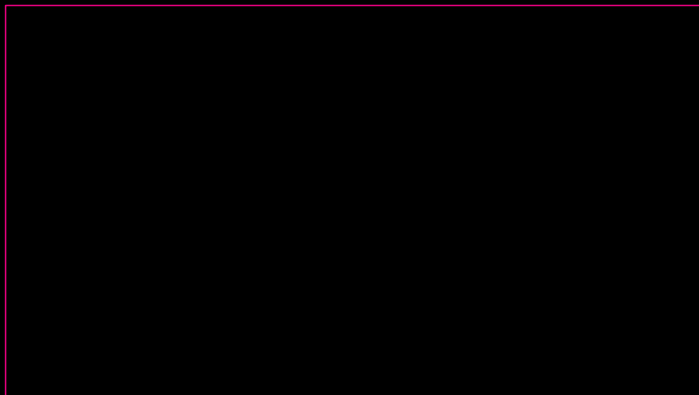
Hilseyin Yılmaz

Mustafa Ersegün Aydoğdu

Miraç Pekmezci

Nuray Kaya

Akfen took center stage in 2012



***Message from
the Chairman***



***2012 Operations of
Akfen Holding***



***How Akfen's
2012 Annual Report
was produced?***



ANNUAL REPORT 2012

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At Akfen Holding, we continued to add value for our society, shareholders and the economy during the past year by focusing on all infrastructure sectors within the framework of our business model.

By targeting high growth potential, profitable areas, we, as a company, play a leading role in Turkey's growth story.

As individual Akfen employees, we assume different roles. Our experience shows that although individual skills are very important, highly effective teamwork and a powerful team spirit are always behind every successful performance.

AKFEN HOLDING

AKFEN HOLDING'S ACHIEVEMENTS ARE APPLAUDED!



**Akfen Holding's
net consolidated profit totaled**

TL

671

million in 2012.

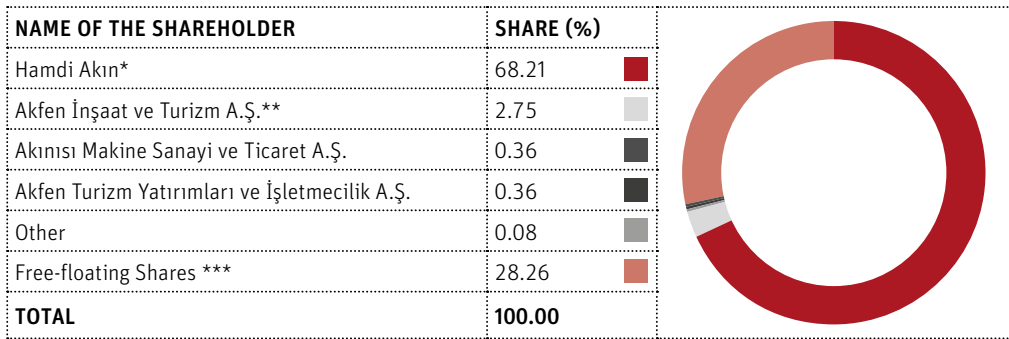
Positioned as the “business development expert of the global economy,” Akfen Holding’s achievements mainly stem from its strategic partnerships, robust financial structure, deep-rooted know-how and skilled workforce.

Founded in 1976, Akfen Holding (“Akfen Holding, Group, the Company, Holding”) has positioned itself as the “business development expert of the global economy” thanks to its significant domestic and international investments. The main factors underlying Akfen’s achievements to date are its investments in sectors with high growth potential, strategic partnerships with the leading companies of the sector, robust financial structure, deep-rooted know-how and skilled workforce.

Akfen ventured into transfer of rights and concession type investments after winning the BOT project of Atatürk Airport International Terminal in 1997. Today it operates in numerous industries including airport management and operations, construction, port operations, marine transportation, water distribution and waste water treatment, energy and real estate. Akfen Holding has become widely known as a pioneer in all these industries by taking innovative steps.

Akfen’s steady and balanced growth reached a new level after the Company transitioned to holding status in 1999. Gathering all of its companies under the same roof, Akfen Holding’s corporate management structure became even more effective. By prioritizing investments that add value to its shareholders, the economy and the society as a whole, Akfen Holding applied its investment planning model for airports to many other types of infrastructure investments. As a result, Akfen eventually became one of Turkey’s top infrastructure investment holdings thanks to its visionary steps.

As of December 31, 2012, Akfen Holding holds a direct stake in nine subsidiaries and controls six others via joint ventures. The Group's consolidated financial statements as of December 31, 2012 include Akfen Holding and its subsidiaries, as well as shares in affiliates and joint ventures. Akfen Holding controls all the direct or indirect subsidiaries under the umbrella of the Group.



* Hamdi Akın holds 54,537 free-floating shares.

** Free-floating.

*** Akfen İnşaat ve Turizm A.Ş holds 2,254,827 free-floating shares. Under the Share Buyback Program, Akfen Holding repurchased 1,589,794 shares.

As one of Turkey's top infrastructure investment holdings, Akfen Holding maintains steady growth by investing in a range of industries.

AIRPORT CONCESSIONS



TAV Havalimanları Holding A.Ş. ("TAV Airports")

CONSTRUCTION



Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen Construction")
TAV Yatırım Holding A.Ş. ("TAV Investment")

WATER CONCESSIONS



Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.
("Akfen Water")

REAL ESTATE INVESTMENTS



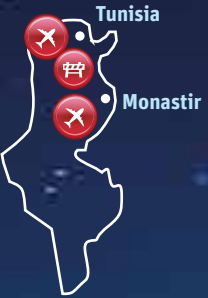
Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen REIT")

GLOBAL FOOTPRINT OF AKFEN HOLDING

TURKEY



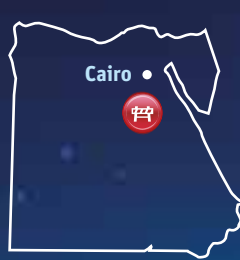
TUNISIA



LIBYA



EGYPT



SAUDI ARABIA



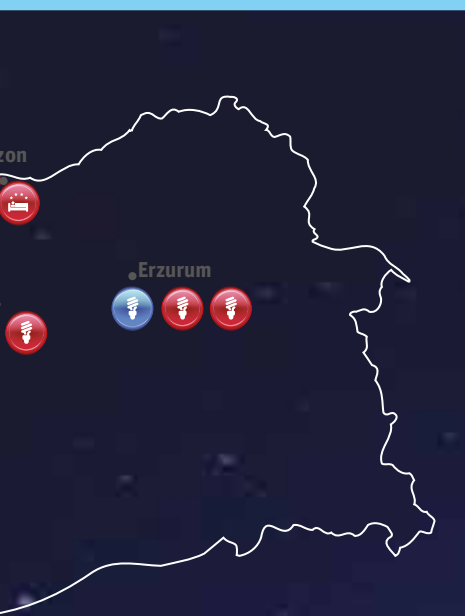
RUSSIA



MACEDONIA



ARMENIA



GEORGIA



QATAR



SULTANATE OF OMAN



UNITED ARAB EMIRATES



Hotel Investments (In operation)

Domestic

- Novotel Zeytinburnu/Istanbul
- Novotel Trabzon
- Novotel Gaziantep
- Novotel Kayseri
- Ibis Hotel Zeytinburnu/Istanbul
- Ibis Hotel Esenyurt/Istanbul
- Ibis Hotel Eskişehir
- Ibis Hotel Gaziantep
- Ibis Hotel Kayseri
- Ibis Hotel Bursa
- Ibis Hotel Adana

Overseas

- Ibis Hotel Yaroslavl/Russia
- Ibis Hotel Samara/Russia
- Merit Park Hotel Girne/TRNC



Hotel Investments (Under construction)

Domestic

- Novotel Karaköy/Istanbul
- Ibis Hotel Izmir
- Ibis Hotel Esenboğa/Ankara

Overseas

- Ibis Hotel Kaliningrad/Russia



Water and Waste Water Projects (Operating)

- Güllük Municipality Water and Waste Water Concession Project/Bodrum
- Dilovası Organized Industrial Zone Waste Water Treatment Plant BOT Project/Kocaeli



Hydro Electric Power Plant (HEPP) Investments (In operation)

- Sırma HEPP/Aydın
- Karasu-I HEPP/Erzurum
- Karasu-II HEPP/Erzurum
- Karasu-4.2 HEPP/Erzincan
- Karasu-4.3 HEPP/Erzincan
- Karasu-V HEPP/Erzincan
- Demirciler HEPP/Denizli
- Çamlıca III HEPP/Kayseri
- Otluca HEPP/Mersin
- Kavakçalı HEPP/Muğla
- Saraçbendi HEPP/Sivas
- Yağmur HEPP/Trabzon



Hydro Electric Power Plant (HEPP) Investments (Under construction)

- Gelinkaya HEPP/Erzurum
- Doruk HEPP/Giresun
- Sekiyaka HEPP/Muğla
- Doğançay HEPP/Sakarya



Natural Gas Power Plant Investments (At investment stage)

- Mersin Natural Gas Combined Cycle Power Plant/Mersin



Airport Concessions (TAV Airports) (In operation)

Domestic

- Atatürk Airport/Istanbul
- Esenboğa Airport/Ankara
- Adnan Menderes Airport/Izmir
- Gazipaşa Airport/Antalya

Overseas

- Medinah Airport/Saudi Arabia
- Monastir Airport/ Tunisia
- Enfidha Hammamet Airport/Tunisia
- Tbilisi International Airport/Georgia
- Batumi International Airport/Georgia
- Skopje Airport/ Macedonia
- Ohrid Airport/Macedonia



Port Operations (In operation)

- Mersin International Port/Mersin



Contracting Projects (TAV Construction) (In operation)

Domestic

- Atatürk International Airport/Istanbul
- Atatürk Airport Refurbishment Project/Istanbul
- Atatürk Airport Extension Project/Istanbul
- Atatürk Airport 2010 Investments/Istanbul
- Atatürk Airport 2011 Investments/Istanbul
- Atatürk Airport Trigeneration Project/Istanbul
- Esenboğa International Airport/Ankara
- Adnan Menderes Airport International Terminal Additional Work/Izmir
- Adnan Menderes International Airport/Izmir
- Gazipaşa International Airport/Antalya

Overseas

- Emirates A380 Hangar Steel Roof/UAE
- Cairo International Airport/Egypt
- Tbilisi International Airport/Georgia
- Batumi International Airport/Georgia
- Enfidha Hammamet Airport/Tunisia
- Alexander The Great International Airport/ Macedonia
- St. Paul the Apostle International Airport/Macedonia
- Abu Dhabi International Airport/ UAE
- Majestic Tower/UAE
- Al Sharaf Shopping Mall/UAE
- Sufala Tower/UAE
- Tohid Iran School/UAE
- Emirates Financial Towers/UAE



Contracting Projects (TAV Construction) (Under construction)

Domestic

- Adnan Menderes Airport/ Izmir

Overseas

- Abu Dhabi International Airport/UAE
- King Abdul Aziz International Airport/Saudi Arabia
- Medinah Airport/Saudi Arabia
- New Doha International Airport/Qatar
- Muscat International Airport/Sultanate of Oman
- New Tripoli International Airport/Libya
- New Sebha International Airport/Libya
- Marina 101 Hotel and Residences/UAE
- King Khaled International Airport/Saudi Arabia



Investment Projects (Akfen Construction) (Under construction)

- Incek Loft/Ankara



Marine Transportation (İDO)

- Anatolian Side
- European Side
- Yalova
- Mudanya
- Bandırma
- Marmara Island

PORT OPERATIONS

Mersin Uluslararası Liman İşletmeciliği A.Ş.
("Mersin International Port, MIP")
PSA Akfen Liman İşletmeciliği ve Yönetim
Danışmanlığı A.Ş. (PSA AKFEN Port Operations &
Management Consultancy)

ENERGY

AkfenHES Yatırımları ve Enerji Üretim A.Ş. ("HEPP I")
Akfen Hidroelektrik Santrali Yatırımları A.Ş. ("HEPP II")
Akfen Enerji Kaynakları Üretim ve Ticaret A.Ş. ("HEPP III")
Karasular Enerji Üretim ve Tic. A.Ş. ("HEPP IV")
Saraçbendi Enerji Üretimi ve Tic. A.Ş. ("HEPP V")
Akfen Enerji Yatırımları Holding A.Ş. ("Akfen Energy
Investments")

**MARINE
TRANSPORTATION**

İDO Deniz Otobüsleri Sanayi ve Ticaret A.Ş.
("Istanbul Sea Buses, İDO")

We add value to our shareholders, taking them to the highest level. We act as an “investment platform” by focusing on partial or total exit strategies.



TAV AIRPORTS

Akfen Holding has become a global brand in airport operations, its main field of activity. According to State Airports Authority of Turkey (“DHMI”) 2012 passenger statistics, inclusive of transfer passengers, TAV Airports is the leading airport operator in Turkey. Having proved its leadership with 55% market share among all DHMI airports, and 49% share among all airports in Turkey, TAV Airports successfully conducts its operations across three continents. The number of passengers who opted for TAV-operated airports increased 36% while commercial flights were up 28% over the previous year. As of January 1, 2012, TAV Airports started to operate the domestic terminal at Izmir Airport. The company also took over the operations at Medina International Airport, which it owns equally with Saudi Oger and Al Rajhi Holding Group, on June 30, 2012.



TAV INVESTMENT

TAV Tepe-Akfen Yatırım İnşaat ve İşletme A.Ş. (“TAV Construction”), a subsidiary of TAV Investment, ranked 106th among top global construction firms in 2012 (ranked 114th in 2011), according to the Engineering News Record (“ENR”). In addition, TAV Construction ranked fourth on the list of global airport construction firms, according to ENR in 2012. TAV Construction added four new prestigious global projects to its portfolio in 2012.

After having won the tenders, TAV Airports signed the contracts relating to the construction of Medina Airport and Izmir Adnan Menderes Airport Domestic Terminal,

which will be undertaken by TAV Construction, in 2012; construction is already underway on both projects. Furthermore, TAV Construction was awarded the tender for the construction of the new terminal building at Abu Dhabi Airport in United Arab Emirates. The company has also added the construction of Aircraft Maintenance Hangars in Jeddah, Saudi Arabia to its project portfolio. As of December 31, 2012, TAV Construction has secured a backlog totaling US\$ 2,594 million from its ongoing projects. Aiming to become a global power in the airport construction industry, TAV Construction expands its business volume by establishing important partnerships with the world's leading construction companies including Taisei, Odebrecht, CCC, ACC (“Al Rajhi Group”) and Arabtec.



MERSİN INTERNATIONAL PORT, MIP

Mersin International Port Operations was established by PSA-AKFEN Joint Venture Group, a 50/50 partnership between Akfen Holding and PSA International (“PSA”), one of the world's leading port operator, who placed the highest bid of US\$ 755 million for 36 years of operating rights concession tender. Pursuant to the concession agreement signed in 2007, the joint venture holds the operating rights of Mersin Port until 2043. Today, Mersin International Port has a container handling volume of 2 million TEU and conventional load handling capacity of 9.75 million tons, making it Turkey's largest port in terms of handling volume. A standout with its investments to increase capacity and improve operational efficiency, MIP is the biggest port in Turkey with 19% market share in total imports and exports.



AKFENHES ENERJİ YATIRIMLARI HOLDİNG A.Ş.

AKFEN HOLDING ENERGY INVESTMENTS

Akfen Holding supports the approach of meeting the energy demand, which is rapidly increasing in line with the country's growing population, expanding economy and rising urbanization, through investing in renewable energy resources, and in hydroelectric power plants in particular, and by increasing production capacity.

While electricity generation continues at 11 HEPPs with a total installed capacity of 150 MW, the construction of five new HEPPs, which will have a total installed capacity of 82 MW, is progressing fastly.* In addition, preliminary works are ongoing for five hydroelectric power plants with a total installed capacity of 140 MW, and the natural gas power plant project, which currently has a licensed installed capacity of 570 MW.**



AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

AKFEN REIT

Akfen REIT develops city hotel projects and makes investments mainly in Turkey and Russia as these markets present significant growth potential. The company has signed a strategic cooperation agreement with Accor S.A. ("Accor") for the development of 3-4 star city hotels. As of December 31, 2012, Akfen REIT operates 13 hotels with a total bed capacity of 2,314. These hotels include 10 properties in Turkey, one in Northern Cyprus, and two in Russia.

Akfen REIT also currently has five projects that are under construction of which, four are located in Turkey (Esenyurt Ibis, Izmir Ibis, Esenboğa Ibis, Novotel Karaköy), and one in Russia (Kaliningrad Ibis). Esenyurt Ibis Hotel, having 156 rooms, started to operate as of January 25, 2013.

*As of March 31, 2013, 12 power plants are operational with a total installed capacity of 161.3 MW and an annual power generating capacity of 664.3 GWh.

**On December 18, 2012, the Company applied to EMRA (Energy Market Regulatory Authority) to increase the installed capacity of its Combined-Cycle Natural Gas Power Plant in Mersin to 1,148.4 MW.



İSTANBUL SEA BUSES, İDO

In 2011, Akfen Holding won the privatization tender for İDO after the consortium Tepe İnşaat Sanayi A.Ş. ("Tepe Construction"), Souter Investments LLP ("Souter") and Sera Gayrimenkul Yatırım ve İşletme A.Ş. ("Sera") placed the highest bid of US\$ 861 million, and thus the Holding ventured into the marine transportation sector. İDO's fleet of sea buses runs between 35 piers in Istanbul and around the Marmara Sea, transporting 36,221 passengers daily during the summer and 30,707 passengers during the winter. The fleet includes 25 sea buses, 10 fast ferries and 18 ferryboats, with a total vehicle capacity of 2,790, both in summer and winter seasons. With its modern fleet that meets international quality standards, İDO ranks among the world's leading marine passenger and vehicle transportation companies.



AKFEN WATER

Akfen Holding holds a 50% stake in Akfen Water, Turkey's first private company to provide water and waste water treatment services to local municipalities. Akfen Water was established to develop water concession projects in Turkey, and to construct facilities for obtaining drinking and potable water from underground and aboveground sources. The company has a leading role in the sector, which shows high growth potential.

Akfen Water operates the Water and Waste Water Utilities Concession of Güllük Municipality, which has over 5,000 customers, and the company's Dilovası Organized Industrial Zone Waste Water Treatment Facilities provides solid waste treatment services to various factories in the zone.

Our Goal is

To maintain a leading position in our sectors by undertaking significant and successful projects both at home and abroad.

Our Strategy is

To build robust domestic and international strategic partnerships in the infrastructure sector, our core business, guided by our successful history of obtaining and managing concessions.

To further solidify our position in our main sectors of operation and engage in new infrastructure investments by focusing on concessions and sectors with high growth potential, monopolistic market structures and sustainable cash flows through long-term minimum income guarantee agreements.

To create shareholder value and to take this value to the highest level by establishing strategic partnerships.

To manage our assets actively.

To achieve revenue growth, improved profitability, and an optimal capital structure.

Our Corporate Policy is

To achieve sustainable success globally by capitalizing on the know-how, management expertise and technological base built up since our inception by using our highly qualified human resources and specialized teamwork.

Our Core Values are

We make a difference

We are dynamic and flexible

We are partners to each other

We are both professionals and shareholders

We create value

We are respectful of humans, the environment and the law

We are innovative and entrepreneurial

Our Principles are

To gather highly qualified, well-skilled employees, who place importance on continuous development, under the roof of Akfen Holding.

To prioritize quality in all business processes and management.

To complete contracted work on time and with premium quality.

To look out for the interests of stakeholders.

To be respectful of the environment and society as a whole.



1976

An enterprise destined to add significant value to Turkish industry was founded.

- › Hamdi Akın and Hasan Akın established their first company, Akınısı Makine Sanayi ve Ticaret A.Ş. (“Akınısı Machinery Industry and Trade”), which manufactured heating equipment and pressure vessels. This company marked the beginning of Akfen’s history.

1977

The first ‘Akfen’ enterprise was founded.

- › Akfen Mühendislik Müşavirlik Müteahhitlik ve Mümessillik A.Ş. (“Akfen Engineering, Consultancy, Contracting and Agency”) that firstly mentioned Akfen name, was established; it was also Hamdi Akın’s first company.

1986

First public sector tender was won.

- › Akfen took an important step forward in implementing the Company’s growth strategy by winning its first public sector tender.
- › Akfen İnşaat Turizm ve Ticaret A.Ş. (“Akfen Construction, Tourism and Trade”) was founded.

1990

First airport experience

- › A contract for the renovation of Antalya Airport Terminal was signed with the DHMİ as the Company’s first project.

1992

- › The construction of runways and aprons at DHMİ’s Isparta Airport started.



1997

Investments started in the Company’s main fields of activity.

- › TAV was established as a Tepe-Akfen-Vie partnership to run airport operations and construction activities; TAV was awarded the tender for Istanbul Airport International Terminal.
- › IBS Sigorta Brokerlik Hizmetleri A.Ş. (“IBS Insurance Brokerage Services”) and Akfen Turizm Yatırım ve İşletmeleri A.Ş. (“Akfen Tourism Investments and Ventures”) were founded.

1998

First steps taken toward becoming a Holding company.

- › Akfen underwent restructuring and adopted a more efficient management structure in line with its growth strategy.

1999

A holding company to add significant value to the Turkish economy was established.

- › All Akfen subsidiaries were reorganized under the umbrella of the Holding.
- › The duty-free sales company ATÜ joined TAV; BTA was founded to provide catering services.
- › The Human Resources Foundation of Turkey (“TİKAV”), which aims to provide Turkey with well-trained human resources by supporting the development of university students, was set up under the leadership of Mr. Hamdi Akın.
- › Samsun Çarşamba Airport was delivered as a turn-key project.



2000

TAV Airports began offering its contemporary services in a new area.

- › TAV Airports started operating the Istanbul Atatürk Airport International Terminal Building.

2001

Innovations to raise service quality to a maximum level.

- › TAV Airports launched the "Primeclass" CIP Service to offer passengers world class service.

2003

TAV Construction brought a breath of fresh air to the construction sector.

- › TAV Construction was founded.
- › TAV Construction undertook the construction of A380 hangars in Dubai for Emirates Airlines.
- › Ege Liman İşletmeleri A.Ş., in which Akfen held a 25% stake and, which was established with American strategic partner Royal Caribbean Cruise Lines ("RCCL") and other investors, won the tender for the concession of Kuşadası Passenger Port.

2004

Rapid, consistent and steady growth continued.

- › BTA started to operate Istanbul International Airport Hotel.
- › TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa Investment Construction and Operation"), a wholly owned subsidiary of TAV Airports, was established to construct and operate the Ankara Esenboğa Airport Domestic and International Terminals.
- › TAV Construction's Dubai and Egypt branches were formed.
- › TAV İşletme Hizmetleri A.Ş. ("TAV Operation Services"), a wholly owned subsidiary of TAV Airports, was founded.
- › Akfen sold its stake in Ege Liman İşletmeleri A.Ş.



2005

A new era began with promising investments.

- › Akfen Water was established as the first private company in Turkey to provide municipal water and waste water treatment services.
- › After the tender for the development and operation of vehicle inspection stations was won, TÜVTURK was founded in partnership with Doğuş Group (33.3%) and TÜV SÜD (33.3%).
- › PSA-Akfen joint venture won the tender for the concession to operate Mersin Port.
- › An agreement was signed with Accor to develop hotel projects in Turkey.
- › TAV Airports won the tender to operate Atatürk Airport Domestic and International Terminals; the vehicle parking area and General Aviation Terminal was leased for 15.5 years.
- › TAV İstanbul Terminal İşletmeciliği A.Ş. ("TAV İstanbul Terminal Operations"), a wholly owned subsidiary of TAV Airports, was established.
- › TAV Airports acquired 60% of Havaş.
- › TAV Airports assumed the construction and operation of Izmir Adnan Menderes International Terminal.
- › TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir Terminal Operations"), a wholly owned subsidiary of TAV Airports, was established.
- › TAV Bilişim Hizmetleri A.Ş. ("TAV IT"), a wholly owned subsidiary of TAV Airports, was founded.
- › TAV Airports won the tender for Georgia's Tbilisi and Batumi International Airports.
- › TAV Construction assumed the construction of Majestic Tower and Tohid Iranian schools in Dubai.
- › TAV Urban Georgia LLC, a wholly owned subsidiary of TAV Airports, was established.
- › TAV Havaçılık A.Ş. ("TAV Aviation"), a wholly owned subsidiary of TAV Investment, was founded to meet the demand in commercial aviation and to provide transportation for senior management.
- › The Holding started to obtain hydroelectricity generation licenses.



2006

Highly profitable investments were made in the construction sector.

- › Airport operation and construction services were restructured under two companies: TAV Airports and TAV Construction.
- › Izmir Adnan Menderes Airport International Terminal began operations.
- › Esenboğa Airport Domestic and International Terminals started operations.
- › TAV Özel Güvenlik Hizmetleri A.Ş. (“TAV Private Security”), a wholly owned subsidiary of TAV Airports, was established.
- › TAV Construction won the tender for New Doha International Airport Passenger Terminal construction in Qatar with its partner TAISEI.
- › TAV Construction’s Doha branch was established.
- › TAV Construction assumed construction of Al Sharaf Mall and Sulafa Tower in Dubai.
- › Akfen Water was awarded the tender for the Water and Sewage Concession Project of the Güllük Municipality in the Aegean region and the operation started the same year.
- › Aksel Turizm Yatırımları ve İşletmecilik A.Ş. changed its name to Akfen REIT.

2007

Powerful strategic partnerships were built.

- › TAV Airports’ initial public offering was completed.
- › Tbilisi International Airport’s new passenger terminal began operations.
- › Batumi International Airport commenced operations.
- › TAV Batumi Operations LLC, a wholly owned subsidiary of TAV Airports, was established.
- › TAV Airports won the tenders for Monastir Habib Bourguiba and Enfidha Hammamet International Airports in Tunisia. TAV Tunisie SA, a wholly owned subsidiary of TAV Airports, was founded.
- › TAV Construction’s Tunisia branch was established.
- › TAV Construction and its partner TAISEI won the tender to construct Concourse C for the New Doha International Airport in Qatar.
- › TAV Construction and its partners Odebrecht and CCC assumed the construction of Tripoli Airport in Libya.
- › The 40% minority stake in Havaş was purchased and Havaş became a 100% owned subsidiary of TAV Airports.
- › TAV Airports became the 100% shareholder of TAV Izmir and TAV Esenboğa.
- › TAV Airports won the tender to operate Antalya Gazipaşa Airport.
- › Hopa Terminal began operations under Havaş.
- › HEPP I, a wholly owned subsidiary of Akfen, was established.
- › Akfen Gayrimenkul Ticaret A.Ş. (“Akfen Real Estate Trade, “Akfen GT”), a wholly owned subsidiary of Akfen REIT, was established.
- › With the establishment of MIP, the transfer of the operating rights contract for Mersin Port was signed and operations commenced.
- › TÜVTURK signed an agreement to operate vehicle inspection stations.



- › TAV Construction's Libya and Bahrain branches were established.
- › The 208-room Novotel and 228-room Ibis Hotel began operations in Zeytinburnu, Istanbul.
- › The 108-room Ibis Hotel commenced operations in Eskişehir.
- › The 299-room Mercure Hotel commenced operations in the Turkish Republic of Northern Cyprus.
- › THO BV, a subsidiary of global investment bank Goldman Sachs, acquired a stake in Akfen REIT and became a financial partner.
- › Mersin Port received the "Infrastructure Deal of the Year" award at the 2007 Project Finance Awards presented by Project Finance International magazine.

2008

Investments in areas with high growth potential continued steadily.

- › Adana-İçel-Hatay Taşıt Muayene İstasyonları İşletim A.Ş. ("Adana-İçel-Hatay Vehicle Inspection Stations"), a wholly owned subsidiary of Akfen, commenced operations.
- › TÜVTURK İstanbul Taşıt Muayene İstasyonları İşletim A.Ş. ("TÜVTURK İstanbul Vehicle Inspection Station's"), a 33.3% owned participation of Akfen, commenced operations.
- › TAV Airports assumed the operation of Monastir Habib Bourguiba International Airport in Tunisia.
- › TAV Gazipaşa Yatırım-Yapım ve İşletme A.Ş. ("TAV Gazipaşa Investment-Construction and Operation"), a wholly owned subsidiary of TAV Airports, was founded for the operation of Antalya Gazipaşa Airport.
- › TAV Airports won the tender for the operation of Alexander the Great International Airport in Macedonia's capital Skopje and the St. Paul the Apostle International Airport in Ohrid, as well as the construction of the Shtip Cargo Airport, which TAV Airports also retains as an optional right to operate. The related concession contracts were signed.



- › Havaş won the tender that led to 50% ownership of THY ("Turkish Airlines") subsidiary TGS ("Turkish Ground Services Co.").
- › The 200-room Novotel Trabzon commenced operations.
- › TAV G Otopark Yapım, Yatırım ve İşletme A.Ş. ("TAV G Vehicle Park Construction, Investment and Operations"), a 50% owned participation of TAV Investment, was established.
- › TAV Construction assumed the construction of the Marina 101 hotel and residence complex in Dubai.
- › Akfen Water was awarded the tender for the Waste Water Treatment BOT Project at the Dilovası Organized Industrial Zone in the Marmara region.

2009

Akfen's first renewable HEPP project was commissioned.

- › TAV Airports increased its capital by TL 121 million.
- › TAV Gazipaşa began operations at Antalya Gazipaşa Airport.
- › Enfidha Hammamet Airport was completed and commenced operations.
- › Havaş acquired 50% of the shares of TGS.
- › An agreement was reached to sell 28.33% of Havaş shares to HSBC Investments Bank Holdings Plc, and a 6.6% stake to İş Private Equity Investment Trust.
- › The World Bank institution IFC ("International Finance Corporation") acquired 15% of TAV Tunisia SA.
- › The 204-room Samara Ibis hotel and office building investment commenced in Russia.
- › Akfen's first hydroelectric power plant project, Sırma HEPP became operational.
- › Akfen Holding divested its vehicle inspection ("TÜVTURK") business by selling its stake to Bridgepoint Capital Limited, a UK international private equity group.



- > TAV Construction and its partner CCC won the tender for Muscat Airport MC1 package construction in Oman.
- > TAV Investment's participation TAV Construction Muscat LLC was established.
- > TAV Investment's participation TAV Construction Qatar LLC was founded.

2010

Akfen Holding entered the capital markets through an IPO and the first bond issuance in the Turkish real sector.

- > Akfen Holding issued TL 100 million in bonds in March.
- > Akfen Holding offered 7.12% of its shares to the public on May 14, 2010.
- > The 92-room Novotel and 177-room Ibis Hotel commenced operations in Gaziantep.
- > The 96-room Novotel and 160-room Ibis Hotel commenced operations in Kayseri.
- > The investment for the 177-room Yaroslavl Ibis in Russia started.
- > TAV Construction's Abu Dhabi branch was established.
- > TAV Airports assumed the operation of Alexander the Great International Airport in Macedonia's capital Skopje and St. Paul the Apostle International Airport in Ohrid.
- > All Havaş shares were transferred to Havaş Holding; meanwhile, HSBC Investment Bank Holdings Plc and İş Private Equity Investment Trust acquired a 35% stake in Havaş Holding and a 65% stake in TAV Airports.
- > Havaş purchased 50% of the shares of North Hub Services, which provides ground handling services at Latvia's Riga International Airport, with plans to expand to other Northern European countries.
- > TAV Construction's Macedonia branch was established.
- > TAV Tunisie SA's minority shareholding (18%) was sold to Pan African Infrastructure Development Fund.
- > Goldman Sachs subsidiary THO BV transferred its shares in Akfen REIT to Akfen Holding.
- > TAV Airports signed a memorandum of understanding for the construction and operation of a new terminal building at Latvia's Riga Airport; it also won the tender for the operation of duty-free, catering and other commercial areas.
- > Akfen Water commenced waste water treatment operations at Dilovası Organized Industrial Zone.
- > Shares of the Enbatı Company, which would operate the hydroelectric power plant in Pirinçlik with a 22.5 MW capacity under the HEPP II portfolio, a wholly owned subsidiary of Akfen, were sold.
- > Akfen Holding raised its free float to 28.26% on November 24, 2010 through private placements to corporate investors on the Istanbul Stock Exchange Wholesale Market and by completely restricting pre-emptive rights.
- > The 200-room Ibis hotel in Bursa commenced operations.

2011

Akfen ventured into the marine transportation sector with İDO.

- > TAV Construction was awarded the tender for the construction of Abu Dhabi pile heads, part of the Abu Dhabi International Airport project.
- > TAV Airports, which already held a 60% stake in TAV Batumi Operations LLC, acquired stakes in Aeroser International Holding and Akfen Construction of 6% and 10%, respectively.
- > TAV Airports increased its stake in TAV Private Security from 66.67% to 100%.
- > Antalya Gazipaşa Airport welcomed its first passengers from abroad.
- > The electricity generation license for Laleli Dam-HEPP project was obtained.



- › Çamlıca III HEPP commenced commercial operation in April.
- › The first phase of the Otluca HEPP Project, Otluca I HEPP, was commissioned in April.
- › Saraçbendi HEPP started commercial operation.
- › 29.41% of Akfen REIT shares were offered to the public in May. In order to maintain price stability in the Akfen REIT IPO, Akfen Holding repurchased 4.37% of the Company's shares thus bringing Akfen Holding's stake in Akfen REIT up to 56.09%.
- › Karasu I HEPP commenced commercial operation in May.
- › Karasu II HEPP started commercial energy generation in June.
- › TASS Denizcilik ve Ulaştırma Hizmetleri Turizm Sanayi ve Ticaret A.Ş. ("TASS") consortium, composed of Akfen Holding A.Ş., Tepe İnşaat Sanayi A.Ş., Souter Investments LLP and Sera Gayrimenkul Yatırım ve İşletme A.Ş., won the block sale privatization tender for İDO.
- › Akfen REIT established Akfen Karaköy Company, in which it holds a 69.99% stake, to develop a hotel project on a land tract in Karaköy, Istanbul.
- › The second phase of the Otluca HEPP Project, Otluca I HEPP, started to operate in July.
- › Akfen GT acquired 45% of the Netherlands-based companies RHI and RPI from Kasa Investments BV, thereby raising its total stake to 95%.
- › Karasu 4.3 HEPP and Karasu 5 HEPP commenced commercial operation in August.
- › BTA Deniz Yolları ve Limanları Yiyecek ve İçecek Hizmetleri Turizm ve Sanayi Ticaret A.Ş. ("BTA Maritime") was established on August 8, 2011, with BTA and TASS each holding a 50% stake.
- › At the Skopje Alexander the Great Airport, the terminal building was modernized and recommenced operations on September 6, 2011.
- › The 177-room Yaroslavl Ibis Hotel began operations on September 8, 2011 in Russia.
- › The final phase of the Otluca HEPP Project, Boğuntu HEPP, started to operate in September.
- › On October 29, 2011, a consortium composed of TAV Airports, Al Rajhi Holding and Saudi Oger Ltd. signed a contract with the civil aviation authority of the Kingdom of Saudi Arabia, GACA related to the concession of the operating rights of the Medina International Airport under a build-operate-transfer scheme.
- › TAV Airports won the tender for the lease of the operation rights of CIP at Izmir Adnan Menderes Airport's Domestic Terminal.
- › Akfen REIT's wholly-owned subsidiary Hotel Development and Investment BV acquired the shares of Keramit Financial Company B.V., which is headquartered in Russia.
- › Karasu 4.2 HEPP started its operation in November.
- › From December 15, 2011, North Hub Services, a 50% owned subsidiary of Havaş, started operating under the brand Havaş Europe.
- › Akfen Holding successfully issued TL 80 million in bonds to the public in December.
- › A 58,000 m² tract of land in Mersin province was acquired through a privatization tender held by the Privatization Administration for the construction of a Combined Natural Gas Power Plant.
- › In accordance with the Turkish Commercial Code and other applicable legislation and as decided at the General Assembly held on December 16, 2011, TASS was acquired by İDO on December 26, 2011, complete with its asset and liabilities; as such, TASS was dissolved without liquidation.



2012

Profits hit a record high with the transfer of TAV shares to Aéroports de Paris Group.

- › Ibis Hotel Samara began operations.
- › İDOBÜS services were launched, offering passengers a combination of marine and land transportation.
- › TAV Construction won the tender for the construction of hangars at King Abdul Aziz International Airport in Jeddah.
- › The 20-year lease agreement for Mercure Hotel, including its casino and all other facilities, was signed with Net Holding.
- › The processes related to the sale of Akfen Holding's 18% stake in TAV Airports and 20.325% stake in TAV Investment, and Akfen Construction's 0.5% stake in TAV Investment, to Aéroports de Paris Group, were completed.
- › TAV Construction won the tender for the construction of the new terminal building at Abu Dhabi Airport in United Arab Emirates.
- › The Share Purchase Agreement related to the transfer of shares of H.H.K. Enerji Elektrik Üretim A.Ş. and Kurtal Elektrik Üretim A.Ş. to HEPP III was signed.
- › TAV Airports assumed the operations at Medina International Airport, which it equally owns with Al Rajhi Holding Group.
- › Akfen Holding issued TL 200 million in bonds to the public.
- › The financing of İDO's privatization transaction received the Privatization Deal of the Year award at the Project Finance Awards held by Euromoney's Project Finance magazine. Additionally, financing of İDO Privatization Transaction received the Most Successful Transaction of the Year award at the Infrastructure Purchasing Transaction held by Infrastructure Journal.
- › Akfen Construction started work on the İncek Loft residence and office project to be built on a 272,000 m² tract in İncek, Ankara.
- › Following the Medina Airport project, which was won by TAV Airports through a tender offer, TAV Investment signed a contract to undertake the construction of the new passenger terminal and construction commenced.
- › Demirciler HEPP started its commercial operation.
- › The 165-room Adana Ibis Hotel began operations.
- › TAV Airports repurchased the remaining 35% shares of HAVAŞ (Ground Handling Services), in which it already had 65% stake, from HSBC Investment Bank Holdings Plc and İş Private Equity Investment Trust, thereby raising its stake in the Company to 100%.
- › Yağmur HEPP started its commercial operation.
- › Akfen Holding finalized the sale of 40% of Karasular, the fully owned subsidiary of İdeal Enerji Üretim Sanayi ve Ticaret A.Ş., to Aquila HydropowerINVEST Investitions GmbH & Co. ("Aquila").
- › Following the significant increase in its container transactions in 2012, Mersin Port ranked among the top 100 ports on the "World's Top 120 Container Ports" list, published by the Container Management magazine.
- › MIP was awarded first prize in the category of port operations at the "Logitrans 2012 Logistics Awards."

Akfen Holding has adopted a management philosophy that focuses on health, safety, environmental awareness and high quality.

Since its establishment, Akfen Holding has focused its investments in sustainable and innovative sectors. The Holding conducts its operations in a high quality, environmentally friendly manner and in full compliance with health and safety requirements. All Group companies complete the projects they have undertaken in a timely manner and in accordance with all applicable regulations, standards and specifications.

Besides pioneering new infrastructure investments in Turkey, Akfen Holding also incubates new sectors by developing totally new lines of business, such as airport operations or vehicle inspection stations management.

With broad know-how in its sectors, Akfen Holding always serves as a good example for other companies and the Holding's effective human resources practices underlie its steady growth. Akfen Holding's main competitive advantage is its employees, who both trust and are loyal to one another and the Akfen family in general.

The management system implemented in all Akfen Holding subsidiaries aims to identify risks related to occupational health and safety pursuant to applicable laws, rules and regulations; make the required risk analysis in order to prevent the risks at the source; protect the environment, human lives and assets; and further improve.

Akfen Holding's senior management commits itself to taking the following measures in order to achieve this goal:

- › ***Making improvements in the areas of quality, environment, occupational health and safety;***
- › ***Planning training programs to ensure the professional development of employees;***
- › ***Monitoring and implementing the latest technological developments with a focus on innovation in project areas;***
- › ***Providing high quality material and equipment in all business processes to safeguard human and environmental health;***
- › ***Supporting recycling efforts and regularly reviewing the policies related to this issue.***

Although senior managers do not take part in daily operations management, as active shareholders on the Board, they give support to companies' managements in the areas of financing, growth, acquisitions, share sales and determining corporate strategies.

One of the most important factors behind Akfen Holding's steady growth is a healthy, safe, environmentally friendly and quality-oriented work culture that is embraced by all Holding employees, including the senior management.

Akfen Holding has made significant contributions to the development of Turkey's infrastructure with investments totaling TL 3.4 billion since the IPO in 2010. The Holding is prepared to develop new model projects in the coming period.

With its unique business model, powerful strategic partnerships and in-depth corporate culture, Akfen Holding is one of the cornerstones of the private sector in Turkey. Our Holding is quite pleased to have achieved a number of major accomplishments throughout 2012. While we continued our investment program during the year, we also sold some of our assets to strengthen shareholders' equity. We are immensely proud that the share sale of TAV Airports and TAV Investment to ADP was the largest single foreign direct investment in Turkey during the reporting year.

Paralleling developments in the world economy and global political environment, the Turkish economy has been growing rapidly in recent years and this has led to a significant increase in both the volume and the quality of infrastructure projects undertaken by the private sector. The Turkish banking industry has contributed to the steady progress of the country's economy, thanks to the strength and resilience it displayed during the global crisis. The banking industry has also proven its capability by providing long-term financing to private infrastructure investments. In contrast to international investment banks that were at the center of the world economic crisis that started in the United States and Europe in 2008, the Turkish banking industry has emerged from the downturn stronger than ever. In the coming period, we expect more bold steps from our banking industry such as easing restrictive requirements, for example income guarantee, in the area of project financing.

After international rating agencies raised Turkey's sovereign credit rating to investment grade, the country's credibility increased in the eyes of the foreign creditors, leading to a new and brighter outlook for Turkish banks while paving the way for new investment opportunities for domestic and international investors.

Akfen Holding has made significant contributions to the development of Turkey's infrastructure with investments totaling TL 3.4 billion since the IPO in 2010. The Holding is also prepared to develop novel projects in its core sectors in the coming period.

I would like to take this opportunity to express my deepest gratitude to all of our stakeholders, who accompany us on our journey as we build the foundation of our country's bright future. I hope to share with you the pride and joy of even greater achievements in the future...

Respectfully yours,



HAMDİ AKIN

Chairman of the Board of Directors



Having further strengthened its financial structure with cash inflows in 2012, Akfen Holding is beginning the year with new investment ideas in areas with high growth potential.

Dear Shareholders,

In 2012 when we celebrated our 36th anniversary, our Holding's profits hit a record high as a result of both organic and inorganic growth, while we strengthened our equity significantly. We made new infrastructure investments that add value to our shareholders, the economy and society as a whole, and we continued to build strategic partnerships with sector leaders.

In May, we sold our 18% stake in TAV Airports and 20.8% shareholding in TAV Investment to Aéroports de Paris Group, one of Europe's leading airport operators, for US\$ 434.8 million. This sales transaction was the most important development for our Holding in 2012. The cash inflow, which started with the sale of the TAV stakes, continued after we transferred 40% of the shares of Karasular hydroelectric power plants to the German Fund, Aquila. In March 2013, we signed another Share Purchase Agreement with Aquila for our remaining 60% stake in Karasular. As a result, Karasular will have been sold in its entirety for a total of EUR 59.5 million. The capital inflow from these sales solidified our financial structure considerably and our Holding's net profit hit a record high.

Akfen Holding not only strengthened its financial structure, but also continued to use the debt markets effectively. In the first quarter, we issued TL 200 million in bonds in the biggest corporate public offering on record in the real sector.

Akfen Holding continued to invest in renewable energy, and further expanded its energy portfolio in 2012. In line with the operations plan, the Holding also continued to commission its HEPPs for commercial electricity generation: Demirciler HEPP and Yağmur HEPP commenced power generation during the past year. As of year-end, 65% of Akfen Holding's total installed HEPP capacity was commissioned. In other words, 11 hydroelectric power plants are now operational with a total installed capacity of 150 MW and an annual energy generation capacity of 616 million GWs.

With regard to our investments in natural gas, we have accelerated the project design, feasibility stages and the EPC process for the future Mersin Combined Natural Gas Power Plant with a capacity of 570 MW. We have also filed a license revision application to increase this installed capacity to 1,150 MW.

To date, Akfen Construction has completed numerous construction projects, including both superstructure and infrastructure. In 2012, the company commenced work for the construction of the İncek Loft development project, which will consist of 900 residences located in Ankara's İncek district, a locale with high growth potential. Furthermore, Akfen Construction placed the best bid in the tender for Isparta City Hospital, entering into the social infrastructure public private partnership as well.



Akfen Holding posted consolidated revenue of TL 1,125 million and consolidated net profit of TL 671 million in 2012.

In terms of operations, 2012 was a very successful year for Mersin Port, the most important port facility in the Eastern Mediterranean. Container handling volume increased 11% over the previous year to TEU 1.26 million.

Akfen REIT has introduced the concept of economical city hotels to Turkey, and with its unique business model, the company serves as a model for the real estate sector. In 2012, Akfen REIT finalized investment in Ibis Hotel Adana and Ibis Hotel Samara in Russia, and both hotels started operations. Akfen REIT's portfolio consists of 18 hotel properties, including currently operational hotels in Turkey, Turkish Republic of Northern Cyprus and Russia as well as ongoing investments.

With its marine transportation services, İDO offers an alternative solution to the traffic problem in the Marmara Sea region, the most densely populated area in Turkey. In 2012, İDO carried 51 million passengers and 7.7 million vehicles with its modern fleet of ferries; and in March, the company launched the İDOBÜS service, which offers passengers a combination of marine and land transportation.

For the reporting year, Akfen Holding posted consolidated revenue of TL 1,125 million, while EBITDA amounted to TL 310 million. The Holding's consolidated net profit shot up from TL 39 million in 2011 to TL 671 million in 2012. Meanwhile, shareholders' equity rose 49% to TL 1,715 million.

In the coming year, Akfen Holding, one of the biggest infrastructure investment concerns in Turkey, plans to focus its operations on areas that present high growth potential, generate steady, predictable and continuous cash flow, and contribute to the Turkish economy.

Since the IPO in 2010, the Holding's investments have totaled TL 3.4 billion; additionally, we made important acquisitions and disposals. The companies that purchased our assets have also made significant gains. We are targeting to invest TL 4.5 billion over the next three years, through our subsidiaries and joint ventures. We will also be considering refinancing options for our group companies.

Mersin Port aims to achieve an 8-10% increase in its container handling volume by making capacity investments and improvements in the terminal operating system.

TAV Airports aims to post double-digit growth through organic and inorganic means, and to increase passenger traffic by 15-18%.

Meanwhile, TAV Construction plans to expand its "backlog" through new projects and to restart the construction work on its existing projects in Libya.

1,603% INCREASE

NET PROFIT FOR THE PERIOD (TL THOUSAND)

2012	670,869
2011	39,388

With regard to our energy-related investments, we plan to complete our ongoing HEPPs which are under construction, as scheduled, and attain our 200 MW target by increasing our annual electricity generation capacity by 15-27%.

Akfen REIT's hotel investments continue to move forward at full pace. Ibis Hotel Esenyurt, which started operations in the beginning of 2013, will be followed by Ibis Hotel Alsancak in Izmir and Ibis Hotel Kaliningrad in Russia. Construction of Karaköy Novotel and Ibis Hotel Esenboğa are currently underway; these two hotels are scheduled to become operational by the end of 2014.

Akfen Water will pursue new BOT opportunities and acquire new clients in solid waste treatment. Akfen Water targets to increase its invoiced water amount by 10-14%, and its number of subscribers by 20%.

İDO will focus its efforts on the optimization of its fleet related operating costs. In addition, the company will begin Ro-Ro transportation in the Marmara Sea and plans to develop initiatives to increase its non-shipping income.

In 2013, Akfen Construction aims to start the Isparta City Hospital project and to continue the investment program for the İncek Loft Project, as scheduled.

The key factor underlying Akfen Holding's success in all its operations is the commitment and selfless efforts of our highly specialized, well-educated and skilled employees. I would like to take this occasion to extend my thanks to all the members of Akfen Family for their superior performance throughout the year and the value they have added to our companies. In addition, I would like to express my gratitude to our business partners and all social stakeholders for their unwavering trust, support and encouragement.

Respectfully yours,



İBRAHİM SÜHA GÜÇSAV

CEO



Hamdi Akın
Chairman

Hamdi Akın graduated from Gazi University, Department of Mechanical Engineering and founded Akfen Holding, active in the construction, tourism, trade and service sectors, in 1976. In addition to serving as the Chairman of the Board of Directors at Akfen Holding, in 2005, he also became Chairman of TAV Airports of which he is a founder and a shareholder. Mr. Akın also took his dynamism and hard work in business to volunteer efforts and non-governmental organizations as a manager and founder of many societies, foundations, chambers of commerce. He has served as Vice President of Fenerbahçe Sports Club (2000-2002), MESS-Metal Industrialists' Union President of Ankara Regional Representatives Council (1992-2004), President of TÜGİAD-(Turkish Young Businessmen's Association) (1998-2000), on the Board of Directors of TİSK-(Turkish Confederation of Employers' Associations) (1995-2001), the Board of Directors of TÜSİAD-(Turkish Industrialists' and Businessmen's Association) and has also served as the President of the Information Society and New Technologies Commission (2008-2009).

Mr. Akın, together with Akfen Holding, is a founder of the Contemporary Turkish Studies Chair at the London School of Economics. He is also the Founding Member and Honorary President of TİKAV, founded in 1999 to provide Turkey with well-trained human resources. He is also the Vice Chairman of the Board of Trustees at Abdullah Gül University Support Foundation.

Important Awards Received by Hamdi Akın

2000 "Company with the Largest Export Volume" award for Akfen Dış Ticaret A.Ş. (Akfen International Trade) from the Ankara Chamber of Commerce,
 2004 "Businessman of the Year" award presented by the Dünya Newspaper's Traditional Honorary Chair of Economy and "Businessman of the Year in the Economy" award from Yeni Para magazine,
 2005 "Businessman of the Year" award from the National Center for Productivity,
 2006 "Entrepreneurial Businessman" award at IDE2006 "Best of the Business World" Awards held by CNBC-e,
 2006 Selected "Businessman of the Year" by a committee for the 2006 Turkey Success Awards, organized by True Magazine and Turkish Businesswomen's Association ("TİKAD"),
 2010 "Businessman of the Year" award under the White Gold Turkey Entrepreneurship Awards held by EGSİAD,
 2010 "Businessman of the Year" award from Stars of the Year organized by EKOVİTRİN magazine and "The Best Gentleman Investor" award from GENTLEMAN magazine,
 2012 "Successful Businessman of the Year" award at the seventh Personal Development and Success Summit,
 2012 "Businessperson of the Year" award presented by FORTUNE magazine,
 2012 "Entrepreneur of the Year in Transportation" award presented by Middle East Technical University ("METU").



İrfan Erciyas

Board Member / Executive Member

İrfan Erciyas graduated from Gazi University, Department of Economics and Public Finance in 1977 and began his professional career at Türkiye Vakıflar Bankası (Vakıfbank). After serving as Auditor and Branch Manager, he was appointed Assistant General Manager in 1996 and General Manager between 2002 and 2003. Mr. Erciyas, who joined Akfen Holding in 2003 as Vice Chairman of the Board of Directors, undertook significant duties in areas that included the privatization of Vehicle Inspection Stations, Mersin International Port and İDO in particular, founding and investment processes of Akfen REIT and Akfen Energy, public offering of Akfen Holding and Akfen REIT, sale of shares from subsidiaries and long-term financing. Since March 2010, he has served as Executive Director at Akfen Holding and as Chairman of the Board of Directors, Vice Chairman of the Board of Directors and Board Member in many affiliated companies and subsidiaries of Akfen Holding.



Selim Akın

Board Member/ Vice Chairman

Selim Akın graduated from Surrey University, Business Administration Department in the United Kingdom and served as Turkish Association President during his years in university; he later became a Member of the Turkish Young Businessmen's Association when he returned to Turkey. He is also a Member of Execution Board of DEİK Turkish-Russian Business Council and DEİK Turkish-Iraqi Business Council. Mr. Akın started his professional career in the Akfen Holding Accounting Department and later served in the Project Development and Finance Departments. The main projects, in which he participated are the privatization and financing of Vehicle Inspection Stations, the privatization and financing of Mersin Port and Akfen Holding's public offering and bond issue. Mr. Akın currently serves as Vice Chairman of the Board of Directors at Akfen Holding and Board Member at subsidiaries of Akfen Holding.



Pelin Akın
Board Member

Pelin Akın graduated from the Business Administration in Spanish Department of Surrey University in the United Kingdom in 2010; she started her professional career in the Strategy section of Deutsche Bank Finance Department in Madrid. After returning to Turkey, she started working for TAV Airports and was included in the Management Trainee Program to be trained as a future director. Ms. Akın, who undertook activity and organization responsibility at DEİK Spanish Business Council and participated in various working groups at DEİK British Business Council, is also actively serving as a Board of Trustees and Board of Directors Member in TİKAV that was founded in 1999 under the leadership of Mr. Hamdi Akın. Ms. Akın, who is also the Vice Chairman of International Youth Reward Association, which Akfen Holding supports as the main sponsor, represents the Association in international platforms as the International Affairs Officer of the organization. She also represents Akfen as Permanent Member of Advisory Board in Contemporary Turkish Studies Chair at the London School of Economics and has been the Head of the Chair since 2010. Ms. Akın, who is a Member of GYİAD, serves as Board Member at Akfen Holding.



Şaban Erdikler
Independent Board Member

After graduating from Ankara University, Department of Political Science, Şaban Erdikler served in the public sector for six years as a Public Finance Ministry Inspector and later joined Arthur Andersen as a Tax Manager. In 1992, he became the Chairman of the Board of Directors and General Manager at Arthur Andersen Turkey; in 1994, he assumed responsibility over the Balkan countries. In 2001, he organized the Turkish section of Andersen under the umbrella of Ernst & Young, and he chaired the Board of Directors at Ernst & Young Turkey for approximately two years. Mr. Erdikler left this position in January 2004 and founded Erdikler Yeminli Mali Müşavirlik Limited Şirketi (Erdikler Public Accountancy). Mr. Erdikler has been an Independent Board Member of Akfen Holding since 2010.



Nusret Cömert

Independent Board Member

Nusret Cömert graduated from the Mechanical Engineering Department of Çukurova University in 1982 and received his MBA from Istanbul University in 1983. In 1984, he started his professional career at Samsun Regional Directorate of Shell Company of Turkey Ltd.; he continued to serve as Mersin Regional Manager in 1986, Planning and Economy Assistant and Planning and Economy Manager and Fuels Manager in 1989, Aegean and Mediterranean Region Manager in 1994, Sales Manager in 1995 and in 1996 became London Business Development Manager at Shell International Gas and Power Ltd. In 1998, he started to work as Shell EP and Gas Turkey BV General Manager, in charge of overseas operations, and in 2002 he was appointed the Executive Director of the same company. Mr. Cömert still serves as the Chairman of Board of Directors of Shell Enerji A.Ş., a company he founded. In addition to his work in Turkey, he carried out duties related to oil and natural gas exploration in the Middle East and Central Asia and production business development activities as well as supply of additional natural gas to Europe. He was also responsible for the Central and Eastern Europe region for a period of time. He enabled Royal Dutch Shell to begin deep sea exploration in the Mediterranean Sea and oil and natural gas exploration in Southeast Anatolia in Turkey by paving the way for the signing of mutual exploration agreements with TPAO in November 2011, led the liberalization process of the natural gas sector in Turkey and founded the first private natural gas import and wholesale company in Turkey and started its operations at the end of 2007. Mr. Cömert, who received leadership training at Lausanne IMD Business School in 2006, has served as an Advance Leadership Academy Member at Harvard University in Boston since the beginning of 2012.

AUDIT COMMITTEE

E. Burcu Karabacak Alparslan

Accounting Manager

Burcu Karabacak Alparslan graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Public Finance in 1998. From 1996, she worked at Kontur Tıbbi Analitik Cih. ve Tic. A.Ş. as an Accounting Specialist for two years. After joining Akfen Holding in 1998, she was promoted to Assistant Accounting Manager in 2005. Mrs. Alparslan became a CPA in 2007, and in 2009 she was promoted to her current position as Accounting Manager of Akfen İnş. Tur. Tic. A.Ş., in addition to her Auditor duties at Akfen Holding.

Aybeniz Sezgin

Accounting Manager

Aybeniz Sezgin graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1991. She began her career in finance in 1992, and served as Finance Manager of Tepe Pazarlama Sanayi ve Ticaret A.Ş. between 1997 and 2000. From 2001 to 2005, she worked as an Accounting Specialist at EMT Elektronik Ltd. Şti. After joining Akfen Holding in 2005 as Accounting Supervisor, she was first promoted to Assistant Accounting Manager in 2009, and later to her current position as Accounting Manager of AkfenHES Yatırımları ve Enerji Üretim A.Ş. Ms. Sezgin also serves as Auditor at Akfen Holding.



İbrahim Süha Güçsav

CEO

İbrahim Süha Güçsav graduated from Istanbul University, Department of Economics in 1992; he later received his MA from Gazi University, Institute of Social Sciences, Department of Business Administration. Beginning his professional career in 1992 at Alexander & Alexander Insurance Brokerage Co., Mr. Güçsav joined Akfen Holding in 1994, where he served as Financial Group President and CEO. He has assumed important duties and responsibilities in the privatizations of Vehicle Inspection Stations, Mersin International Port and İDO, and also during the foundation and investment stages of Akfen REIT, the public offering of Akfen Holding and Akfen REIT, and in the processes of share sales of subsidiaries, and long term project financing. From 2003 to March 2010, he was the Vice Chairman of the Board of Directors of Akfen Holding; and between March 2010 and May 2012, he served as Member of the Board of Directors of Akfen Holding. Since March 2010, he has been CEO of Akfen Holding. In addition, Mr. Güçsav is also the Chairman of the Board of Directors of Akfen REIT and Akfen Water, Board Member at TAV Airports, Mersin International Port Operations, Akfen Energy Investments and various other Akfen Holding subsidiaries. Mr. Güçsav is also a Member on the Executive Board of DEİK's (Foreign Economic Relations Board) Turkish-Singapore Business Council.



Sıla Cılız İnanç

Assistant General Manager / CLO

Sıla Cılız İnanç graduated from Marmara University, Faculty of Law in 1995. Following the completion of her law internship in 1996, Mrs. İnanç joined Akfen Holding in 1997. She took part in public-private partnership projects in Turkey, focusing on mergers and acquisitions, competition law procedures and the secondary legislation studies of the Public Tender Law. Mrs. İnanç worked at every stage of build-operate-transfer projects and privatizations, in which Akfen and its subsidiaries participated, including tenders, finalization of transfers, establishment of financial and share structures and signing of credit contacts. Mrs. İnanç's work concentrates on administrative law, concessions and transfer of rights, construction contracts, FIDIC contracts, energy law with special emphasis on renewable energy and the electricity market and corporate law. She is also a Member on the Boards of various Akfen Holding subsidiaries.



Hüseyin Kadri Samsunlu

Assistant General Manager / CFO

Hüseyin Kadri Samsunlu graduated from Boğaziçi University, Department of Economics in 1991 and went on to complete his MBA at the University of Missouri in the USA in 1993; he became a Certified Public Accountant registered in the state of Missouri the same year. Mr. Samsunlu began his professional career as a Financial Analyst at Türkiye Sınai Kalkınma Bankası (Turkish Industrial Development Bank) and served in various positions between 1995 and 2006 as General Manager and a Board Member at Global Holding and its subsidiaries. Before joining Akfen Holding at the beginning of 2009, he spent three years in Romania and Turkey as an investment and corporate finance advisor. Mr. Samsunlu serves as Assistant General Manager at Akfen Holding and Board Member at various subsidiaries.

Gülbin Uzuner Bekit**Finance Coordinator**

Gülbin Uzuner Bekit graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Economics in 1990. She went on to earn her MA in International Finance from Webster University, London in 1992. The same year, she began her professional career in the Financing and Budget Department at STFA Enerkom and joined Garanti Bank in 1995, where she served as a Manager in Financial Analysis, Marketing and Corporate Loans. Mrs. Bekit joined Akfen Group in 1998, where she currently serves as the Finance Coordinator.

Meral Altınok**Budgeting, Reporting and Risk Management Coordinator**

Meral Altınok graduated from Istanbul University, Department of Economics in 1979. She began her professional career in 1977 and joined Anadolu Kredi Kartı Turizm ve Ticaret A.Ş. (Anadolu Credit Card Tourism and Trade) in 1980. Ms. Altınok crossed over to the finance sector by joining The First National Bank of Boston in 1984. From 1993 to 2000, she worked at Toprakbank A.Ş. and subsequently at Çalık Holding A.Ş. as Assistant General Manager in charge of Financial Affairs from 2001 until 2008. She joined Akfen Holding in 2008, where she currently serves as Budgeting, Reporting and Risk Management Coordinator.

Mehmet Burak Kutluğ**Business Development Coordinator**

Mehmet Burak Kutluğ graduated from Galatasaray University, Department of Industrial Engineering in 2001. In 2003, he started to work in Akfen Holding's Subsidiaries and Project Development Department; there, he participated in the Holding's key business processes such as the privatization of Mersin International Port, Vehicle Inspection Stations and Kuşadası Cruise Port. After serving as Manager at TÜVTURK Budget Planning and Management Office, Mr. Kutluğ rejoined Akfen Holding in February 2007 as Business Development Manager. He actively participated in critical processes of Akfen Holding such as project development and restructuring, securing long-term project finance, share sales of subsidiaries and the public offering of Akfen Holding's shares. Mr. Kutluğ has been serving as Business Development Coordinator at Akfen Holding since January 2011.

Rafet Yüksel**Accounting Coordinator**

Rafet Yüksel graduated from Anadolu University, Department of Economics in 1987. He served as Accounting Officer in the Accounting Department of PEG A.Ş. under the Profilo Holding A.Ş. umbrella for five years. In 1990, Mr. Yüksel began work at Akfen Müh. Müş. Müt. ve Müm. A.Ş. (Akfen Engineering Consultancy Construction and Representation) as Accounting Specialist. In 1998, he became a Certified Public Accountant and held management positions in Akfen Holding's Accounting Department. Mr. Yüksel is currently the Accounting Coordinator of Akfen Holding A.Ş.

Kürşat Tezkan**Corporate Affairs Coordinator**

Kürşat Tezkan graduated from the Turkish Military Academy (Kara Harp Okulu), Department of Management and Systems Engineering in 1992. He joined Akfen Sanayi ve Tarım Ürünleri İth. İhr. Paz. A.Ş. as Assistant Specialist in 1996. Subsequently, Mr. Tezkan served as Financial Accounting Manager from 1998 to 1999, and later as Tourism Manager from 1999 to 2002 at Akfen Holding. In 2003, he was appointed Assistant General Manager of the Kuşadası Port Aegean Port Administration that had been recently acquired by the Holding, prior to becoming Director at TÜVTURK, under the umbrella of Akfen Holding's Project Development unit. Between 2007 and 2012, he served as Assistant General Manager in charge of Corporate Relations at Mersin International Port. In April 2012, he returned to Akfen Holding as Corporate Affairs Coordinator. Mr. Tezkan is also a Board Member at Türklim (Port Operators Association of Turkey) and at TURAB (Turkey-Turkic Republics-Arab Countries Businessmen Association), and a Founding Member of DEİK (Foreign Economic Relations Board).

Mustafa Sani Şener

CEO

TAV Havalimanları Holding A.Ş. (TAV Airports) /
TAV Yatırım Holding A.Ş. (TAV Investment)

Mustafa Sani Şener graduated from Karadeniz Technical University, Department of Mechanical Engineering in 1977, and earned his Masters degree in fluid mechanics in 1979 from the University of Sussex ("UK"). In 1997, he was appointed Board Member and Chairman of the Executive Board at TAV Airports. He received an honorary doctorate in engineering from Karadeniz Technical University, Faculty of Mechanical Engineering for his contributions to the development of Turkish engineering on an international level. He was also awarded an Honorary Doctorate in business administration by the Hellenic American University for his achievements in project and risk management in his position at TAV Airports. Before joining TAV Airports, Mr. Şener assumed various positions from project manager to general manager in many domestic and international projects. He has also received training on the management of complex systems at Massachusetts Institute of Technology. Mr. Şener serves as a Board Member of the Airports Council International ("ACI") Europe, and in 2012 he was elected Chairman of the Turkish-French Business Council of DEİK (Foreign Economic Relations Board).

Coşkun Mesut Ruhi

General Manager

Akfen İnşaat Turizm ve Ticaret A.Ş.
(Akfen Construction Tourism and Trade)

Coşkun Mesut Ruhi graduated from Middle East Technical University, Faculty of Engineering, Department of Civil Engineering in 1992; he then worked for Güriş İnşaat A.Ş. (Güriş Construction) before joining Akfen the same year. Mr. Ruhi has served in various capacities at Akfen, from Site Engineer to Project Manager. He has been the General Manager of Akfen İnşaat Turizm ve Ticaret A.Ş. since 2005.

İsmail Hakkı Tas

General Manager

Mersin Uluslararası Liman İşletmeciliği A.Ş.
(Mersin International Port Operations)

İsmail Hakkı Tas graduated from the Turkish Naval Academy, Department of Electronic and Computer Engineering in 1992, and received his Master's degree in finance from Istanbul University. He began his professional career in 1992, and assumed management positions in various private and public maritime companies between 1995 and 2004. Starting from 2004, Mr. Tas has served in management capacities from Director to General Manager in various sectors and many ports in Turkey, before joining Mersin International Port Operations in February 2012. Mr. Tas has served as General Manager of MIP since October 2012.

Saffet Atıcı

General Manager

AkfenHES Yatırımları ve Enerji Üretim A.Ş.
(AkfenHes Investments and Energy Generation)

Saffet Atıcı graduated from Middle East Technical University, Department of Civil Engineering in 1976. He began his professional career in 1976 at DSİ Adana Bölgesi Sulama ve Arıtma Yapıları (DSİ Adana Region Irrigation and Treatment Construction), where he worked for four years. Between 1981 and 1985, he served as Construction Site Manager at İvriz, Kapulukaya and Karacaören Dams, respectively. Mr. Atıcı assumed the positions of Construction Site Manager of İkizcetepeler Dam and General Manager of Kralkızı Joint Venture Group while working at MNG Holding, which he joined in 1985. From 1992 until 1996, he served as Regional Manager at DSİ Atatürk Dam and between 1996 and 2001 as Manager at the Birecik Dam Construction Site. From 2002 to 2006, he served in various positions in Turkey and Afghanistan. Mr. Atıcı joined Akfen HES Investments and Energy Generation in March 2007, and he has served as the General Manager of the Company since October 2009.

Vedat Tural**General Manager**

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.
(Akfen Real Estate Investment Trust)

Vedat Tural graduated from Fırat University, Department of Civil Engineering in 1982. Between 1984 and 1989, he worked as Site Engineer and Final Account Engineer at the Altınkaya Dam, which was being built by Yüksel Construction- Güriş A.Ş. joint venture. From 1989 until 2005, he served as Project Manager in several projects carried out by Yüksel Construction, including Swissotel, Zincirlikuyu Tat Towers, Şişli Tat Towers, Metrocity, Etiler Tat 2000 and Kadıköy Moda Tram. Mr. Tural joined Akfen Group in 2005 to work on the Novotel and Ibis Hotel Zeytinburnu projects; since 2007, he has served as Assistant General Manager of Technical Affairs, during which he completed the Kayseri Novotel Ibis Hotel, Gaziantep Novotel and Ibis Hotel, and Bursa Ibis Hotel projects. Mr. Tural has served as the General Manager of Akfen REIT since November 2012.

Tuna Ozaner**General Manager**

Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.
(Akfen Water and Sewage Investment,
Construction and Management)

Tuna Ozaner graduated from Istanbul Technical University, Department of Mechanical Engineering in 1986 and received a degree in Business Administration from Istanbul University, Institute of Business Administration Economics. He began his professional career in 1989 as the Ankara Regional Representative of Türk Pirelli Lastikleri A.Ş. He later held various senior managerial positions at Sadri Şener A.Ş., Simge Turizm ve İnşaat A.Ş. (Simge Tourism and Construction) and TAHAL Construction Engineering. Between 2010 and 2013, Mr. Ozaner served as General Manager of Akfen Water and Sewage; he was elected Board Member of that company in 2007.

Ahmet Paksoy**General Manager**

İDO (Istanbul Sea Buses)

Ahmet Paksoy graduated from Istanbul Technical University, Department of Naval Architecture and Engineering in 1990, and received his Master's degree from Istanbul University, Department of Business Administration. After obtaining the Netherlands Government Scholarship, he completed the Port, Shipping and Transport Management diploma program at International Maritime Transport Academy in 1996, and earned his PhD in business administration in 1988. Mr. Paksoy served as professor and Department Chair at Istanbul University, Faculty of Engineering. From 2002 until 2004, he was a Board Member at TDİ (Turkish Maritime Lines); between 2005 and 2009, he was a Member on the Board of Turk Loydu Foundation; and from 2008 to 2009 he was the President of Uluslararası Feribot Taşımacıları Birliği (INTERFERRY). Mr. Paksoy has also been a Board Member of the Turkish Chamber of Shipping since 2005, and he has served as the General Manager of İDO since 2004.

Akfen Holding's net profit hit a record high in 2012.

Akfen Holding achieved a significant cash flow boost with the finalization of the sale of its shares in TAV Airports and TAV Investment to Aéroports de Paris Group in May. The Holding sold its 18% stake in TAV Airports to the French group for US\$ 414 million; the Holding also disposed of its 20.325% stake in TAV Investment and Akfen Construction's 0.5% shareholding in TAV Investment for US\$ 20.3 million and US\$ 0.5 million, respectively.

From the sale of the shareholdings in TAV Airports and TAV Investment, Akfen Holding recorded a profit of TL 579 million. Furthermore, the Holdings' net profit hit record high. The rise in cash inflow continued with the sale of a 40% stake in Karasular hydroelectric power plants (with 26 MW total installed capacity) to the German Aquila investment trust for EUR 23 million on November 30, 2012.

The Holding's Share Buyback Program, which was approved at the Extraordinary General Meeting held on September 12, 2011, continued through 2012. As of the date of this report, Akfen Holding has repurchased 1,589,794 of its shares, corresponding to 1.1% of the total capital, under this buyback program. Additionally, Akfen Construction has repurchased 2,254,827 shares, corresponding to 1.55% of the total capital, within the period November 27-December 3, 2012.

Using debt markets effectively in 2012, Akfen Holding successfully made the interest payments of its bonds that had been offered to the public totaling TL 280 million. On March 2, 2012, the Holding made the last coupon and principal payment of its bond issued in March 2010 with a nominal value of TL 100 million and the ISIN code TRSAKFH31213. On March 8, 2012, the Holding issued 2-year maturity, variable interest rate bond with a nominal value of TL 200 million, having a semi-annual coupon payment (the ISIN code TRSAKFH31411). During the year, Akfen Holding bought back TL 9.06 million worth of its bonds outstanding with a nominal value of TL 80 million (with the ISIN code of TRSAKFHA1313), and TL 45.91 million of its bonds issued with a nominal value of TL 200 million (with the ISIN code of TRSAKFH31411); the Company's total buyback amounted to a nominal value of TL 54,970,000. As of December 31, 2012, Akfen Holding's total consolidated assets had climbed to TL 4.815 billion.

Akfen Holding's assets are consolidated through the full consolidation method for subsidiaries and the proportional consolidation method for joint ventures. In 2012, the subsidiaries with the highest share in the Holding's assets are Akfen REIT with 24.5%, HEPP Group with 21.1% and Mersin International Port with 16.6%.

In addition to the revenue generated by its subsidiaries, Akfen Holding also gains steady and significant revenue from the sale and public offering of infrastructure investments. Akfen Holding's consolidated revenue from 2012 operations stood at TL 1,125 million. Growth across all business segments led to the increase in total revenues. In 2012, the shares of TAV Airports, TAV Investment and MIP in total consolidated revenue were 30.5%, 25.4% and 22.5%, respectively. With the progress and completion of ongoing projects in the coming period, the energy, water concessions and real estate sectors will increasingly contribute to Akfen Holding's total assets.

In 2012, Akfen Holding's EBITDA rose to TL 310 million. With the strong EBITDA growth in MIP and HEPP Group, the EBITDA margin improved to 28.1%. The profit gained from the sale of stakes in TAV Airports and TAV Investment in May 2012 helped increase net profit for the period to TL 671 million, a record high.

As of December 31, 2012, Akfen Holding's consolidated financial debt decreased 27%, down to TL 2.5 billion; of which, 24% is short-term, 41% is medium-term, and 35% is long-term debt. During the year, the Holding's consolidated net debt declined TL 993 million to TL 1.8 billion. Thanks to the strong cash flow from operations, net debt of subsidiaries has fallen overall. As of December 31, 2012, the Holding's solo net debt had dropped TL 359.3 million, from TL 512.7 million down to TL 153.4 million, with the positive effect of the sale of the TAV Airports and TAV Investment stakes. This sale transaction also had a positive effect on shareholders' equity, which increased 49%, from TL 1,152 million in 2011 to TL 1,715 million in 2012.

Continuing to execute its investment plan apace, Akfen Holding invested a total of TL 732 million in 2010-2011, and TL 335 million in 2012.

MAIN FINANCIAL INDICATORS (TL THOUSAND)		
SUMMARY INCOME STATEMENT	2011	2012
Revenue	1,353,583	1,124,705
Gross Profit	344,857	339,297
Operating Profit	481,778	799,410
Profit/(Loss) from Continuing Operations Before Tax	84,929	713,728
Net Profit/(Loss) for the Period	39,388	670,869
Non-controlling Interest	104,112	8,015
Equity Holders of the Parent	-64,724	662,854
Adjusted EBITDA	314,850	310,240
SUMMARY CASH FLOW STATEMENT*		
Net Cash Flow from/(used in) Operations	123,494	-40,355
Net Cash Provided from/(used in) Investing Activities	-740,673	266,187
Net Cash Earned from Financing Activities	669,255	-179,337
SUMMARY BALANCE SHEET		
FIXED ASSETS	4,152,943	3,656,207
Intangible Fixed Assets	1,503,865	1,132,062
Tangible Fixed Assets	938,031	1,038,143
Investment Property	1,080,092	1,098,761
Other	630,955	387,241
CURRENT ASSETS	1,286,026	1,158,650
Cash and Cash Equivalents	518,590	426,276
Restricted Bank Balances	150,708	135,042
Trade Receivables	306,603	177,042
Financial Investments	-	158,179
Other	310,125	262,111
TOTAL ASSETS	5,438,969	4,814,857
Total Equity Attributable to Equity Holders of the Parent	758,916	1,318,206
Non-controlling Interest	392,965	396,401
TOTAL SHAREHOLDERS' EQUITY	1,151,881	1,714,607
Loans and Borrowings	3,474,146	2,531,220
Other Short-term Liabilities	543,755	307,524
Other Long-term Liabilities	269,187	261,506
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,438,969	4,814,857
Gross Profit Margin	25%	30%
Net Profit Margin	3%	60%
EBITDA Margin	23%	28%
Net Debt/Shareholders' Equity	2.4	1.1
Current Ratio	1.0	1.3
Net Debt/ EBITDA	8.9	5.8

*Due to ongoing investments, free cash flow is negative.

In addition to achieving an improved EBITDA margin and record-high profit for the year, Akfen Holding reinforced its capital base and decreased consolidated debt significantly.

1,603% INCREASE

NET PROFIT FOR THE PERIOD (TL Thousand)

2012	670,869
2011	39,388

4.8 PP INCREASE

EBITDA MARGIN

2012	28.1
2011	23.3

49% INCREASE

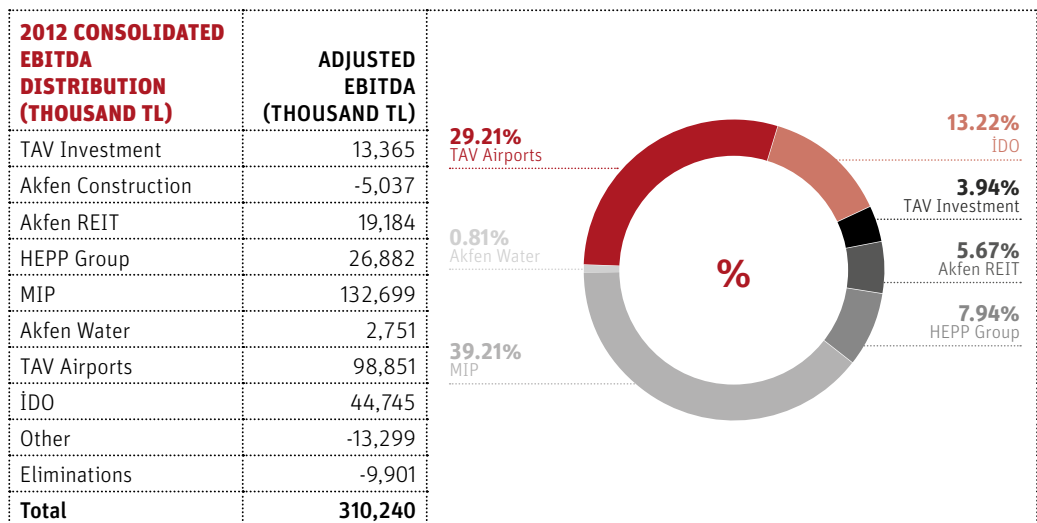
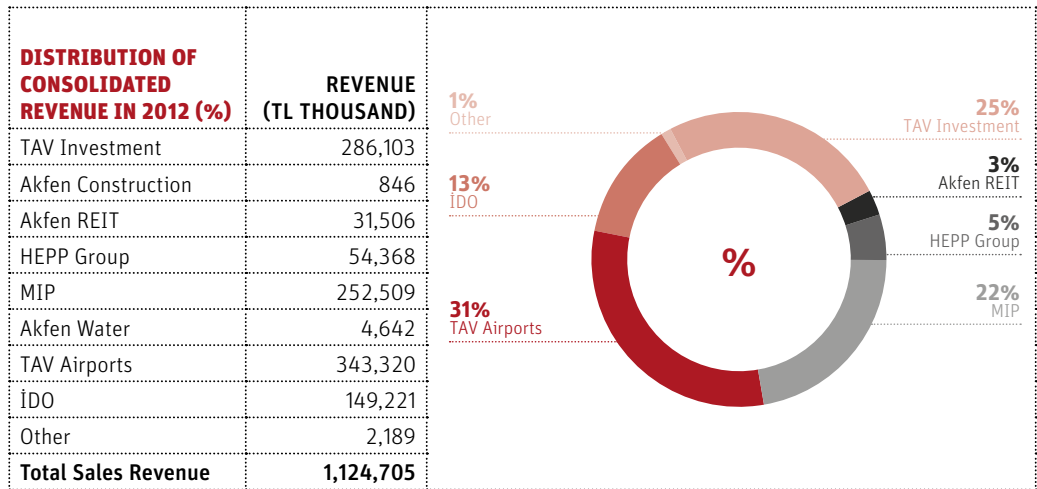
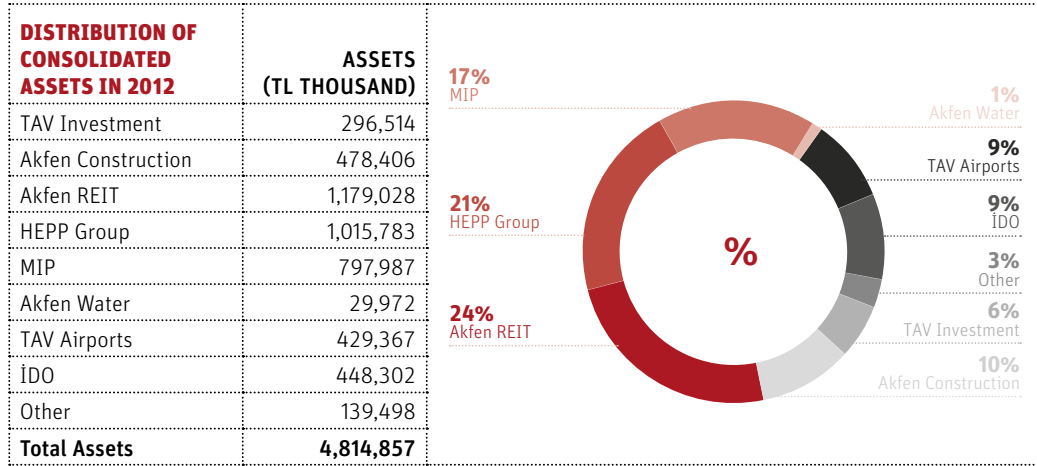
TOTAL SHAREHOLDERS' EQUITY (TL Thousand)

2012	1,714,607
2011	1,151,881

-35% DECREASE

CONSOLIDATED NET DEBT (TL Thousand)

2012	1,811,723
2011	2,804,848



FINANCIAL INDICATORS (TL THOUSAND)	2009	2010	2011	2012
Sales	1,029,267	994,237	1,353,583	1,124,705
Gross Profit	185,920	214,724	344,857	339,297
Gross Profit Margin	18.1%	21.6%	25.5%	30.2%
Adjusted EBITDA	129,176	186,351	314,850	310,240
Adjusted EBITDA Margin	14.1%	18.6%	23.3%	28.1%
Assets	3,322,286	3,719,066	5,438,969	4,814,857
Shareholder's Equity	529,008	954,785	1,151,881	1,714,607
Net Debt	1,771,812	1,700,770	2,804,848	1,811,723
Net Debt/ EBITDA	13.7	9.1	8.9	5.8
Investment Expenditures	369,247	350,497	382,289	334,711
Number of Employees	15,284	23,109	25,598	27,994

14 PP INCREASE

ADJUSTED EBITDA MARGIN (%)

2012	28.1
2011	23.3
2010	18.6
2009	14.1

48% GROWTH (CAGR)

SHAREHOLDER'S EQUITY (THOUSAND TL)

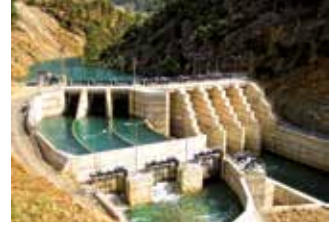
2012	1,714,607
2011	1,151,881
2010	954,785
2009	529,008

SUBSIDIARIES***AKFEN CONSTRUCTION**

Share	99.85%
Revenue	141,231
Adjusted EBITDA	-5,037
Total Assets	478,406
Net Debt	17,943
Number of Employees	88

**AKFEN REIT**

Share	56.09%
Revenue	31,506
Adjusted EBITDA	19,184
Total Assets	1,179,028
Net Debt	289,928
Number of Employees	30

**HEPP GROUP**

Share	100.00%
Revenue	55,912
Adjusted EBITDA	26,882
Total Assets	1,015,783
Net Debt	397,940
Number of Employees	169

In addition to the consolidated revenue generated by its subsidiaries, Akfen Holding also gains steady and significant revenue from the sale and public offering of infrastructure investments. Akfen Holding's consolidated revenue from 2012 operations stood at TL 1,125 million. Total revenue increased thanks to the growth in all lines of business.

* Turnover, Adjusted EBITDA, Total Assets and Net Debt numbers are amounted as thousand TL.

AFFILIATES**TAV INVESTMENT**

Share	21.68%
Revenue	306,142
Adjusted EBITDA	13,365
Total Assets	296,514
Net Debt	-9,246
Number of Employees	1,866
Partner	ADP, Tepe İnşaat, Sera

**TAV AIRPORTS**

Share	8.12%
Revenue	343,320
Adjusted EBITDA	98,851
Total Assets	429,367
Net Debt	168,464
Number of Employees	22,709
Partner	ADP, Tepe İnşaat, Sera

**MIP**

Share	50.00%
Revenue	252,509
Adjusted EBITDA	132,699
Total Assets	797,987
Net Debt	417,902
Number of Employees	1,421
Partner	PSA

**İDO**

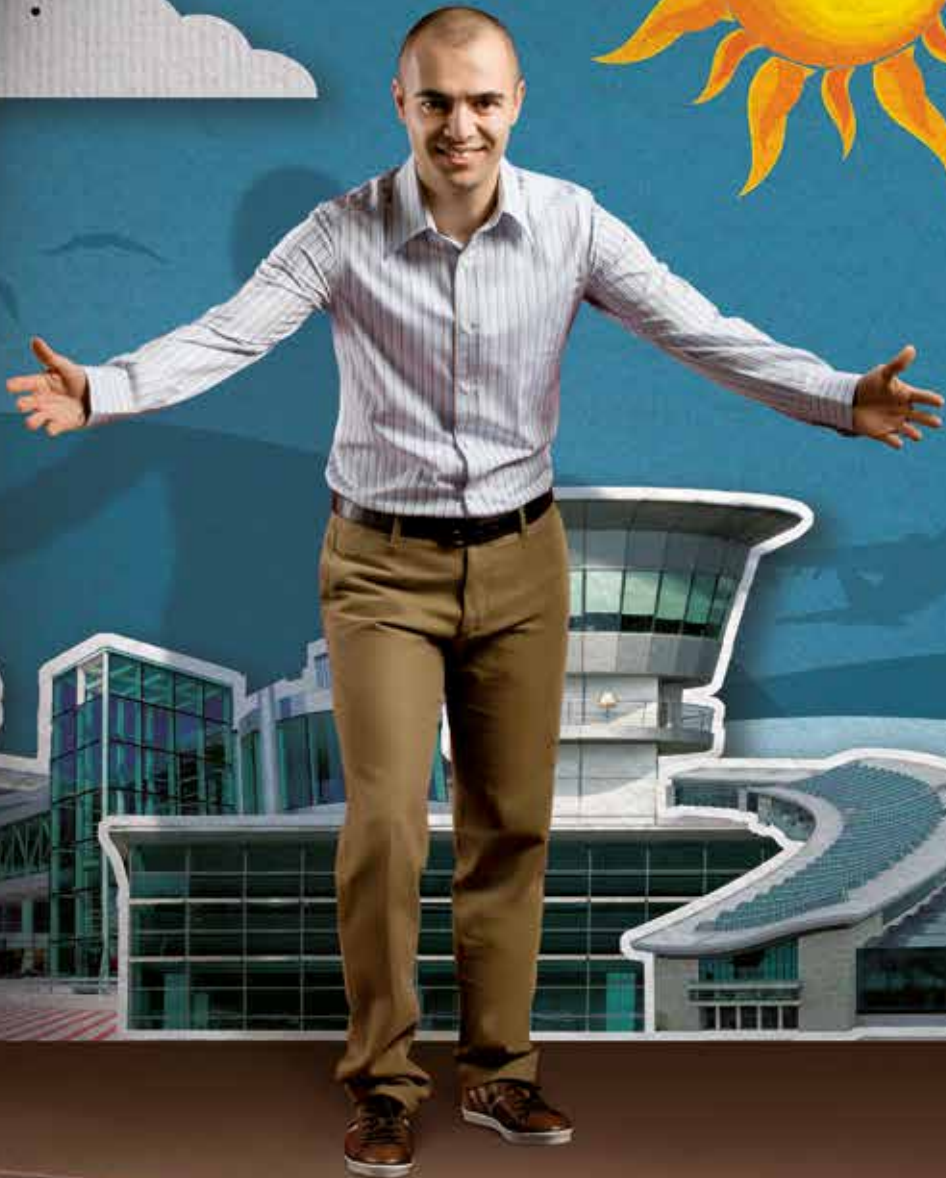
Share	30.00%
Revenue	149,221
Adjusted EBITDA	44,745
Total Assets	448,302
Net Debt	367,645
Number of Employees	1,624
Partner	Tepe İnşaat, Souter, Sera

**AKFEN WATER**

Share	49.98%
Revenue	4,642
Adjusted EBITDA	2,751
Total Assets	29,972
Net Debt	9,318
Number of Employees	34
Partner	Kardan

AIRPORT CONCESSIONS

**TAV AIRPORTS HOLDING SHARES ITS ACHIEVEMENTS
WITH MILLIONS OF TRAVELERS!**





In 2012, the number of passengers
opted for airports operated by
TAV Airports reached

71.5

million.

AIRPORT CONCESSIONS

Turkey's leading airport operator, TAV Airports adds to its global achievements by conducting operations across three continents.

TAV Airports successfully represents Turkey in the global arena with its strong reputation, high service quality, and reliability. TAV Airports was established as a joint venture between Tepe and Akfen groups in 1997 after winning the tender for the build-operate-transfer project for Istanbul Atatürk Airport International Terminal. With its quality-oriented approach, TAV Airports became the leader of the Turkish aviation sector in a very short time, and adds to its global achievements by conducting operations across three continents. Supported by Akfen Holding's deep-rooted know-how, TAV Airports maintains steady growth by making prudent investment decisions.

Through its subsidiaries, TAV Airports offers an integrated business model at airports, including ground handling, duty-free, food & beverage, and security. TAV Airports is also taking solid steps to become a global brand in airport operations, as it is already in airport construction.

TAV Airports, TAV Investment and its subsidiaries plan to continue setting an example in the sector by offering complementary services in airport operations and also through their profitable investments and innovative visions in 2013.



TAV HAVALİMANLARI HOLDING A.Ş. (“TAV AIRPORTS”)
The partnership between TAV Airports and Aéroports de Paris Group, one of the world’s leading airport operators, will create important synergy in terms of both geographic locations and business models.

Having extended its services to 12 airports in six countries over the course of 12 years, TAV Airports has achieved sustainable success with its investments and innovations since the company’s establishment. Istanbul Atatürk Airport International Terminal reinforces Turkey’s contemporary, dynamic and progressive image in the global arena. TAV Airports is among the world’s first examples of the build-operate-transfer model in airport operations, and the company has achieved a leadership position in a very short time, thanks to its exemplary high service quality and reliability.

The transfer of TAV’s shares to Aéroports de Paris Group is complete

The share purchase agreement relating to the acquisition of 38% of the shares of TAV Airports by the French company Aéroports de Paris Group for US\$ 874 million has been executed, and the sale was finalized on May 16, 2012. Akfen Holding sold its 18% stake in TAV Airports to the French group for US\$ 414 million. TAV Airports’ trajectory, which started with Istanbul Atatürk Airport, will reach even higher levels with this partnership agreement with Aéroports de Paris, one of the world’s leading airport operators.

With this transaction, which has brought about worldwide know-how and a global portfolio, a significant amount of foreign capital flowed into Turkey, and Akfen Holding’s net profit also increased considerably.

As of December 31, 2012, TAV Airports’ market value stood at TL 3.31 billion, and its share price was TL 9.12.
















Under the new Shareholders Agreement, Mr. Hamdi Akin maintains his Chairman position at TAV Airports. The partnership between TAV Airports and Aéroports de Paris Group, one of the world’s leading airport operators, will create important synergy in terms of both geographic locations and business models.

Organizational Chart

AIRPORT OPERATIONS

 Atatürk Airport (100%)		
 Esenboğa Airport (100%)		
 Adnan Menderes Airport (100%)		
 Gazipaşa Airport (100%)		
 Medina Airport (33%)		
 Monastir and Enfidha Hammamet Airports (67%)		
 Batumi and Tbilisi Airports (76%)		
 Skopje and Ohrid Airports (100%)		
 Riga* Airport (100%)		

SERVICE COMPANIES

 ATÜ (50%) Unifree (Heinemann)	
 BTA (67%) Bilintur (33%)	
 Havaş (100%)	 TGS (50%)   Havaş Europe (67%) 
 TAV İşletme Hizmetleri (TAV Operations Services) (100%)	
 TAV Bilişim ("TAV IT") (99%)	
 TAV Özel Güvenlik (TAV Private Security) (100%)	

*Only commercial areas

TAV Airports embraces the principles of transparency, responsibility, accountability and fairness; and with its high Corporate Governance Rating in 2012, the company has proved that its approach is sustainable.

The Best of Turkey in corporate governance

TAV Airports was named “The company with the Highest Corporate Governance Rating Score” at the Corporate Governance Association of Turkey (“TKYD”) awards, which were held for the third time in 2012.

TAV Airports has embraced the principles of transparency, responsibility, accountability and fairness since the day it was founded; and with its high Corporate Governance Rating in 2012, the company has proven that its approach to corporate governance is sustainable. In 2011, TAV Airports ranked second in ISE’s (Istanbul Stock Exchange) Corporate Governance Index, but climbed from second to first position once again in 2012. The Holding’s Corporate Governance Rating Score increased from 90.96 in 2011 to 92.40 in 2012.

The Best of Turkey with its customer-focused approach

TAV Airports offers pioneering and creative solutions in all facets of airport operations by accurately analyzing different passenger needs. Thanks to its efforts in this area, TAV was voted the best company in Turkey with its customer-oriented approach. In December, TAV Airports was named the Best of Turkey in the “Customer Focus” category at the European Business Awards (“EBA”), one of the most prestigious award ceremonies in the business world. TAV Airports will represent Turkey among other European companies at the EBA competition, which aims to promote best practices in Europe, and the Grand Prize winner will be announced in April 2013.

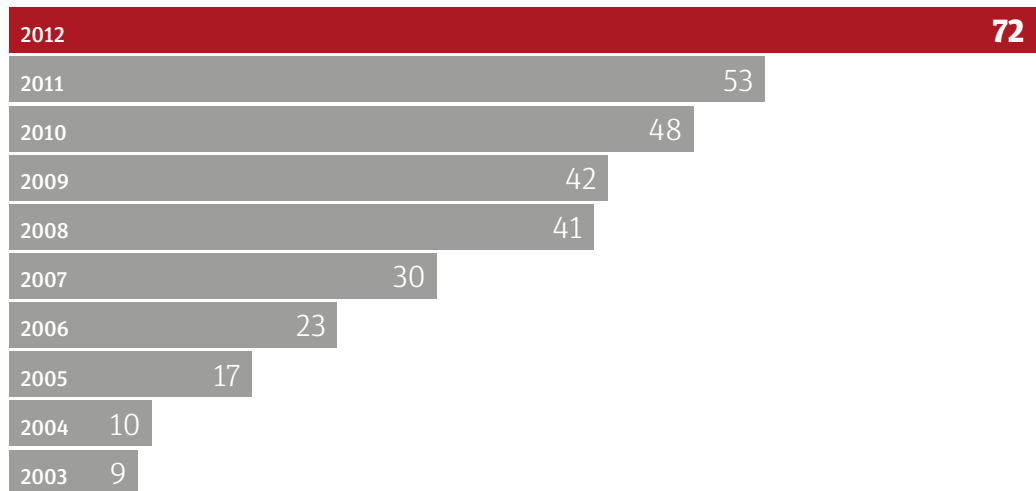
The Best of Turkey in investor relations

TAV Airports was voted Turkey’s “Best Company in Investor Relations” and “Best Investor Relations Professional” in the 2012 Thomson Reuters Extel Pan-European Investor Relations Survey. The annual survey reflects the contribution of numerous investment firms and other financial intermediaries. Having received several awards in various categories within the scope of this survey for many years, TAV Airports’ success was once again confirmed with these two awards in 2012.

PASSENGER TRAFFIC* (AS OF DECEMBER 31, 2012)	2012	2011	CHANGE (%)
ATATÜRK AIRPORT	44,998,508	37,394,694	20
International Lines	29,717,196	23,973,158	24
Domestic Lines	15,281,312	13,421,536	14
ESENBOĞA AIRPORT	9,237,886	8,485,467	9
International Lines	1,574,039	1,405,395	12
Domestic Lines	7,663,847	7,080,072	8
İZMİR AIRPORT	9,356,284	8,523,533	10
International Lines	2,411,257	2,398,457	1
Domestic Lines **	6,945,027	6,125,076	13
TAV AIRPORTS TURKEY TOTAL	63,592,678	48,278,618	32
International Lines	33,702,492	27,777,010	21
Domestic Lines	29,890,186	20,501,608	46
MEDINA INTERNATIONAL AIRPORT****	4,588,158	3,547,508	29
MONASTIR+ENFIDHA AIRPORTS	3,321,244	2,289,131	45
TBILISI+BATUMI AIRPORTS	1,387,824	1,190,922	17
MACEDONIA (SKOPJE AND OHRID)	913,567	838,164	9
TAV AIRPORTS TOTAL***	71,525,928	52,596,835	36
International Lines	40,756,688	32,019,832	27
Domestic Lines	30,769,240	20,577,003	50

25.9% CAGR (2003-2012)

TAV AIRPORT PASSENGER TRAFFIC (MILLION)



* Total incoming and outgoing passengers; excluding transit passengers.

**TAV Izmir Domestic Terminal started to serve passengers in January 2012.

***2011 total figures do not include the passenger traffic at Medina Airport and Izmir Domestic Lines; first-half 2012 figures do not include the passenger traffic at Medina Airport.

****TAV Medina started to welcome passengers in July 2012.

TAV Airports broke ground on the new domestic terminal at Izmir Adnan Menderes Airport, after winning the tender for the transfer of operation rights of the international terminal for a period of 20 years, for EUR 610 million.

TAV Airports served 71.5 million passengers in 2012

With the superior comfort and flawless services provided to passengers, TAV Airports continued to implement the most up-to-date practices at the airports it operates. In 2012, the number of passengers, who opted for airports operated by TAV Airports increased 36%, rising to 71.5 million; of whom, 30.8 million were domestic passengers while 40.7 million were international.

The number of commercial flights at TAV Airports operated airports was up 28% in 2012 over the previous year, totaling 573.3 thousand flights; of which, 331 thousand were international and 242.3 thousand were domestic.

Other important developments in 2012

TAV Airports repurchased the remaining 35% shares of Havaş (Ground Handling Services), in which it already held a 65% stake, from HSBC Investment Bank Holdings Plc and İş Private Equity Investment Trust, for EUR 80 million on October 3, 2012, thereby raising its stake in the company to 100%. Havaş increasingly solidifies its leadership position in ground handling services sector, and is becoming a versatile value.

TAV Airports took over the operations at Medina International Airport, which it owns equally with Saudi Oger and Al Rajhi Holding Group, on June 30, 2012.

On November 20, 2012, TAV Airports signed a letter of intent for taking a participation limited to 15% in the consortium composed of Aéroports de Paris Management (a subsidiary of Aéroports de Paris) and Bouygues Batiment International, which had won the Croatia Zagreb International Airport tender.

Construction commenced at the new domestic terminal of Izmir Adnan Menderes Airport, after winning the tender for the transfer of operation rights of the international terminal for a period of 20 years, for EUR 610 million. On November 30, 2012, a financing agreement of EUR 250 million was signed for the terminal scheduled for completion in 2014. Eco-friendly technology will be used in the construction of the terminal, which is expected to serve 25 million passengers per year.

Turkey's leading airport operator, TAV Airports offers a wide range of airport operation services, including duty-free, food & beverage, ground handling, IT, security, and management. The company undertook the operation of duty-free, food & beverage and other commercial areas at Latvia's Riga Airport.



Offering its services with an integrated and distinctly modern approach, TAV Airports aims to rank among the world's leading airport companies by establishing powerful strategic partnerships. Thanks to its effective corporate governance practices and innovative approach, TAV Airports is recognized as a reliable and preferred business partner by investors, and especially financial institutions, as well as other stakeholders. The company will pursue further achievements by continuing to take pioneering steps in 2013.

In 2012, TAV Airports ranked 53rd on the list of "Turkey's Top 500 Companies", announced every year by Capital 500 magazine. On the same list, TAV Airports' subsidiaries TAV Istanbul, ATÜ and Havaş ranked 163rd, 141st and 412nd, respectively.

On the 2012 list of "Turkey's Top 500 Companies", announced every year by Fortune 500 magazine, TAV Airports' subsidiaries TAV Istanbul, ATÜ and Havaş ranked 137th, 119th and 320th, respectively.

TAV YATIRIM HOLDING A.Ş. (“TAV INVESTMENT”)

Aéroports de Paris’s acquisition of a 49% stake in TAV Construction in 2012 brought about a global dynamism to the company’s construction activities.

TAV Investment, established in 2005 as a joint venture between Tepe Construction, Akfen Holding and Sera, engages in construction, aviation and car park operations.

The partnership with Aéroports de Paris is creating synergy

The sale transaction for 49% of the shares of TAV Investment by Aéroports de Paris Group was finalized on May 16, 2012. TAV Investment is the parent company of TAV Construction. This partnership provided an enhanced global dimension to both parties and opened new doors for growth.

On its growth path, TAV has focused its efforts on airport construction, operations and financing. In 2006, the company underwent a restructuring in accordance with its growth strategy. Subsequently, TAV grouped its airport operations and airport construction projects under two different companies, TAV Airports and TAV Investment. As a result, the company achieved a more efficient management system.

Construction commenced on Medina Airport

The contract with TAV Investment to undertake the Medina Airport project, for which TAV Airports had won the tender, was signed on June 30, 2012. Subsequently, construction began on the US\$ 954 million project. TAV Construction has a 50% stake in the joint venture.

The winning tender for the construction of hangars at Jeddah Airport

On April 19, 2012, the TAV Construction-Al Rajhi Holding-Al Habtoor Leighton Joint Venture won the tender for the construction of hangars at King Abdul Aziz International Airport in Jeddah. The US\$ 765 million contract comprises the construction of new aircraft maintenance, repair and operation facilities. TAV Construction holds a 40% stake in the joint venture.

The tender for the construction of the new terminal building at Abu Dhabi Airport in United Arab Emirates goes to TAV Construction

The equally owned TAV-CCC-ARABTEC joint venture, which was established under the leadership of TAV Construction, won the tender for the construction of the new terminal building at Abu Dhabi Airport in United Arab Emirates on June 27. The US\$ 3 billion project is expected to be completed in 49 months. TAV Construction has a 33.3% stake in the joint venture.



TAV Investment's Subsidiaries and Affiliates:

TAV INVESTMENT	SHARE (%)
TAV Construction	99.99
TAV Aviation	99.88*
Riva İnşaat Turizm Ticaret İşletme Pazarlama A.Ş.	99.99*
TAV Construction Muscat LLC	70.00*
TAV Construction Qatar W.L.L.	49.00*
TAV-G Otopark Yapım Yatırım ve İşletme A.Ş.	49.99*
TAV Al Rajhi Construction Company	50.00*

*TAV Construction's stake in these subsidiaries is included in the share percentage.

CONSTRUCTION
TAV Construction

TAV CONSTRUCTION GREETS YOU WITH ITS ACHIEVEMENTS!



According to Engineering News Record (ENR),
in 2012, TAV Construction ranked

4th

in the list of
top global airport construction firms.

**TAV TEPE AKFEN YATIRIM İNŞAAT VE İŞLETME A.Ş.
 (“TAV CONSTRUCTION”)**

Thanks to its robust financial structure, TAV Construction engaged in investments and tenders, in line with its steady growth strategy, in 2012, which was a very active year for the company.

TAV Construction’s first airport operation project was Istanbul Atatürk Airport, which was completed in 1997. Following the corporate restructuring carried out in line with long term strategic goals, TAV Construction was established as a spin-off of TAV Airports. Today, TAV Construction ranks among the leading brands in the construction industry, both domestically and internationally. Operating under the roof of TAV Construction, Group companies have undertaken the construction of airports, skyscrapers, high-rises and other real estate development projects overseas.

Thanks to its robust financial structure, TAV Construction is forging ahead on the global stage through sound investments; the company’s project portfolio includes airport terminals, hangar facilities, shopping malls, residential housing complexes and other large-scale construction projects.

Headquartered in Istanbul, TAV Construction has built airports in a number of countries besides Turkey, including Egypt, Georgia, Qatar, Tunisia, and Macedonia. The company has subsidiaries: TAV Construction Muscat LLC in

Oman and TAV Construction Qatar LLC in Qatar and TAV Al-Rajhi Holding in Saudi Arabia. As of 2012, TAV Construction employs 1,886 personnel; this figure includes the employees at the company’s branches in Dubai and Sharjah, Abu Dhabi, Qatar, Egypt, Libya, Bahrain and Saudi Arabia.

TAV Construction places great importance on high customer satisfaction and the company has an outstanding business volume thanks to its successful partnerships with leading global players in the construction industry. TAV Construction formulates its future growth strategy by assessing new market opportunities in the Middle East, Asia, Africa, Eastern Europe and the Caucasus, as these regions present significant growth potential for the company.

In 2012, TAV Construction ranked 92nd on the annual list of “Turkey’s Top 500 Companies” compiled by Capital 500 magazine. In addition, the company ranked 83rd on “Turkey’s Top 500 Companies” list of Fortune 500 magazine.



With its robust financial structure and proactive investments, TAV Construction is forging ahead on the global stage with sound investments.

As of year-end 2012, TAV Construction's completed and ongoing projects are as follows:

COMPLETED PROJECTS			
PROJECT NAME AND SCOPE	LOCATION	VALUE (US\$ MILLION)	TAV'S SHARE (US\$ MILLION)
Emirates Airlines A380 Maintenance Hangars			
Steel Roof Construction Project	Dubai-UAE	26	26
Al Sharaf Shopping Mall	Dubai-UAE	34	34
Tohid Iranian School Project	Dubai-UAE	9	9
Ankara Esenboğa Airport			
Domestic and International Terminals	Turkey	375	375
Istanbul Atatürk Airport Terminal Building and Multi-storey Car Park Project	Turkey	490	397
Istanbul Atatürk Airport Refurbishment Project	Turkey	60	60
Izmir Adnan Menderes Airport International Terminal Building	Turkey	242	242
Izmir Adnan Menderes Airport Domestic Terminal Project (additional work)	Turkey	16	16
Batumi Airport Project	Georgia	29	29
Tbilisi Airport Project	Georgia	62	62
Cairo Airport TB3			
Passenger Terminal Building Project	Egypt	493	395
New Enfidha Airport Project	Tunisia	555	555
Istanbul Atatürk Airport Extension and Development Project	Turkey	89	89
Majestic Tower Al Mamzar Project (52-storey Luxurious Residence Building) Sharjah-UAE	Sharjah - BAE	43	43
Antalya Gazipaşa Airport	Turkey	21	21
Sulafa Tower	Dubai-UAE	104	104
Skopje and Ohrid Airports	Macedonia	111	111
Emirates Financial Towers Project	Dubai-UAE	116	116
Abu Dhabi-Construction of Pile Caps	Abu Dhabi-UAE	62	31
Istanbul 2010-2011 Investments	Turkey	51	51
Total		2,988	2,766

ONGOING PROJECTS (AS OF DECEMBER 31, 2012)

PROJECT NAME	EMPLOYER	TAV'S SHARE IN CONSTRUCTION (%)	CONTRACT VALUE (US\$ MILLION)	TAV'S SHARE IN CONTRACT VALUE (US\$ MILLION)	PHYSICAL PROGRESS (%)	BACKLOG (US\$ MILLION)
Dubai- Marina 101	M/S Sheffield Holdings Limited	100.0	198	198	57.8	73
Libya-Tripoli International Airport	Libyan Civil Aviation Authority	25.0	2,103	526	36.9	323
Libya-Sebha International Airport	Libyan Civil Aviation Authority	50.0	229	115	7.0	115
Doha International Airport	Government of the State of Qatar	35.0	3,983	1,394	99.7	9
Oman Muscat International Airport	Sultanate of Oman Ministry of Transport and Communication	50.0	1,170	585	73.1	121
Izmir Airport Project	TAV Ege Terminal Yatırım Yapım ve İşletme A.Ş.	81.7*	362	296	21.2	241
Medina International Airport	Tibah JV	50.0	954	477	15.6	426
King Abdul Aziz Airport	Saudia Aerospace Engineering Industries	40.0	765	306	0.0	306
Abu Dhabi Midfield Terminal Construction	Abu Dhabi Airports Company	33.3	2,944	981	0.4	979
TOTAL			12,707	4,877		2,594
International Projects Total			12,346	4,582		2,353
Domestic Projects Total			362	296		241

* Izmir Airport Project is carried out entirely by TAV Construction; however, as TAV Ege Terminal Yatırım Yapım ve İşletme A.Ş. undertakes the import activities relating to this project, TAV Construction's share excludes the value of imports.

CONSTRUCTION
Akfen Construction

AKFEN CONSTRUCTION IS STAGING SUCCESS!



Akfen Construction has successfully developed and completed numerous projects in various areas,

with total contract value of about

US\$

1.900

billion.

AKFEN İNŞAAT TURİZM VE TİCARET A.Ş. (“AKFEN CONSTRUCTION”)

Akfen Construction has successfully developed and completed numerous projects in various areas, with total contract value of about US\$ 1.9 billion.

Akfen Construction was initially founded to provide feasibility and engineering services to industrial facilities. To date, the company has successfully completed numerous projects including superstructure, infrastructure, environmental protection as well as airport projects.

Akfen Construction, a 99.85% owned subsidiary of Akfen Holding, is the oldest subsidiary under the Holding’s umbrella. Since its establishment, Akfen Construction has expanded its service portfolio to include manufacturing, installation and assembly services.

İncek Loft: a new real estate project in Ankara

In August 2012, Akfen Construction commenced work on the “İncek Loft” project to be built on a parcel of about 272,000 m² in Ankara’s İncek district, an area with high development potential. The project is situated on a land tract of 108 hectares and was designed by Tabanlıoğlu Architecture so that all residences will have a view of Mogan Lake.

The project will consist of six high-rises of 21 to 31 storeys, low-rise blocks with terrace houses (either duplex or with a terrace) to connect the high-rise blocks, 11 apartment buildings of four to six storeys, social facilities, and a 7,000 m² commercial area.

Work on “Health Campus” project initiated.

Working under the Ministry of Health’s Public-Private Partnership model, Akfen Construction initiated work on the “Health Campus” investment program, through which the company aims to bring the public sector and private enterprises together. The company is currently evaluating city hospital projects and bids on those it deems suitable. To that end, Akfen Construction bid the lowest lease price at the “Underbidding” for the Isparta City Hospital on February 22, 2013; negotiations are currently underway to finalize the process with the Ministry of Health.

The company is also closely monitoring other hospital projects. The “Health Campus” investment program aims to diversify treatment alternatives available at health care facilities and to help all facilities upgrade their medical technology in use.



Akfen Construction, a 99.85% owned subsidiary of Akfen Holding, is the oldest subsidiary under the Holding's umbrella. Since its establishment, Akfen Construction has expanded its service portfolio to include manufacturing, installation and assembly services.

Akfen Construction's completed projects in previous years.

Akfen Construction has completed numerous projects, with total contract value of about US\$ 1.9 billion, over the course of its over 20 year history. With its deep-rooted know-how, Akfen Construction adds value to Akfen Holding. A selection of the projects completed by the Company since its founding include the following:

1990

The restoration of Antalya Airport Terminal Building, which was the first project awarded by DHMI, strengthened relations between DHMI and Akfen Construction.

1993

With the construction of Oran Residences in Ankara, Akfen Construction entered the residential construction industry.

1997

The construction of Innercity Natural Gas Distribution Network of Bursa was completed.

The construction of Oran Shopping Mall and Trade Center in Ankara and Izmir Mavişehir Housing Project, consisting of 445 residences, helped Akfen Construction gain more experience and increase its job completion limits in residential construction.

1999

Samsun Çarşamba Airport was delivered as a turn-key project.

The construction of Wastewater Collection Network and Treatment Systems in Bafra district was completed.

2000

Akfen Construction ventured into BOT projects by undertaking the construction of Atatürk International Airport Terminal Building, the multi-storey car park (in 2004), and other additions. This project paved the way for the establishment of TAV Airports, one of the main joint ventures of Akfen Holding.

2003

With the construction of the 200-bed Fethiye Public Hospital, which was contracted by the Ministry of Health, Akfen Construction began to expand its area of expertise in complex, high quality buildings.

The construction of TED Ankara College was completed.

2006

The construction of the 5-star Mercure Hotel in Girne was completed.

The construction of the new domestic and international terminals at Esenboğa Airport, including all facilities, was completed.

2007

The Tüpraş İzmit Refinery Desulphurization Units project was completed.

The construction of Ibis and Novotel hotels in Zeytinburnu Istanbul and Ibis Hotel in

Eskişehir, the first projects carried out under the Accor partnership, was completed. Akfen completed the “Levent Loft Residences” (Istanbul) project, which is owned by Akfen REIT and Yıldız Holding; this was the Akfen’s first foray into high-quality residential housing construction.

2008

The parcellation and all infrastructure work in Izmir Aliğa Organized Industrial Zone, occupying a tract of 10,000 hectares, were completed.

2009

The construction of Sırma HEPP, Akfen’s first commissioned hydroelectric power plant, was completed. Pursuant to the agreement with Accor, the construction of Ibis Hotel and Novotel in Kayseri along with Ibis Hotel and Novotel in Gaziantep was completed.

2010

The construction of Bursa Ibis Hotel and the “Levent Loft Bahçe” project, both owned by Akfen REIT, was completed.

2011

The construction of Akfen’s Otluca, Çamlıca III, Saraçbendi, Karasu I, Karasu II, Karasu 4.2, Karasu 4.3, and Karasu 5 Hydroelectric Power Plants was completed, and these HEPPs became operational.

2012

The construction of Akfen’s Yağmur and Demirciler hydroelectric power plants was completed, and these HEPPs became operational. The construction of Adana Ibis Hotel and Esenyurt Ibis Hotel was also completed and these hotels commenced operations.

Akfen Construction will continue to expand its service portfolio through new investments in 2013.

ONGOING PROJECTS			
PROJECT NAME	LOCATION	CONTRACT DATE	ESTIMATED COMPLETION DATE
Esenyurt Ibis Hotel	Istanbul	2007	2013
Doğançay HEPP	Adapazarı	2008	2014
Sekiyaka HEPP	Muğla	2008	2013
Gelinkaya HEPP	Erzurum	2008	2013
Kavakçalı HEPP	Muğla	2008	2013
Doruk HEPP	Giresun	2008	2013
Izmir Alsancak Ibis Hotel	Izmir	2010	2013
Karaköy Novotel	Istanbul	2012	2014
Ankara Esenboğa Ibis Hotel	Ankara	2013	2014

PROJECTS TO COMMENCE			
PROJECT NAME	LOCATION	CONTRACT DATE	ESTIMATED COMPLETION DATE
İncek Loft	Ankara	-	-
Isparta City Hospital	Isparta	-	-
Laleli HEPP	Bayburt	-	-
Çiçekli HEPP	Artvin	-	-
Çatak HEPP	Artvin	-	-
Çalıkobası HEPP	Giresun	-	-
Adadağı HEPP	Giresun	-	-

MIP STANDS BEFORE YOU WITH ITS FAMOUS ACHIEVEMENTS!



MERSIN PORT

**In 2012,
MIP's container handling volume
increased**

11%

and totaled

1.26

million TEU.

MERSİN ULUSLARARASI LİMAN İŞLETMECİLİĞİ A.Ş. ("MERSİN INTERNATIONAL PORT OPERATIONS-MIP")

Following the significant increase in its container transactions in 2012, MIP ranked among the top 100 on the "World's Top 120 Container Ports" list, published by Container Management magazine.

With its unique location on the Mediterranean and connections to Anatolia, MIP ranks first among the import-export ports in Turkey.

Mersin International Port serves as a perfect transit center for Middle East trade with its convenient railway and motorway connections. One of the most important ports in the Eastern Mediterranean, MIP is also an import-export gateway for the Mediterranean, and Central and Southeast Anatolian regions. MIP was established in 2007 as a joint venture between PSA and Akfen Holding. The PSA-Akfen Joint Venture was awarded the operating rights of MIP for a period of 36 years, through a tender held by the Privatization Administration.

PSA, the other partner in MIP, is a prominent multinational corporation, established in Singapore in 1972. The company ranks among the world's biggest port operators and provides terminal services to 29 ports in 17 countries. PSA Singapore terminals constitute the world's largest transshipment hub.

MIP's concession fee is US\$ 755 million, but when the initial investments are included, the total value of the project amounts to US\$ 800 million. The long-term project finance provided by domestic and international institutions for this investment received the "European Transport - Port Deal of the Year 2007" award, presented by Project Finance magazine.

Covering a total space of 1.1 million m², Mersin International Port provides services to ships that transport containers, dry and liquid bulk freight, general cargo, project cargo, ro-ro, passengers and

live animals. Its piers are able to accommodate ships with up to 14-meter drafts. At MIP, where most of Turkey's imports and exports are made, all of these services can be provided in the same area; with this capability, the facility is unrivalled in Turkey. Mersin International Port ranks second among container ports in the country, though it is Turkey's largest container port on the Mediterranean. In 2012, MIP's market share among all container ports of Turkey was 17.3%.

Mersin International Port can provide the full range of maritime and terminal services and has an important strategic location. MIP also has the distinction of providing convenient connections to inland areas via railways and motorways.

With advantages such as a vast hinterland and proximity to the Free Zone, MIP will continue to add significant value for customers and to the economies of Mersin city and the country as a whole in the coming years as it derives strength from the longstanding know-how of Akfen Holding and PSA.

MIP's vision is to become a major container port operating at world-class standards in the Eastern Mediterranean.

Important developments in 2012:

2012 was a very successful year for MIP's operations. Container handling volume increased 11% over the previous year, climbing to a total of 1,263,495 TEU. This rate of increase is equivalent to about five times the country's GDP growth rate in 2012.

The breakdown of containers by regime handled at MIP is: imports (41%), exports (44%), transit (11%), transshipment (3%), and cabotage (1%). This strong



performance led MIP to become Turkey's biggest import-export port.

MIP's conventional tonnage increased to 7.1 million tons in 2012, up from 6.4 million tons in 2011. Some 4,651 ships docked at the Port in 2012.

2012 Investments:

- Two mobile cranes with 150-ton lift capacity were purchased in first quarter 2012.
- 75 trucks and trailers and four ro-ro trucks were purchased for container operations.
- With the new RTG crane assigned to the railroad terminal, which consists of four tracks and is located within the port area, the operating speed and quality increased. The railroad terminal, located on an area of 8,000 m² and with each track measuring 450 m² can serve up to 500 containers per day in three shifts.
- 14 steel platforms, each with five storeys and six rows, were built on the reefer container terminal, which now can simultaneously serve 420 unit of 40-foot and 30 unit of 20-foot reefer containers, with a storage capacity of 570 containers.
- A new auto terminal was commissioned at MIP, which is authorized for Specialized Automotive Customs, to be able to serve the increasing local and transit vehicle traffic. In addition to the new terminal, located on an area of 65,000 m² with an option to expand further, a special vehicle park area of 3,000 m² has been allocated for car carrier trucks.
- E-RTG Investment: In order to increase operating speed, 10 Kalmar branded E-RTGs were

MIP's conventional tonnage increased to 7.1 million tons in 2012, up from 6.4 million tons in 2011. A total of 4,651 ships docked at the Port during the year.

purchased in 2012. Each of these state-of-the-art E-RTGs has 42-ton capacity and six horizontal lines and a truck passing line; they also have five-storey vertical storage and one-storey stacking capability. Kalmar E-RTGs were chosen specifically for their eco-friendliness, zero CO₂ emissions and high energy efficiency in line with MIP's environmental protection efforts, and they are fed through a Cable Reel system. With this new investment, the total number of RTGs at the port increased to 25.

- As of May 2012, MIP has fulfilled its obligation to increase the port's capacity (container handling capacity of 1.4 million TEU/year and general cargo capacity of 4.5 million tons/year), as set forth in the concession agreement.

The rising demand for and increasing volume of maritime trade across the globe results in higher capacities in newly built ships. This situation requires the continual refurbishment of port facilities to keep up with evolving market conditions. To that end, a quay deepening project is planned at MIP so that larger ships will be able to dock at the Port.

MIP's success is recognized with awards

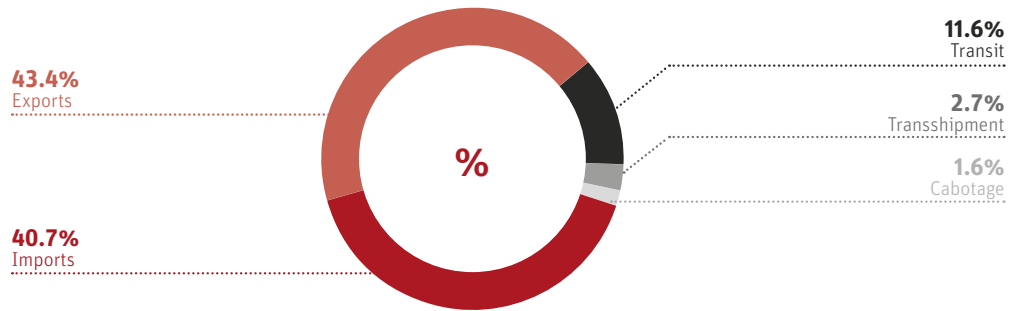
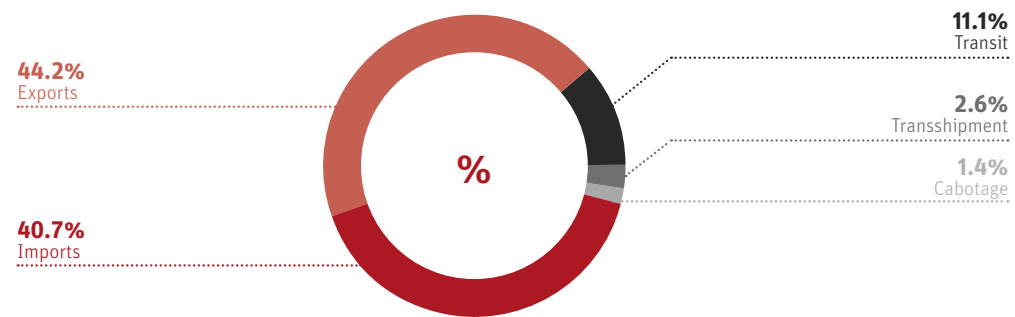
MIP received first prize in the "Port Operations" category at the Logitrans 2012 Logistics Awards.

In 2012, MIP ranked 365th in the "Turkey's Top 500 Companies" list, compiled every year by Capital 500 magazine. In addition, the company ranked 284th on Fortune 500 magazine's "Turkey's Top 500 Companies" list.

In 2012, MIP ranked 284th on Fortune 500 magazine's annual list of "Turkey's Top 500 Companies."

In 2011, MIP was named "Port of the Year" at the 6th International Golden Anchor Shipping Awards; the Port also received first prize in the "Port Operations" category at the Logitrans 2011 Logistics Awards.

In 2008, Lloyd's List named MIP "Port of the Year" at its Turkish Shipping Awards. In addition, the Turkish Undersecretariat of Foreign Trade presented MIP with "The Port Handling the Highest Container Throughput for the Export Regime" and "The Port Handling the Highest Volume of Liquid Bulk Cargo" awards in 2007. Furthermore, MIP received the Kadri Şaman Award, which was given for the first time in 2008 by the Mersin Chamber of Trade and Industry ("MTSO"), as "The Company that Contributed the Most to the Logistics Sector in 2007." Mersin Port's accomplishments were thus acknowledged with four significant awards within one year.

BREAKDOWN OF CONTAINERS (2011)**BREAKDOWN OF CONTAINERS (2012)**

11.7% INCREASE (CAGR)

CONVENTIONAL CARGO (TONS)

2012	7,062,703
2011	6,416,377
2010	6,652,028
2009	5,703,707
2008	5,534,930
2007	4,065,800

11.8% INCREASE (CAGR)

CONTAINER (THOUSAND TEU)

2012	1,263
2011	1,141
2010	1,030
2009	852
2008	868
2007	804

ENERGY

AKFEN ENERGY PROUDLY DISPLAYS ITS ACHIEVEMENTS!



While energy demand in Turkey is increasing, Akfen Energy boosted its installed operational capacity to

**150.2
MW**

ENERGY

Akfen Holding helps meeting Turkey's growing energy demand through investments in renewable energy resources, by building hydroelectric power plants and by the commissioning of new capacities.

Rapidly increasing energy demand due to high population growth drives energy companies to focus on sustainable energy strategies. Dependence on foreign energy is a major issue in Turkey, and it can only be resolved if local companies concentrate their efforts on achieving energy efficiency and high quality.

Turkey's energy industry, a major contributor to economic development, plans to forge ahead by making long-term and large-scale investments. Huge energy investments must be made by the year 2020 for the Turkish economy to maintain its steady growth. The energy sector has witnessed numerous privatizations in recent years, and the majority of investments are made by the private sector in order to alleviate the burden on public finances. In terms of ensuring the security of energy supply and sustainability, the privatization of public infrastructures and facilities must gain pace.

Akfen Holding helps meeting Turkey's energy demand by making high quality and safe energy investments that provide maximum efficiency through the use of advanced technology. The Holding has structured its hydroelectric power plant investments under five companies:

HEPP I
HEPP II
HEPP III
HEPP IV
HEPP V

The company has also established Akfen Enerji Yatırımları Holding A.Ş. (Akfen Energy Investments) to carry out its investments in fossil fuel based energy production and distribution, other areas such as wholesale and other renewable energy projects.

192.5% INCREASE (CAGR)

EVOLUTION OF INSTALLED POWER CAPACITY

2012	150.17
2011	132.78
2010	6.00
2009	6.00

OPERATIONAL POWER PLANTS (AS OF DECEMBER 2012)

COMPANY	HEPP	INSTALLED CAPACITY (MW)	COMMENCEMENT OF OPERATION	ELECTRICITY FOR SALE (GWH) - 2011	ELECTRICITY FOR SALE (GWH) - 2012
Beyobası	Otluca	47.70	April 2011	109.63	178.76
	Sırma	6.00	June 2009	8.30	23.27
İdeal	Karasu-I	3.84	May 2011	3.94	9.36
	Karasu-II	3.08	June 2011	5.26	12.31
	Karasu-4.2	10.35	November 2011	1.96	29.27
	Karasu-4.3	4.60	August 2011	3.32	9.54
	Karasu-V	4.10	August 2011	9.54	17.18
Çamlıca	Çamlıca III	27.62	April 2011	56.93	69.91
	Saraçbendi	25.49	May 2011	26.87	56.85
Pak	Demirciler	8.44	August 2012	-	6.55
BT Bordo	Yağmur	8.95	November 2012	-	1.42
Total		150.17		225.76	414.43

POWER PLANTS UNDER CONSTRUCTION

COMPANY	HEPP	INSTALLED CAPACITY (MW)	ELECTRICITY GENERATION CAPACITY (GWH/YEAR)	CONSTRUCTION PROGRESS (%)
Beyobası	Sekikaya	6.65	16.81	90.08
Elen	Doğançay	30.55	171.63	45.95
Pak	Kavakcalı	8.90	48.19	92.07
Pak	Gelinkaya	6.87	25.80	95.68
Yenidoruk	Doruk	29.40	82.06	81.08
Total		82.37	344.49	

POWER PLANTS AT PLANNING STAGE

COMPANY	HEPP	INSTALLED CAPACITY (MW)	ELECTRICITY GENERATION CAPACITY (GWH/YEAR)
Zeki	Çatak	10.00	42.53
Laleli	Laleli	101.64	256.70
Değirmenyanı	Adadağı	4.70	18.20
H.H.K. Enerji	Çalıkobası	16.98	46.40
Kurtal	Çiçekli I-II	6.73	21.91
Total		140.05	385.74

AKFEN HEPP INVESTMENTS

All HEPP projects in Akfen's portfolio, other than the dam-type Laleli HEPP, are run-off river type, and therefore are considered renewable energy projects.

HEPP I, HEPP II, HEPP III, HEPP IV and HEPP V*

Akfen HEPP projects have a total installed capacity of 372.6 MW and an estimated annual electricity generation capacity of 1,346 GWh.

All HEPP projects in Akfen's portfolio, other than the dam-type Laleli HEPP, are run-off river type, and therefore are considered renewable energy projects under the scope of Law No.: 5346. Once these companies receive licenses pursuant to the Renewable Energy Law and finalize their investments by December 31, 2015, they will have the right to sell electricity at a guaranteed purchase price of US\$ 0.073/kWh for a period of 10 years following the date they commence operations.

HEPP I portfolio includes three HEPP projects. As of year-end 2012, two of these projects, excluding Sekiyaka HEPP, became operational. The construction of Sekiyaka HEPP began in September 2011, and it is expected to commence its operation in 2013. The installed operational capacity of the HEPP I portfolio is 53.70 MW, translates into an estimated annual generation capacity of 234.4 GWh. Following the completion of Sekiyaka HEPP in 2013, the total operational installed capacity of HEPP I portfolio will increase to 60.35 MW, and estimated annual generation capacity will be 251.2 GWh.

Two of the seven power plants in the HEPP II portfolio having a total installed capacity of 17.4 MW and, an estimated annual generation capacity of 62.0 GWh have been commissioned.

Four projects in the HEPP II portfolio, with a total installed capacity of 75.7 MW, are currently under construction. When these projects are completed, the total installed capacity of HEPP II's portfolio is expected to increase to 62.6 MW in 2013 and to 93.1 MW by the beginning of 2014. Construction of HEPP II's Çatak HEPP has not yet started, however, the ongoing lawsuit ended with the decision of the area on which the plant will be built is not a protected area.

The four power plants in HEPP III portfolio, with a total installed capacity of 130.05 MW and an estimated annual generation capacity of 343.21 GWh, are currently at the development stage.

All of HEPP IV five power plants, with a total installed capacity of 25.97 MW and an estimated annual generation capacity of 139.1 GWh, are in operation. A 40% stake in this company was transferred to Aquila on November 30, 2012.

The two operational power plants under HEPP V portfolio have a total installed capacity of 53.11 MW and an estimated annual generation capacity of 180.63 GWh.

As of year-end 2012, total electricity generation at the 11 operational power plants having a total installed capacity of 150 MW, realized at 414.4 GWh.

* On March 28, 2013, Akfen Hidroelektrik Santrali Yatırımları A.Ş., Saraçbendi Enerji Üretimi ve Ticaret A.Ş. and Akfen Enerji Kaynakları Üretim ve Ticaret A.Ş., which have the same shareholding structure as Akfen Holding's subsidiary AkfenHES Yatırımları ve Enerji Üretim A.Ş., were merged under AkfenHES Yatırımları ve Enerji Üretim A.Ş. completely and without liquidation.



In 2012, seven out of the 11 operational power plants sold electricity at the guaranteed purchase price of US\$ 0.073/kWh as stipulated in the Renewable Energy Law (“RES”); however, from the beginning of 2013, the RES Support Mechanism was abandoned and it was decided that all operational power plants should sell energy at day-ahead market.

Energy Group Investments in 2012

Power plants that became operational:

Two power plants with a total installed capacity of 17.4 MW were commissioned in 2012. 11 power plants with total installed capacity of 150.2 MW and an annual generation capacity of 616.1 GWh are currently in operation. Five power plants with a total installed capacity of 82.2 MW and an estimated annual generation capacity of 344.5 GWh are currently under construction.

Demirciler HEPP in the HEPP II portfolio became fully operational on August 27, 2012.

HEPP II’s Yağmur HEPP became fully operational on November 27, 2012.

The acquisition of the shares of H.H.K. Enerji Elektrik Üretim A.Ş. and Kurtal Elektrik Üretim A.Ş.:

The share purchase agreement relating to the transfer of shares of H.H.K. Enerji Elektrik Üretim A.Ş. and Kurtal Elektrik Üretim A.Ş. to HEPP III, a subsidiary of Akfen Holding, was signed on June 27, 2012. These two companies, which were acquired for US\$ 3.34 million, hold the electricity generation licenses for two run-off river type hydro power plants (Çalıkobası HEPP and Çiçekli I-II HEPP), with total a installed capacity of 24 MW.

Electricity generation license obtained for Adadağı Hydroelectric Power Plant:

On October 11, 2012, Değirmenyarı Enerji Üretim ve Ticaret A.Ş. of HEPP III, a subsidiary of Akfen Holding, obtained a license from EMRA to generate electricity for 49 years at Adadağı HEPP in Giresun, with an installed capacity of 4.7 MW and an estimated annual electricity generation capacity of 18.2 million kWh.

Establishment of Memülü Enerji Elektrik Üretim A.Ş.:

In order to re-transfer the “Memülü Project” of H.H.K Enerji Elektrik Üretim A.Ş. to the Sellers, Memülü Enerji Elektrik Üretim A.Ş. was established with the same capital structure under HEPP III; the Company was registered on August 14, 2012.

The sale of 40% stake in HEPP IV:

On November 30, 2102, Akfen Holding finalized the sale of its 40% stake in HEPP IV to Aquila for EUR 22,908,113. HEPP IV owns İdeal Enerji Üretim Sanayi ve Ticaret A.Ş., which has five operational hydro power plants (with a total installed capacity of 24.5 MW) in its portfolio. Under the transaction, no separate partnership agreement was signed between the parties; other than the applicable provisions in the Turkish Commercial Code, there will be no changes in either the management or the control of the company.

A share sale agreement related to the sale of Akfen Holding’s remaining 60% stake in its subsidiary Karasular Enerji Üretimi ve Ticaret Anonim Şirketi to Aquila Capital Wasserkraft Invest GmbH and Aquila HydropowerINVEST Investitions GmbH & Co. KG (“Buyers”) for EUR 36,550,000 was executed on March 13, 2013.

A break-up fee of EUR 1,000,000 and an upfront fee of 50% of the company’s transaction value were already deposited to the escrow accounts by the Buyers. Closing is expected to take place by June 25, 2013, once the permissions mentioned in the agreement are obtained.

HEPP I	PROJECT	INSTALLED CAPACITY (MW)	ELECTRICITY GENERATION CAPACITY (GWH/YEAR)
Beyobası	Otluca	47.70	207.64
	Sırma	6.00	26.72
	Sekiyaka	6.65	16.81
	Total	60.35	251.17
HEPP II			
Elen	Doğançay	30.55	171.63
Pak	Kavakçalı	8.90	48.19
	Demirciler	8.44	30.50
	Gelinkaya	6.87	25.80
BT Bordo	Yağmur	8.95	31.51
Yeni Doruk	Doruk	29.40	82.06
Zeki	Çatak	10.00	42.53
	Total	103.11	432.22
HEPP III			
Laleli	Laleli	101.64	256.70
Değirmenyarı	Adadağı	4.70	18.20
H.H.K	Çalkobası	16.98	46.40
Kurtal	Çiçekli	6.73	21.91
	Total	130.05	343.21
HEPP IV			
İdeal	Karasu - I	3.84	23.09
	Karasu - II	3.08	19.61
	Karasu - 4.2	10.35	56.35
	Karasu - 4.3	4.60	16.89
	Karasu - V	4.10	23.16
	Total	25.97	139.10
HEPP V			
Çamlıca	Çamlıca III	27.62	94.50
	Saraçbendi	25.49	86.13
	Total	53.11	180.63

**AKFEN ENERJİ YATIRIMLARI HOLDING A.Ş.
("AKFEN ENERGY INVESTMENTS")**

Akfen Holding expands into new investment areas through its subsidiary Akfen Energy, which was established to diversify resources for energy production and to ensure sustainable electricity generation.

Akfen Holding established Akfen Energy Investments Holding to venture into and conduct trading in new investment areas, such as fossil fuel based energy production and distribution. Akfen Holding plans to gather all of its energy investments under one umbrella.

Akfen Enerji Üretim ve Ticaret A.Ş. ("Akfen Energy Generation and Trade")

Akfen Energy Generation and Trade placed the highest bid of TL 40.6 million to purchase the 58,000 m² land tract, with parcel no.: 1503, in Karaduvar neighborhood of Akdeniz district in the province of Mersin. On November 1, 2011, the Privatization High Council approved the sale of this public land, which was privatized by the Privatization Administration on October 4, 2011. The company signed an Asset Purchase Agreement with the Privatization Administration on January 10, 2012, and the deed transfer was made on January 19, 2012.

On April 11, 2008, Akfen Energy Generation and Trade filed a license application to establish a natural gas-based electricity generation plant (Mersin Combined Natural Gas Plant) with an installed capacity of 450 MW on this tract. EMRA approved the company's application and granted the license on March 8, 2012. Subsequently, the company filed an amended application to increase the installed capacity to 570 MW, and obtained EMRA approval on August 9, 2012. The company has filed yet another application to raise the installed capacity of the power plant to 1,150 MW. A favorable EIA (Environmental Impact Assessment) report has already been obtained for an installed capacity of 570 MW, and a connection agreement was signed with TEİAŞ (Turkish Electricity Transmission Company). The EIA process related to the capacity increase and the connection negotiations with TEİAŞ are currently underway. While the project design, feasibility stages and the EPC process for the power plant are currently in progress, as of the date of this report, Akfen Energy completed the construction of the power substation to be transferred to TEİAŞ free of charge.



REAL ESTATE

AKFEN REIT CONTINUES ITS SUCCESSFUL PERFORMANCE!





As of 2012,
Akfen REIT's portfolio consists of

18

hotels

including ongoing investments in Turkey
and Russia.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. (“AKFEN REIT”)

With a focus on “economical city hotels”, Akfen REIT has assumed a pioneering role in the real estate sector and continued its successful real estate investments in 2012 as well.

Akfen REIT is the first and only real estate investment trust in Turkey with a focus on the development of economical city hotels, which present high growth potential in the country. Akfen REIT was established in 2006 after a change in name and restructuring of Aksel Turizm Yatırımları ve İşletmecilik A.Ş. (Aksel Tourism Investments and Management) to become a real estate investment trust.

The company successfully completed an initial public offering in 2011; since May 11, 2011, its shares have traded on the ISE (Istanbul Stock Exchange). With the IPO, Akfen REIT’s capital was raised from TL 138,000,000 to TL 184,000,000. Some 29.4% of the company’s shares were offered to the public, but due to the high demand, the volume of the public offering reached TL 123,387,900. As of December 31, 2012, Akfen REIT’s share price was TL 1.66, and the company’s market capitalization stood at TL 305 million.

A powerful partnership focused on profitability and sustainability

In 2005, Akfen REIT signed an exclusivity agreement with Accor, one of the world’s leading hotel operators, for developing 3-star and 4-star city hotels projects in Turkey. As of January 2013, Akfen REIT’s portfolio consists of 18 hotels, including ongoing investments in Turkey, Northern Cyprus, and Russia.

Akfen REIT is specialized in developing and contracting out the construction of 3- to 4-star hotels. The company’s business model is based on developing three- and four-star contemporary city hotels and securing steady and predictable income by transferring the operating rights of these hotels through long-term lease agreements. This business model is aimed at a portfolio structure that is open to growth within the framework of the strategic partnership with Accor. Through its domestic investments, the company focuses on gaining an optimal share from the increasing vitality in the sector.

In 2012, Akfen REIT and Accor made subsequent amendments to the lease agreements and the memorandum of understanding, which were executed by the two companies on April 18, 2005, by revising the sections related to investments and future needs. Under these revisions, the agreements were also made to remain valid until December 31, 2017.



Akfen REIT's Progress in 2012

Ibis Hotel Samara commenced operations on March 1, 2012; starting in March 2013, the company also began leasing out the floors of the office block in Samara.

Akfen REIT leased the 299-room Merit Park Hotel (including all facilities), which is owned by the Company's subsidiary Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. in Northern Cyprus, to Voyager Kıbrıs Ltd., a subsidiary of Net Holding, for a 20-year period. The agreement setting the lease price for the first year at EUR 4,750,000 has already been signed, and it was agreed to retain the hotel name Merit Park.

On August 17, 2012, Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. (Akfen Karaköy Real Estate Investment and Construction), a subsidiary of Akfen REIT, obtained the construction permit for a 200-room Novotel project to be built on a 3,075 m² tract of land, which was leased from the General Directorate of Foundations for 49 years. The financing for the project has been obtained and construction began in 2012. The hotel is scheduled to commence operations in 2014.

The 165-room Ibis Hotel Adana began operations on September 3, 2012.

The construction permit for the 147-room Ibis Hotel project in Ankara Esenboğa was obtained on December 31, 2012. The financing for the project has also been finalized and construction has begun. The hotel is expected to commence operations in 2014.

One of Turkey's leading real estate investment trusts in terms of net asset value, Akfen REIT plans to continue making hotel investments in the coming period in order to further solidify its position in the sector.

Akfen REIT's hotels in operation:

288-room Ibis Hotel and 208-room Novotel in Zeytinburnu, Istanbul
 108-room Ibis Hotel in Eskişehir
 299-room Merit Park Hotel in Girne
 200-room Novotel in Trabzon
 160-room Ibis Hotel and 96-room Novotel in Kayseri
 177-room Ibis Hotel and 92-room Novotel in Gaziantep
 200-room Ibis Hotel in Bursa
 177-room Ibis Hotel in Yaroslavl, Russia
 204-room Ibis Hotel in Samara, Russia
 165-room Ibis Hotel in Adana

In 2012, the average occupancy rate of Ibis Hotels and Novotels in Turkey and Russia was 66%, up 3% over the prior year; meanwhile, average revenue per room rose to EUR 51, an 8% increase over 2011.

Akfen REIT is specialized in developing and contracting out the construction of 3- and 4-star hotels.

Akfen REIT's awards:

Novotel and Ibis Hotel investments won the third prize in the "City Hotels" category in Turkey's Most Successful Tourism Investments Survey, which was organized by Eurobank-Tekfen, Capital and Ekonomist magazines for the first time in 2010.

Novotel Istanbul, Ibis Hotel Istanbul and Novotel Trabzon, all Akfen REIT investments and operated by Accor, won the "Award for Excellence" at the 2011 Excellence Awards.

The "2011 and 2012 Euromoney Real Estate Awards" held by Euromoney magazine, established in the UK in 1969 and followed by the world's business community in 172 nations, named Akfen REIT the "Best Hotel Developer in Turkey."

Akfen GT, a Wholly Owned Subsidiary

Akfen REIT's subsidiary Akfen GT was established on August 20, 1999 under the name T-T Tourism and Construction Industry and Trade LLC. Some 99.9% of Akfen GT's shares previously held by Akfen Holding and Akfen Construction were transferred to Akfen REIT on February 21, 2007. Akfen GT's main fields of activity include investing in real estate and developing, managing and delegating the management of the real estate portfolio.

Akfen GT currently generates income from its 5-star Merit Park Hotel in Girne, Northern Cyprus, and continues to make investments in hotel and office development projects in Russia. The Netherlands-registered Russian Hotel Investment B.V., a 95%-owned subsidiary of Akfen GT, was established to develop hotel projects in Russia. The company has undertaken Ibis Hotel investments in the Russian cities of Samara, Yaroslavl and Kaliningrad. Russian Property Investment B.V., another 95%-owned subsidiary of Akfen GT, was established to develop office projects in Russia, and the company has undertaken an office project in Samara.

Hotel Development and Investments B.V.

Hotel Development and Investments B.V. is incorporated in the Netherlands and was established to develop hotel projects in Russia. Akfen REIT holds a 99.9% stake in Hotel Development and Investments B.V.

Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. (Akfen Karaköy Real Estate Investment and Construction Inc.)

Akfen Karaköy Real Estate Investment and Construction Inc. was established to develop projects in Karaköy, Istanbul; Akfen REIT holds 69.99% of its shares. The field of activity of the company is planning, constructing, contracting out the construction of, leasing, managing and delegating the management of, miscellaneous tourism facilities, hotels and real estate investments.



HOTELS			
STATUS	NAME	COMMENCEMENT OF OPERATIONS	LOCATION
In operation	Zeytinburnu Ibis Hotel	2007	Istanbul
In operation	Zeytinburnu Novotel	2007	Istanbul
In operation	Eskişehir Ibis Hotel	2007	Eskişehir
In operation	Girne Merit Park Hotel	2007	TRNC
In operation	Trabzon Novotel	2008	Trabzon
In operation	Kayseri Ibis Hotel	2010	Kayseri
In operation	Kayseri Novotel	2010	Kayseri
In operation	Gaziantep Ibis Hotel	2010	Gaziantep
In operation	Gaziantep Novotel	2010	Gaziantep
In operation	Bursa Ibis Hotel	2010	Bursa
In operation	Adana Ibis Hotel	2012	Adana
In operation	Esenyurt Ibis Hotel	2013	Istanbul
Ongoing	Izmir Ibis Hotel	2013	Izmir
Ongoing	Ankara Ibis Hotel	2014	Ankara
Ongoing	Istanbul Karaköy Novotel	2015	Istanbul
STATUS	OVERSEAS PROJECTS	COMMENCEMENT OF OPERATIONS	LOCATION
In operation	Yaroslavl Ibis Hotel	2011	Yaroslavl-Russia
In operation	Samara Office	2012	Samara-Russia
In operation	Samara	2007	Samara-Russia
Ongoing	Kaliningrad Ibis Hotel	2013	Kaliningrad-Russia

**Akfen REIT's hotel portfolio averaged
EUR 51 in revenue per room in 2012,
up 8% over the prior year.**

OCCUPANCY RATES AS OF DECEMBER 31, 2012

HOTELS	NUMBER OF ROOMS*	2012	2011	2010
Zeytinburnu Ibis	228	86%	86%	84%
Zeytinburnu Nov	208	85%	83%	84%
Eskişehir Ibis	108	75%	76%	74%
Trabzon Novotel	200	70%	72%	61%
Gaziantep Ibis	177	57%	44%	19%
Gaziantep Novotel	92	73%	50%	28%
Kayseri Ibis	160	54%	45%	31%
Kayseri Novotel	96	57%	48%	36%
Bursa Ibis	200	57%	52%	24%
Yaroslavl Ibis	177	69%	36%	n/a
Samara Ibis	204	n/a	n/a	n/a
Adana Ibis	165	n/a	n/a	n/a
TOTAL/AVERAGE	2,015	66%	63%	52%

REVENUE PER ROOM (EUR)**

HOTELS	NUMBER OF ROOMS	2012	2011	2010
Zeytinburnu Ibis	228	75	71	68
Zeytinburnu Nov	208	97	93	88
Eskişehir Ibis	108	41	39	42
Trabzon Novotel	200	71	65	55
Gaziantep Ibis	177	25	18	9
Gaziantep Novotel	92	57	37	26
Kayseri Ibis	160	24	19	15
Kayseri Novotel	96	44	35	29
Bursa Ibis	200	31	25	12
Yaroslavl Ibis	177	45	23	n/a
Samara Ibis	204	n/a	n/a	n/a
Adana Ibis	165	n/a	n/a	n/a
TOTAL/AVERAGE	2,015	51	47	39

* The 299-room Merit Hotel in TRNC is not included.

** Revenue per room figure includes other income generating items (e.g. food & beverage, seminars-conventions, banquets).



ROOM CAPACITY BY HOTEL TYPES


2012	299			1,419	596	2,314
2011	299		1,050		596	1,945
2010	299		873		596	1,768
2009	299	336		408		1,043
2008	299	336		408		1,043
2007	299	336	208			843

■ TRNC ■ Ibis ■ Novotel

MARINE TRANSPORTATION

THE CURTAIN OPENS TO REVEAL İDO'S SUCCESS!





With its modern fleet, İDO is one of the world's leading marine passenger and vehicle transportation operators,

and the company continues to stop in the port-of-calls of success.

İDO DENİZ OTOBÜSLERİ SANAYİ VE TİCARET A.Ş. ("İDO - ISTANBUL SEA BUSES")

With a fleet capacity of 36,221 passengers and 2,790 vehicles, İDO delivers fast, safe and comfortable marine transportation by running innovative and sustainable operations.

İDO was established in 1987, initially under the name İstanbul Ulaşım ve Ticaret A.Ş., by the Metropolitan Municipality to help address the growing traffic problem in Istanbul. Introducing a new marine transportation alternative to passengers in Istanbul, the company changed its name to İDO in 1988.

The entire shares (100%) of İDO were acquired by TASS ("Akfen Holding-Tepe Construction-Souter and Sera Joint Venture") through the block sale privatization under Law No.: 4046 on Privatization Practices. TASS paid the sale price of US\$ 861 million on June 16, 2011, the share sale agreement was executed, and TASS took over all of İDO's shares. Akfen Holding holds a 30% stake in TASS as do Tepe Construction, and Souter Investments LLP, which acts together with Noble Grossart Investments Limited and PSD Investments Limited; Sera holds 10% of the shares.

İDO provides passenger and vehicle transportation services in the Marmara Sea area, the most densely populated region in Turkey. İDO's fleet is comprised of a total of 53 sea vessels (25 sea buses, 18 conventional ferries and 10 fast ferries) that have a total capacity of 36,221 passengers and 2,790 vehicles. With its modern fleet, İDO is one of the world's leading marine passenger and vehicle transportation operators.

Providing service in a total of 17 lines, including 11 sea bus, two conventional ferry and four fast ferry lines, İDO takes advantage of the

demographic and geographic opportunities within Istanbul and the Marmara Sea region. İDO has up to 30 years of operation rights in the majority of the 35 piers it operates.

In addition to passenger and vehicle ticketing services, the company also offers food & beverage, advertising and other additional services on its vessels, terminals and land facilities.

Operations in 2012

İDOBÜS is one of the most advantageous services offered by İDO, a name equated with economical, comfortable and fast travel. İDOBÜS served 1,130,423 passengers traveling on the Kabataş-Bursa-Kabataş line, during the period March 22-December 31, 2012. Thanks to İDOBÜS services, daily round trips between Kabataş (a central location in Istanbul) and Güzelyalı-Bursa are now possible.

Sea Bus Lines

Istanbul (Kabataş-Kadıköy)-Çınarcık
Istanbul (Bostancı-Yenikapı)-Marmara-Avşa
Istanbul (Bostancı-Yenikapı)-Armutlu
Istanbul (Bostancı-Kartal)-Yalova
Bosphorus Line
Bostancı-Kadıköy-Yenikapı-Bakırköy
Bostancı-Kabataş
Istanbul-Adalar (Princes' Islands)
Istanbul (Yenikapı)-Yalova
Istanbul (Bostancı-Yenikapı)-Bandırma
Istanbul (Bostancı-Yenikapı)-Çınarcık-Esenköy



In 2012, the project financing obtained for İDO's privatization transaction was named "Privatization Deal of the Year" at the Project Finance Awards, organized by Euromoney.

Fast Ferry Lines

Yenikapı-Bandırma
Yenikapı-Bursa
Yenikapı-Yalova
Pendik-Yalova

Conventional Ferry Lines

Eskihisar-Topçular
Sirkeci-Harem

With the new ticket sale system launched on July 20, 2012, İDO's comfortable, safe and modern transportation services as well as its flexible pricing applied to inter-city lines were simplified, becoming even more customer friendly.

Following the privatization of the Company, a series of innovations was introduced. Among these, İDO installed desktop screens on the 246 business-class seats on its "Osmangazi" and "Orhangazi" ferries, which operate on Yenikapı-Bursa and Yenikapı-Bandırma lines, as well as on the 126 business-class seats on the "Turgut Özal" and "Adnan Menderes" ferries. Business-class passengers can now watch movies, listen to music, play games, access the Internet and check their e-mail, or check the daily news on these screens. In 2012, the company finalized the investments related to ticket sales offices and landscaping work at its Yenikapı terminal.

Following a series of new promotional offers, the co-branded Sea&Miles and Sea&Miles Bonus credit cards, jointly offered by İDOCLUB, İDO and Denizbank, have been transformed into a loyalty program. Customers can now earn miles

from their purchases and by using İDOCLUB services, and then take advantage of bonus travel opportunities. Recently, several new merchants have joined Sea&Miles.

The co-branded (İDO and Denizbank) Sea&Miles Bonus credit card is also a loyalty program through which customers can earn miles by charging their purchases and by using İDOCLUB services.

İDO introduced a breakthrough service in the marine transportation sector by launching a car rental service at its Yenikapı and Mudanya terminals in collaboration with Otokoç and Budget. The company also plans to launch this service at its Bandırma and Yalova terminals in 2013. Further, İDO is currently working to start RoPax services on its property in Ambarlı to meet the increasing demand on the North-South Marmara route.

İDO continued to support sports activities and sports clubs in the Marmara Region throughout 2012. The company signed sponsorship agreements with Bursaspor (football club) as the Official Travel Sponsor, with Yalovaspor (football club) as the Main Sponsor, and with Yalova Orthopedics Sports Club. İDO has also recently become the Travel Sponsor of Bandırmaspor (football club).

BTA Maritime is a very good example of creating new lines of business by capitalizing on Akfen Holding's know-how and leveraging the synergy within the Group. As a result of first stage investments made in 2011, BTA Maritime began



operations initially at 33 sales points as a food and beverage services company of İDO. This modest beginning resulted in the development of an integrated and a unique business model: the establishment of new revenue generating service companies in a business line that had previously generated only rental income. From operating 33 sales points in 2011, BTA Maritime served some 10 million passengers at 65 sales points in 2012, while İDO carried a total of 50,911,282 passengers and 7,753,102 vehicles. The average revenue per passenger was TL 0.93, while the average revenue per passenger served by BTA was TL 4.72.

İDO's privatization wins Best Project Finance awards

İDO Project Finance Award: Project finance of İDO's privatization transaction, which took place in June 2011, received an award from Euromoney, one of the world's leading finance magazines. Companies operating in several industries such as energy, renewable energy, transportation, public-private partnerships, petroleum and gas participated in the hotly contested competition, which included various categories. After a careful assessment of the evaluation criteria, the project financing obtained for İDO's privatization transaction was named the "Privatization Deal of the Year" at the Project Finance Awards, held by Euromoney.

In addition, İDO's privatization transaction received the "Deal of the Year" award from Infrastructure Journal in the category of Infrastructure Acquisitions. During the project finance stage of the privatization transaction, EBRD ("European Bank for Reconstruction and Development") extended a mezzanine loan in addition to the long-term financing it had initially provided.

Other awards received by İDO

The grand prize at the 2010 National Quality Awards organized by the Turkish Society for Quality ("KalDer") and TÜSİAD ("Turkish Industrialists' and Businessmen's Association").

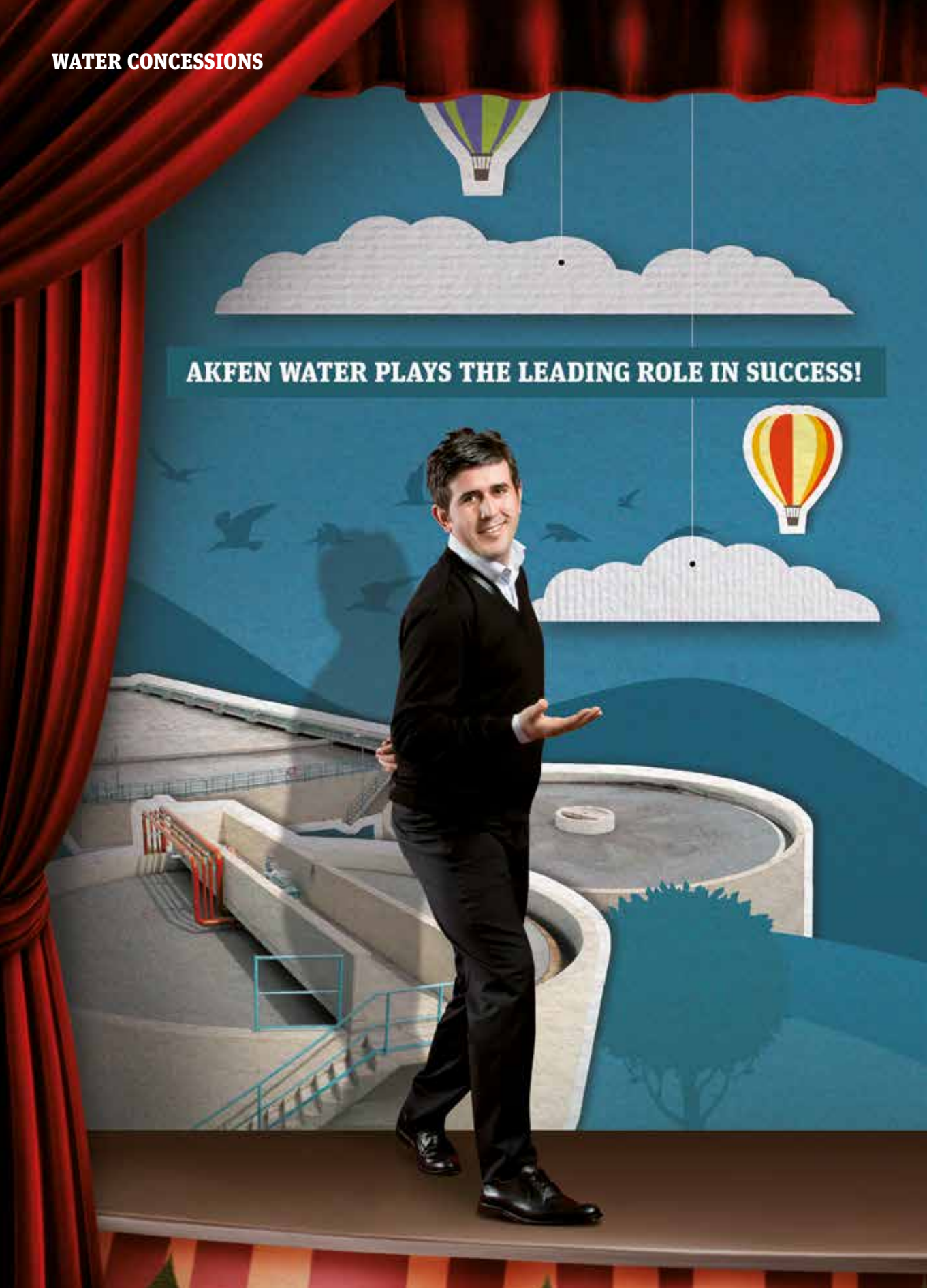
Fortune 500 and Capital 500 lists

In 2012, İDO ranked 254th on Fortune 500 magazine's annual list of "Turkey's Top 500 Companies." In addition, the company placed 324th on "Turkey's Top 500 Companies" list as compiled by Capital 500 magazine.

NUMBER OF PASSENGERS AND VEHICLES CARRIED	2012
Total Number of Passengers Carried	50,911,282
Fast Ferry	5,921,019
Sea Bus	7,513,482
Conventional Ferry	37,476,781
Total Number of Vehicles Carried	7,753,102
Fast Ferry	1,070,318
Conventional Ferry	6,682,784

WATER CONCESSIONS

AKFEN WATER PLAYS THE LEADING ROLE IN SUCCESS!



Akfen Water, the first private sector company of Turkey that operates water utilities concession is

THE LEADER OF THE SECTOR

**with is shows
high growth potential.**

AKFEN ÇEVRE VE SU YATIRIM YAPIM İŞLETME A.Ş. (“AKFEN WATER”)

Akfen Water made significant progress in solid waste management by commissioning new systems in 2012.

Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. was established in 2005, as a 50-50 joint venture with Netherlands-based Kardan N.V., in order to stem the severe economic losses in the water and water infrastructure industries and to provide the public with uninterrupted, safe and healthy water and infrastructure services. The company undertakes water concession projects in Turkey and aims to strengthen its brand in global markets as well by developing new technologies.

Akfen Water is mainly engaged in drinking and potable water, waste water and solid waste management projects. The company's main goals include:

- Conducting the proper distribution of drinking and potable water obtained from underground and aboveground sources; carrying out the research, project design, construction, operation, maintenance and repair processes related to all types of systems and facilities;
- Collecting all manner of domestic and industrial wastewater, solid waste, rain water, and removing these away from residential areas; carrying out the research, project design, construction, operation, maintenance and repair processes of systems and facilities required for filtration and purification.

An impressive 65% efficiency increase achieved with the new nanofiltration system in Güllük

Akfen Güllük Environment and Water Investment, Construction and Operation (“Akfen Water Güllük”) operates pursuant to the Concession Agreement on the Construction and Operation of Drinking and Potable Water

Provision and Waste Water Treatment Facilities signed with Güllük Municipality on August 29, 2006, to be valid for a period of 35 years. The EBRD provided refinancing of Akfen Water Güllük investments and the company served 5,527 customers in 2012, up 5% over the previous year. The amount of invoiced water by the company in 2012 reached 530,000 m³. Two years earlier, Akfen Water Güllük installed a nanofiltration system with a capacity of 2,000 m³/day, due to the population increase observed in the area during the summer. The company also established an additional nanofiltration facility with a capacity of 2,400 m³/day in order to provide customers with higher quality water.

Conducting all its operations in an environmentally friendly manner, Akfen Water installed a reverse osmosis system in Güllük in addition to the nanofiltration system, thereby achieving a 65% improvement in efficiency. This initiative is significant also in terms of conserving and using groundwater more efficiently.

Akfen Water Güllük also launched an SMS service to keep its subscribers informed and to speed up the payment collection process.

A 4% increase in the amount of waste water treated in Dilovası

On March 31, 2010, Akfen Water finalized the investment phase for the Waste Water Treatment Concession at the Dilovası Organized Industrial Zone located in the Marmara region. Following the operational testing, the 27-year operation period began on July 1, 2010. Project financing was provided by EBRD. The amount of waste water treated at the facility throughout



2012 increased 4% over the previous year, reaching 2,435,342 m³.

There are over 100 organized industrial zones in Turkey, and the Dilovası facility, which is regarded as a prototype, provides waste water treatment services to 209 factories in the Dilovası Organized Industrial Zone as well as to Dilovası district.

Under the Dilovası BOT project, the Administration of Dilovası Organized Industrial Zone guarantees a fixed waste water treatment price, on a Euro basis, for each year of operation in return for a minimum annual increase in flow rate.

Solid waste management has begun at İDO

Extending its expertise and know-how in water and waste water treatment to solid waste management, Akfen Water also offers services in the development and management of solid waste management systems, in line with the needs of its customers.

Different types of businesses require different solutions in solid waste management that are relative to their fields of activity and in compliance with the environmental code and other applicable regulations. Akfen Water offers sustainable and eco-friendly solutions that ensure maximum customer satisfaction in the development, process design and management phases of solid waste management systems by using the latest technologies. To that end, the company provides a wide range of services, including identifying legal responsibilities, reporting, determining, classifying, collecting, segregating, temporarily storing, shipping,

recycling and disposing of hazardous and non-hazardous materials, as stipulated in the environmental code and other relevant regulations.

Having signed its first Solid Waste Service agreement with İDO, the company began providing services on all sea vessels, land vehicles, land facilities, offices and other port areas.

Akfen Water played an active role at the 3rd Environment Summit

Akfen Water continued to promote its BOT and Concession models as well as its project development efforts to organized industrial zones and municipalities.

The 3rd Environment Summit was organized under the theme “Mud Disposal at Organized Industrial Zones and BOT Projects” and was held in Trabzon on April 28, 2012. Akfen Water played an active role at the Summit, where issues closely monitored by the Company were addressed. Akfen Water participated in the Summit with a booth and conducted a presentation about BOT and concession contracts during the Summit’s first session.

Some 350 persons including officials from the Ministry of Environment and City Planning as well as other Ministries, and representatives of organized industrial zones attended the Summit, where Akfen Water had the opportunity to raise awareness about its services and promote its brand.

At all Akfen companies and subsidiaries, effective internal communications and continuous personnel training are two critical components of corporate culture.



Akfen Holding's "Principal Policy in Human Resources Management" deals primarily with following contemporary human resources standards and matching the requirements of the business with the skills and competencies of employees. The Holding regards continuous training as an essential factor in creating sustainable values and an integral part of its corporate culture.

The Holding's Human Resources Management aims to increase employee performance by creating a dynamic and creative atmosphere, while translating corporate objectives into individual goals so that they can be achieved more effectively and efficiently. The Company's HR Management also places great importance on the professional and personal development of employees.

Akfen Holding offers various training opportunities to improve staff qualifications and enhance intellectual capital at all of its companies and subsidiaries in order to support the achievements of personnel and help them reinforce their leadership skills. In addition to the know-how trainings, orientation programs, and on the job trainings, the Holding also provides a training program on soft skills and technical knowledge, offered either by internal experts or external consultants. Training programs are determined with the participation of employees and are revised each year in line with demands and needs.

Maintaining dynamic synergy within a company as well as fostering employees' constant contact with each other and with management are key drivers of staff loyalty. Therefore, the Holding's internal communications are kept ongoing and continuous by means of various communication tools. To this end, a portal has been created to allow employees to access any information they may need and to stay informed about internal announcements. Company newsletters, which include news about personnel and/or other

pertinent informational updates, are sent to all employees via e-mail on a monthly basis. Furthermore, social events and special days are held to reinforce internal communication.

As of year's end 2012, Akfen Holding and its subsidiaries employ 340 personnel while the number of employees at joint ventures totaled 27,654. The average age of Holding employees is 36 and 11% of personnel are female.

NUMBER OF EMPLOYEES BY FIELDS OF ACTIVITY	
FIELD OF ACTIVITY	(AS OF DECEMBER 31, 2012)
Holding	53
REIT	30
Construction	88
Energy	169
SUBTOTAL	340
JOINT VENTURES	
TAV Airports Holding	22,709
TAV Investments Holding	1,866
MIP	1,421
İDO	1,624
Akfen Water	34
SUBTOTAL	27,654
TOTAL	27,994



OUR CORPORATE SOCIAL RESPONSIBILITY PROJECTS

The Human Resources Foundation of Turkey (“TİKAV”)

Akfen Holding established the TİKAV in order to help university students become socially and culturally active and successful individuals. Founded under the leadership of Mr. Hamdi Akın on January 15, 1999, TİKAV believes in doing its part to support education rather than being dependent on government action. TİKAV strives to increase the quality of Turkey’s young human resources through the scholarships and programs it implements. TİKAV is a civil society organization that is dedicated to the tenets of Mustafa Kemal Atatürk, the founder of the Republic of Turkey. The Foundation’s Personal Development Program is an ensemble of activities, which university students can participate in starting from their first year until their graduation, and consists of seminars, trainings, panel discussions, projects, internships and travel programs to enhance their knowledge and skills.

The Personal Development Program was initiated in 1999 at Fırat University in Elazığ. Following a four-year pilot implementation, the program was extended to other universities; this unique initiative celebrated its first graduates in 2002. In 2003, students from Yüzüncü Yıl University in Van were accepted to the program for the first time, followed by students from Middle

East Technical University, Hacettepe University, Ankara University and Eskişehir Osmangazi University in 2006. Hence, the scope of the Personal Development Program was further expanded. After 2007, TİKAV began to offer the program to students, who were born in and are still living within Eastern and Southeastern Anatolia. There are currently students, who continue their education with TİKAV scholarships at Harran University in Şanlıurfa, Sütçü İmam University in Kahramanmaraş, Atatürk University in Erzurum, Yüzüncü Yıl University in Van and Fırat University in Elazığ.

In 2001, TİKAV became the independent administrator of the International Award for Young People Program and gained the authority to implement the program for the youth in its ranks. In 2003, the Foundation pioneered the establishment of the Award for Young People Association, which was granted national authority to implement the International Award for Young People Program across Turkey.

Under an agreement executed in April 2013, TİKAV was licensed to run the International Award for Young People Program, in line with the new structuring of the initiative around the globe. The program will be implemented by TİKAV under the name “The Duke of Edinburgh’s International Award-Turkey” starting in June 2013.



TİKAV benefits from UNFPA, UNICEF and European Union Youth Program funding for some of the projects and programs it implements. The Foundation has also participated in the Turkish delegations to various UN conferences.

Additionally, TİKAV carried out other projects in Mersin under the sponsorship of MIP, including “Eski Köye Yeni Adet” (New Tradition for the Old Village) in 2010, “Anneler Okulu Projesi” (Mothers’ School Project) in 2011 and 2012, “Ortak Dilimiz Renkler Projesi” (Colors, Our Common Language Project) in 2012. In 2013, new projects are planned in collaboration with MIP, such as “Mersin’de Muhtarlarla Ele Ele” (Hand in Hand with Village Headmen in Mersin) and “Onarımı Bizden Okuması Sizden Projesi” (“We Restore, You Study” Project). The “Career Workshop Mentee-Mentor Program” tailored for TİKAV’s senior students will also be initiated in 2013 with the voluntary contribution of Akfen Holding managers and employees.

The Award for Young People Association

The Award for Young People Association, of which the main sponsor is Akfen Holding, is the only organization authorized by the British International Award Association to promote, implement, audit and certificate the International Award for Young People Program in Turkey. The Association aims to provide social development by contributing to the personal and social development of young people through the program it manages.

The 2011 Regional Meeting of the International Award for Young People Program, which aims to support the personal development of young people, and is based on a spirit not of competing but of volunteering, was held in Istanbul under the sponsorship of Akfen Holding April 28 - May 1, 2011. Fifteen National Authorities from the EMAS Region (Europe, Mediterranean and Arab States), and the representatives of the International Award Association attended the meeting. The Association represented Turkey at the Gold Awards held in Kenya. Ms. Sultan Yılmaz, the President of the Award for Young People Association, Ms. Pelin Akın, the Vice President, and Mr. Hamdi Akın, the main sponsor of the Association, participated in the 2012 Forum, which took place in Malta. The Forum is held every three years with the participation of all award authorities from around the world and is hosted by a different country each time.

Between 2003 and 2012, some 5,000 participants have received their certificates; and in 2013, about 2,000 youth are still participating in the program.

Akfen Holding was awarded the Gold Medal by the Turkish Red Crescent because of the aid it has provided to the earthquake victims in Van.

Sponsorships

Projects that introduce children and young people to the arts.

Akfen Holding believes that art is the most important domain that carries societies forward into the future; with this approach, the Holding supports the Istanbul Modern Friends of Education. Committed to supporting artistic creativity in Turkey, the Istanbul Modern organizes educational programs and activities and promotes the cultural identity of Turkey in the international arena.

In 2012, Akfen Holding continued to add value to the educational programs of Istanbul Modern to provide learning opportunities for children and young people and to further reinforce the museum's present achievements.

Housing opportunity to earthquake victims

After the earthquake in Van in 2011, which is still fresh in the memory as a great disaster, many Turkish citizens lost their homes. Due to its socially aware approach, Akfen Holding participated in the "Hürriyet Mahallesi" (Liberty Neighborhood) campaign that commenced with the cooperation of Hürriyet Newspaper and the Red Crescent Society. Under the assistance campaign that aims to provide housing to those who lost their homes due to the earthquake, the Holding has donated 20 homes to the families impacted by the disaster.

Working with Red Crescent in aiding Somalia

Akfen Holding closely monitors social problems not only in Turkey but also all around the world and the company has made a donation to the aid campaign launched by Turkish Red Crescent for Somalia, which is facing the danger of famine.

Contribution to promotion of Turkey overseas

TÜSİAD (Turkish Industrialists' and Businessmen's Association) founded an "Overseas Communication Commission" to carry out communication and promotional activities targeted at public opinion in European countries. The Overseas Communication Commission intends to develop projects to promote Turkey on international platforms; cooperate with leading PR firms in Europe to this end; evaluate and direct initiatives; provide financial support from the private sector and other organizations; and coordinate the execution of selected projects. An "Overseas Communication Fund" was established to finance such efforts of the Commission. In order to contribute to the fund, Akfen Holding entered into a sponsorship contract for the period January 1, 2008 to December 31, 2012.

Sports enthusiast Akfen Family not only supports but also participates in sporting events

The 10th Istanbul Corporate Games, Turkey's most comprehensive corporate sports event, was held in Istanbul on June 8-10, 2012, with the participation of 4,113 persons and 5,257 athletes from 184 companies. Akfen Holding was the sponsor of the football games at the 2012 Corporate Games, and participated in the Games with 27 sports enthusiasts, forming one football team, one carting team and three bowling teams.

Akfen Holding provides support to spread the use of the Turkish language

The Turkish Olympics, which is considered as one of the world's most comprehensive events, was held in 41 cities, including Istanbul and Ankara, under the slogan "Humanity Hand in Hand," May 30-June 14, 2012. Akfen Holding sponsored the Turkish Olympics, which

was organized by the International Turkish Association (“TÜRKÇE-DER”) for the 10th time this year, and where Turkish speaking children from all over the world competed with their Turkish skills.

Official Sponsor of the 20th Anniversary Summit of BSEC

On the occasion of the 20th Anniversary Summit of BSEC (Organization of the Black Sea Economic Cooperation), the BSEC Summit of Heads of State and Government, hosted by Turkey, was held in Istanbul on June 26, 2012. Akfen Holding was the official sponsor of the BSEC Joint Painting Exhibition, which was held in the Medhal Hall of Dolmabahçe Palace, and under the auspices of Turkey’s President, Mr. Abdullah Gül.

Bab-ı Âli Meetings enhance Turkey’s intellectual richness

“Considered to be one of the top intellectual hubs that aim to lay the intellectual foundations of new projects relating to the future of Turkey and the world in general,” Bab-ı Âli (Sublime Porte) Meetings bring together world-renowned, esteemed figures. As one of the top intellectual gatherings in Turkey since its inception in 1990, Bab-ı Âli Meetings were organized for the 103rd time on April 4, 2011 under the sponsorship of Akfen Holding. The Honorary Spokesperson for the event was Dr. Kadir Topbaş, the Mayor of the Istanbul Metropolitan Municipality. The 104th meeting is planned for February 5, 2013.

Bab-ı Âli Meetings draw attendance from among presidents, parliamentary leaders, prime ministers, opposition leaders, ministers, mayors and leading specialists, and thus offering a more efficient, visionary, inclusive and multi-dimensional intellectual platform where participants can receive crucial information first-hand.

TİSVA Microloan Program

TİSVA (Turkish Foundation for Waste Reduction) was established in 1998 in Ankara to prevent waste and reduce poverty in Turkey. In addition to operating food banks for the needy, the Foundation works in cooperation with Professor Muhammed Yunus, the 2006 Nobel Prize winner,

to run the Grameen Microloan Program in Turkey to ensure that poor women actively participate in the economy and generate income. Akfen Holding sponsors the Microloan Project to contribute to its promotion.

The Microloan Program was initiated for the first time in Diyarbakır on July 18, 2003; today, it is successfully implemented in the provinces of Diyarbakır, Mardin, Batman, Gaziantep, Kahramanmaraş, Adana, Ankara, Çankırı, Yozgat, Zonguldak, Amasya, Eskişehir, Kayseri, Niğde, Bursa, Aydın, Erzincan, Sivas and Rize. In addition, micro-greenhouse projects that use hydroponic techniques were successfully initiated in these provinces. Akfen has also provided financing for the Microloan Project in Kayseri.

Social services provided through the Akyurt Foundation

Akyurt Foundation was established in 1999 to meet the physical, psychological, social and cultural needs of senior citizens who cannot care for themselves. Mr. Hamdi Akın is a member of the Board of Trustees of the Foundation.

A Gold Medal received from the Turkish Red Crescent

As one of the 170 donors who support humanitarian operations in Turkey and abroad, Akfen Holding was awarded the Gold Medal by the Turkish Red Crescent because of the aid it has provided to the earthquake victims in Van. Mr. Hamdi Akın, Chairman of Akfen Holding, received the gold medal personally from Prime Minister Recep Tayyip Erdoğan.

Akfen Holding joined the Friends of AKUT

Akfen Holding joined the Friends of AKUT Program by making a donation to AKUT (Search and Rescue Association), the first and foremost search and rescue group in the country. AKUT helps people who face disasters not only in Turkey but most anywhere in the world, and organizes rescue operations using its own resources. Since its foundation, AKUT has saved the lives of 1,428 persons in 1,055 operations in times of earthquakes, floods, landslides, road accidents, natural disasters, in the mountains and on the seas, without expecting anything in return.

Ülkü Akın Secondary School opened its doors to students at the beginning of the 1993-1994 academic year.

Supported Universities

Abdullah Gül University Support Foundation

Since 2011, Akfen Holding has been a contributor to the Abdullah Gül University Support Foundation. The Foundation was established to relieve the public sector of its heavy burden in the area of education, and it is committed to help Abdullah Gül University to attain its stated vision in a short span of time. The Foundation not only supports and rewards bright students, but also aims to meet the economic, social and cultural needs of the academic and administrative personnel and to improve the university's physical and technological infrastructure. Mr. Hamdi Akın has served as the Vice Chairman of the Board of Trustees at Abdullah Gül University Support Foundation since 2011.

London School of Economics

The establishment of Turkish Studies chairs at leading universities around the world is an essential element of Turkey's promotional activities abroad. Such professorial chairs are important not only for the promotion of Turkish history and culture, but also for providing a platform to express Turkey's point of view and opinions on current events.

In this context, a "Contemporary Turkish Studies Chair" was established at the London School of Economics, one of the most prestigious academic institutions in the world, thanks to the efforts of the Turkish Ministry of Foreign Affairs. Akfen holds a Permanent Membership on the Advisory Board, a function fulfilled by Ms. Pelin Akın. Akfen Holding is pleased to support such an important project to promote the country internationally.

Our Schools

Ülkü Akın Secondary School

Proceeding along the lines of its mission to contribute to the education and development of young generations, and as a token of this socially aware approach, Akfen Holding established the Ülkü Akın Primary School, which opened its doors to students at the beginning of the 1993-1994 academic year. The school is named after Mr. Hamdi Akın's (Chairman of Akfen Holding) deceased wife, who lost her life to an unexpected illness at a very young age.

Initially serving as an elementary school, the school was later transformed into a secondary school at the end of the 2011-2012 academic year, due to the 4+4+4 educational reform of the Ministry of Education. Currently, the school operates under the name of Ülkü Akın Secondary School. The school currently has 330 students and consists of 24 classrooms, two kindergarten classrooms, one laboratory, one multi-purpose hall, and a library.

Hikmet Akın Secondary School

Hikmet Akın Secondary School opened its doors to students in the Hamidiye Neighborhood of Düzce, at the beginning of the 2004-2005 academic year. The school was commissioned by Akfen Holding's Chairman, Mr. Hamdi Akın, in memory of his deceased mother Mrs. Hikmet Akın. From the date of its opening until 2012, the school served 1st to 8th-grade students under the name Hikmet Akın Elementary School; at the end of the 2011-2012 academic year it was transformed into a secondary school, due to the 4+4+4 educational reform of the Ministry of Education. The school currently has 355 students.

Akfen Holding was awarded for its approach to corporate social responsibility

Akfen Holding's corporate social responsibility initiatives received awards at the "3rd Golden Valve & Golden Voltage Achievement Awards in the Natural Gas and Electricity Sectors," organized by Gas & Power and Green Power Newsletters, the leading publications of the energy sector in Turkey.

The Personal Development Program, one of Akfen Holding's the most important CSR projects and which is implemented jointly by TİKAV and the International Award for Young People Association, and the 2012 Mothers' School Project ("TİKAV") received the "Golden Voltage" award for their significant contributions to education and social development.

2011 Annual Report received international recognition

Akfen Holding's 2011 Annual Report received the Silver Award in the "Holding Company" category and the Bronze Award in the "Creative Copywriting" category (for Europe) at the Galaxy Awards, an international competition that spotlights excellence in product and service marketing.

Additionally, the 2011 Annual Report received an Honorable Mention at the Creativity International Awards, which recognizes the world's best product, service and communication projects.

Hamdi Akin received three awards for his various accomplishments: Successful Businessman of the Year

The Personal Development and Success Summit, organized annually since 2006, aims to assist professionals in the business world climb the career ladder faster and achieve success in their positions by improving their knowledge base and creative thinking skills. This year's Summit was held on November 22, 2012, under the theme "Time for Change." The chairmen and CEOs of Turkey's leading holding companies as along with personal development experts delivered speeches at the summit, where Mr. Hamdi Akin received the "Successful Businessman of the Year" award.

Businessperson of the Year

Mr. Hamdi Akin was named "Businessperson of the Year" by Fortune magazine, one of the world's top monthly magazines on the global economy. In its survey, Fortune magazine identified those business people who achieve significant success in their respective fields, who stand apart and gain power and influence with their different approach.

Entrepreneur of the Year in Transportation

In 2012, Mr. Hamdi Akin received the "Entrepreneur of the Year in Transportation" award presented by Middle East Technical University.

Akfen Holding takes pride in being the first holding in Turkey that signed the Global Compact, which is a voluntary initiative.

The Global Compact, which is a voluntary initiative established in order to allow formation of common culture in the business world, is a body of principles based on universally accepted grounds. This forum, which is based on learning and open to sharing of experiences, is also an information network to allow communication between organizations and other stakeholders. Akfen Holding, which supports sustainable development and good corporate citizenship, practices in the activities carried out by the whole Company and its subsidiaries, signed the United Nations Global Compact in accordance with this approach on July 2, 2002. With this signature, Akfen Holding assumed the title of the first company which signs the Global Compact in Turkey.

The Global Compact requires participating companies to work in close cooperation with the United Nations by establishing 10 principles regarding the issues of human rights, labor standards, the environment and anti-corruption. These 10 principles are respectively as follows:

Human Rights

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2. Businesses make sure that they are not complicit in human rights abuses.

Labor Standards

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4. Businesses should eliminate all forms of forced and compulsory labor.

Principle 5. Businesses should refrain from using child labor.

Principle 6. Businesses should eliminate discrimination in employment and occupation.

Environment

Principle 7. Businesses should support a precautionary approach to environmental challenges.

Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10. Businesses should work against corruption in all of its forms, including extortion and bribery.

Akfen Holding has developed a “Code of Ethics” as the Company’s principles and rules to generate financial value for stakeholders and elevate the Company’s corporate values. All executives and employees must abide by these guidelines. The Code of Ethics aims to ensure that Akfen executives and employees act with the highest standards, are aware of corporate effects of their behaviors and attitudes, use proper conduct in Company operations and act in the most ethical and professional manner. The Code of Ethics is published on the Akfen Corporate Intranet and is fully explained in employee training programs. The Board of Directors, executives and all employees are expected to follow the Akfen Holding Code of Ethics as stated below.

Akfen’s Management Policy

Akfen’s Primary Objective is to run its operations at world class standards and in compliance with applicable laws, rules, regulations and standards, in a high quality, environmentally friendly and profitable manner by taking health and safety conditions into consideration.

Akfen develops its work plan activities based on its broad know-how thanks to its well-experienced staff, and performs these activities via Group companies and subsidiaries.

Akfen management is fully aware that securing success and the Company’s future is dependent upon establishing a peaceful and safe workplace with the contribution of employees, and achieving high quality in business operations.

Akfen employees’ main objective is to perform their tasks in a proper, complete and timely manner, in line with quality targets. Akfen considers every person and organization to which it provides services as a customer, and formulates its management system accordingly.

The goal of the Akfen Management System is to identify risks relevant to the environment, occupational health and safety as stipulated in the legal and regulatory framework; make the required risk analysis; prevent the risks at the source; continuously minimize the situations that could jeopardize human lives and assets;

protect the environment; prevent pollution; and improve the management system.

Akfen Senior Management is committed to taking the following measures in order to achieve this goal:

- Planning and implementing training programs to raise employee awareness in order to make improvements in the areas of quality, the environment, occupational health and safety;
- Monitoring technological developments and establishing systems for a convenient working environment in project areas;
- Providing high quality material and equipment to safeguard human and environmental health;
- Supporting recycling;
- Reviewing of these policies by Senior Management.

Akfen employees will take Akfen to further and continued success with their teamwork, spirit, Akfen Family corporate identity, as well as mutual support, admiration and respect.

It is the desire and responsibility of all employees, including the senior management in particular, to create a healthy, safe and environmentally friendly work culture and to ensure its continuity.

Accordingly, Akfen Holding has adopted the following Code of Ethics, which was developed in line with corporate governance principles:

1. Honesty

The principle of honesty is fundamental in all relationships and processes within and outside the Organization.

2. Confidentiality

The employee must keep all information and secrets she/he has acquired about the business and the Organization, regardless of whether these relate to the task she/he performs. She/he cannot disclose such trade secrets, information or relevant documents to unauthorized individuals or agencies. This obligation continues even after the termination of her/his relationship with the Organization.

3. Cases of Conflicts of Interest

It is essential for the employee to prioritize the interests of the Organization in all work related activities. The following conditions are considered situations leading to conflicts of interest:

- Commercial contact between the Organization, and family members or relatives up to third degree of an employee;
- Cases in which a relationship of ownership and interest in rival companies by family members or relatives up to third degree of an employee;
- Cases in which an employee gives work to companies employing her/his family members or relatives up to third degree;
- Cases in which an employee borrows money or has commercial dealings with a company with which she/he has a professional relationship.

4. Conflicts of Interest

Possible cases of conflict between the interests of individuals and the interests of the Holding or related persons or organizations are monitored and avoided. While carrying out their tasks, Holding employees hold the interests of the Organization above all else, and avoid any action and behavior that could amount to providing personal interest to oneself or one's relatives by using the Organization's resources or reputation.

Holding employees make the utmost effort to avoid any misuse of the Organization's resources and to protect the name and reputation of the Holding.

5. Prevention of Conflicts of Interest

Any foreseeable cases of conflicts of interest identified by the Organization are shared with the relevant employees and the Organization management takes the necessary measures. Managers and employees of the Organization are obliged to notify the management about any cases of conflicts of interest they observe. After the occurrence of any such situation, the Board of Directors evaluates the case and takes the necessary action.

6. Responsibilities

The Holding pays utmost attention to fulfilling the following responsibilities related to its customers, employees, shareholders, suppliers and business partners, rivals, the environment and society at large.

6.1 Responsibility to Comply with Laws and Regulations

The Holding acts in compliance with laws and regulations both in Turkey and in foreign countries where it operates. Information, documents and records pertaining to these activities are kept regularly and completely. Any type of report, presentation, financial statement and footnotes to be disclosed to the public or presented to authorities by the Holding, is prepared accurately and transparently, with maximum attention to applicable laws, regulations and Company directives.

6.2 Responsibility to Employees

The employee is obliged to fulfill the employment contract and the tasks she/he is assigned with due care. She/he is obliged to acquire/develop the competencies required by the work, and to take the necessary action to acquire the information required. She/he is responsible for any damages incurred by the Organization due to willful conduct, negligence or carelessness. The employee is responsible for the delegation of the tasks assigned to her/him or to subordinates as required, for the timely completion of such tasks, and for fulfilling the instructions of her/his superior in the best possible manner. Every employee is obliged to protect the reputation of the Organization against third parties, aware of the fact that she/he represents the Organization. She/he is obliged to refrain from any behavior or action that could put the Organization under burden. Every employee is obliged to maintain relationships with other employees, business partners and shareholders in the framework of ethical business conduct and the Code of Ethics. An employee cannot acquire any personal benefit from third parties or organizations in relation to his work, nor may she/he engage in any private business relationship, make or demand a payment.

6.3 Responsibility toward the Environment and Society

The Holding takes into consideration the environment and society at large while running its operations, and strives to reach high standards of environmental awareness. It avoids any transgression of environmental rules that might damage the health and rights of employees, customers and locals. In all fields of activity, the Company acts to minimize its negative impact on the environment and takes measures to prevent environmental pollution. Consumption of natural resources is kept at a minimum level.

Within the framework of its social responsibilities, the Company supports educational and charity campaigns, as well as actions to increase environmental and community awareness, activities with public benefit, and cultural and social responsibility projects.

The Holding is also sensitive to the traditions and cultures of the foreign countries where it operates, respects the social structure, and avoids any action that might have a negative impact on the social environment. It takes all measures to protect the archeological, historical, architectural and cultural heritage, as well as the natural environment

6.4 Responsibility toward Shareholders

The Holding's operations aim at increasing the value of the Holding. Due care is taken to strike an optimum balance between profitability and risk management. The Holding's operations are carried out within the framework of transparency, accountability, sustainability and honesty; the responsibility of informing the shareholders is fulfilled by considering these issues within the applicable legal and regulatory framework.

The Holding's resources are used in an efficient and effective manner, and waste is avoided. Balance is maintained between short term goals and long term success.

6.5 Responsibility to Comply with Workplace Rules and Principles

The employee is obliged to comply with the workplace rules concerning management,

harmony, discipline, occupational health and safety, and all relevant instructions, directives and procedures.

6.6 Responsibility to Exercise Due Care in Conduct and Relationships

In the workplace, the employee is under the obligation to work in harmony with her/his colleagues and managers, to establish sound and humane relationships with private individuals, public officers and organizations that have a relationship with the workplace, and to fulfill her/his tasks in an honest and rapid manner. Employees are also obliged to notify the management of any violation of business ethics, together with any evidence thereof.

6.7 Responsibility to Safeguard Corporate Interests

The employee is under the obligation to protect the interests of the business and workplace of the Organization, and to avoid any action that could damage such interests. The employee cannot use the means of the Organization for her/his personal interests.

6.8 Responsibility toward Competitors

The Holding takes utmost care to ensure the development of the sectors in which it operates, to observe the common interests of all companies active in the sector, and to safeguard the mutual trust in the sector. It avoids unfair competition against its competitors, and acts in compliance with the Code of Ethics and fair competition principles.

6.9 Responsibility to Declare Personal Information and Changes

The employee is under the obligation to timely notify the Human Resources Department of any changes in her/his family, marital status and address, as well as personal data, and information about family or relatives, which constitute the basis for contractual rights and obligations, as well as to deliver any document on which such information is based.

7. Restrictions on Taking Second Jobs

Unless permitted by the company, employees are banned from additional employment, whether formal or informal, permanent or temporary, paid or unpaid, and they cannot engage in trade.

AKFEN HOLDING A.Ş. PUBLIC DISCLOSURE POLICY

A. Purpose, Authority and Responsibility

Akfen Holding A.Ş. (“the Company”) applies the Public Disclosure Policy to inform shareholders, investors, capital market participants fully, fairly, on a timely basis, in an understandable manner and at the lowest cost about the developments related to the Company in compliance with the Turkish Commercial Code (“TCC”), Capital Market Law, Capital Markets Board (“CMB”) and Istanbul Stock Exchange (“ISE”) regulations, and CMB Corporate Governance Principles.

The Company’s Public Disclosure Policy has been prepared by the Board of Directors. The Board of Directors is responsible for the follow-up, review and development of the policy. Implementation of the Public Disclosure Policy is under the responsibility of the Investor Relations Department and the Corporate Governance Committee of the Company.

B. Public Information Disclosure Methods and Tools

Information methods and tools used by the Company are indicated below, in conformity with the provisions of the Capital Market Law and TCC :

- Material disclosures submitted to the ISE and Public Disclosure Platform (“PDP”);
- Financial statement and footnotes submitted periodically to the ISE and PDP, independent audit reports, declarations and annual report;
- Announcements and notifications made through the Turkish Trade Registry Gazette and daily newspapers (prospectuses, circulars, call for General Meeting, et al.);
- Corporate website (www.akfen.com.tr);
- Explanations made over telephone, electronic mail, fax, and other communications means;
- Press releases made through print and visual media;
- Explanations made to information distributors such as Reuters, Forex, and others;
- Meetings, teleconferences or one to one meetings organized with capital market participants.

C. Principles Related to Material Event Disclosures made to the Public**a. Disclosure of Internal Information to the Public**

Disclosure of internal information to the public will be performed in accordance with CMB regulations related to material event disclosures made to the public.

Material event disclosures made by the Company in accordance with regulatory requirements will be published on the internet site of the Company (www.akfen.com.tr) within the business day following the public disclosure after these are submitted to the PDP system in accordance with legal requirements, and will remain there for a minimum of five years.

Information to be explained to the public with material event disclosures will not be announced to certain investors or related parties prior to the disclosure.

b. Postponement of Public Disclosure of Internal Information

At its own discretion, the Company may postpone public disclosure of internal information in order to avoid damaging its legitimate interests, provided that this will not mislead the public and that the Company will ensure keeping this information confidential. As soon as the reasons for postponement of public disclosure of internal information cease to exist, these are disclosed to the public in accordance with regulatory requirements. In the explanation to be made, the postponement decision and the reasons behind it are indicated.

Postponement by the Company of public disclosure of internal information is dependent upon the decision of the Board of Directors and the written approval of the person authorized by the Board of Directors. This approval will include such details as the internal information postponed, the impact of the postponement on the protection of the legal rights of the Company, that this action does not create the risk of misleading investors, and what sort of measures are taken in order to protect the confidentiality of this information.

All measures required for non-disclosing internal information within the scope of postponement will be taken. In the process where the information is postponed, if as a result of the failure of persons in charge of protecting the information any rumors arise in relation to the information disclosure, which is postponed, or if some details are disclosed to the public in any way, and thus if the confidentiality of internal information is not ensured, the internal information confidentiality, which is not protected is immediately disclosed to the public. However, if the spread of such rumors does not arise from the failure of the Company, the postponement may continue.

c. Explanations Relevant to the Exercise of Partnership Rights

In case that the issues related to the following become final with a decision of the Board of Directors, a material event disclosure is made and this information is also announced on the Company internet site.

- Determination of the date, hour, place and agenda of the General Assembly meeting, the manner in which the right of participation in the General Assembly could be exercised, obligations, which those who want to participate in or vote as proxy at the General Assembly should fulfill;
- Information on discussing and deciding on the items of agenda and non-agenda issues in the General Assembly, failure to convene the General Assembly, total number of shares and total voting rights;
- Announcement related to profit distribution, new share issuance, allocation in capital increases, exercise of new share acquisition right, cancellation of the share increase.

d. Measures Related to Ensuring Confidentiality up to the Public Disclosure of Internal Information

Employees of the Company are informed about the obligations to keep confidential the internal information they may come to know during the performance of tasks related to the Company or execution of work and processes on behalf of the Company, which has not yet been disclosed to the public, and not to use the same in order to

provide benefit to themselves or to third persons, or not to disclose to unauthorized third persons.

In addition, the Investor Relations Department and Corporate Governance Committee maintain a list of persons, who work in the Company under an employment contract or in any other manner, and who have regular access to internal information, in accordance with CMB regulations; the list is updated in the event of any change. The list is sent to the CMB and ISE at times when necessary in accordance with legal requirements. All persons, who are on the list should be informed in writing about protecting internal information and complying with the rules of confidentiality during their tasks.

Disclosure of internal information to attorneys, independent auditors, tax advisers, credit agencies, project consultants, financial service providers, and the like, who are subject to the rules of confidentiality is not characterized as unauthorized disclosure provided that these persons need such information when fulfilling their tasks. For that reason, the person to whom the information is to be disclosed should be under the obligation to keep such information confidential pursuant to a legal arrangement, the Articles of Association or a special contract.

e. Persons Authorized to Make Material Event Disclosures

Material event disclosures of the Company are prepared by the Investor Relations Department. This Department is charged with observing and monitoring any type of issue in relation to public information.

There should be a minimum of two managers, who are authorized to represent and bind the Company and who are in charge of making material event disclosures, and names, authorities and titles of these persons are notified to the ISE and CMB in writing. The notification is updated in case that there is any change in these persons. The managers fulfill these responsibilities in close collaboration with the Audit Committee and Corporate Governance Committee.

AKFEN HOLDING A.Ş. PUBLIC DISCLOSURE POLICY

D. Public Disclosure of Financial Reports

Annual and interim financial statements and footnotes of the Company are prepared in accordance with the CMB's Financial Reporting Standards.

Before the Company's financial statements are disclosed to the public, they are presented to the Board of Directors by the Audit Committee, with the opinions of the responsible managers of the partnership and of the independent auditors on the statements' compliance with CMB accounting principles, whether they reflect reality and their accuracy, together with their own assessment, and are approved by the Board of Directors.

Financial statements, which are independently audited are sent to the Capital Markets Board and Istanbul Stock Exchange in accordance with CMB and ISE requirements in order to be disclosed to the public by the end of office hours on the first day following the date on which the statements are delivered to the Company, attached to a letter bearing the signature of the person authorized to represent and bind the independent audit institutions together with the independent audit report, and on the same date when the Board of Directors of our Company resolves on notification of financial statements to the CMB and ISE; and financial statements, which are not subject to independent audit are sent on the first day following the date on which the decision is made by the Board of Directors of our Company about the acceptance of financial statements, in order to be disclosed to public.

During the announcement and notification of the annual and interim financial statements and activity reports, the statement of responsibility in relation to the accuracy of these reports will be signed by persons authorized according to the Company signature circulars and disclosed to the public by sending these documents to the ISE.

Financial statements are also sent in electronic media as PDP notification in accordance with CMB regulations.

After the annual and interim financial statements and activity reports are disclosed to the public, they are published on the internet site of the

Company (www.akfen.com.tr) and left accessible to the public for a minimum of five years. These reports could also be provided from the Investor Relations Department at any time.

Annual financial statements and activity reports are presented for the examination of shareholders at Company Headquarters at least 15 days in advance of annual Ordinary General Assembly meetings and sent to the shareholders who request them.

E. Information to Investors

Immediately following the public disclosure of annual and interim financial statements and activity reports of our Company, presentations, which evaluate the activity results related to the relevant period are published in the Investor Relations section on the Company website (www.akfen.com.tr).

The presentations may include information and evaluations related to the past activity period, as well as estimates, expectations and assessments related to the future, within the scope of the general strategy and financial data of the Company. Such estimates and expectations are open to some risks and various unforeseeable factors that arise from failure to know the future with certainty. As a result, the presentations will include an explanation on the fact that the estimates, expectations and assessments rely on various assumptions and results that occur in the future and that could be different from the expectations. In case that it is understood that such estimates and expectations will not occur in the coming periods, such information is revised.

The Company may also organize meetings or teleconferences that are open to the participation of all investors on the days following the disclosure of financial reports. Senior managers of the Company are required to participate in these meetings. Information related to participation in the meetings and teleconferences to be held will be announced on the website of the Company at least 15 days in advance, and the presentations to be used in the meetings are disclosed at least one day in advance. Information related to participation in the meetings and teleconferences to be held

will be sent via electronic mail to all who request so beforehand by the Investor Relations and Corporate Communications Departments of our Company.

Depending on the requests received from investors and analysts, participation could be ensured to various domestic/foreign investor/analyst meetings or conferences with the participation of the Investor Relations Department and senior managers. In addition, one to one meetings are made with investors and analysts who request so, to the extent the working schedule permits.

F. Follow-up of News Reports and Rumors

News that circulates in the media and press about the Company is monitored daily by public relations agencies contracted by our Company and daily reports are submitted to the Company.

News reports circulating in the media about the Company are monitored daily by the contracted public relations agency and submitted to the Company. In case that rumors or news reports circulating in the media, market or internet, and which do not originate from the Company are so significant as to affect the value of the Company's shares and in case that these rumors or news have content differing from prior material disclosures, statements, circulars, announcements approved by the CMB, financial statements and other public disclosure documents, the Company issues a material event disclosure on whether such information is accurate or adequate, even before any warning, notification or request from the CMB or ISE.

However, if the information included in such news reports or rumors comprises a prior material event disclosure, prospectuses, circulars, disclosures required by the CMB, information disclosed to the public through financial reports and includes no other additional information, or if in the assessment made by the management of the Company it was concluded that these news reports and rumors are not significant so as to impact the value of shares of our Company, no explanation is made by the Company. In case that such news reports or rumors are related to a public disclosure of information which is postponed, the decision whether to continue postponement will depend

upon the decision of the authorized person or body that decides on the postponement.

In cases where the Company wants to make an explanation in relation to news reports and rumors that circulate in media and press channels, however, which do not lead to the obligation of making any material disclosure pursuant to relevant regulations, a denial, press release or a material event disclosure commensurate with the importance and nature of the event could be made through the website of the Company or through the media by persons authorized to make public disclosure on behalf of the Company.

In case that any explanation is requested by the ISE or CMB in relation to the news reports that circulate in media and press channels, a material event disclosure is made pursuant to legal requirements in relation to the issue.

G. Persons with Management Responsibility

Persons, who have management responsibility in the Company are those who have regular access to internal information of Akfen Holding A.Ş. directly or indirectly and who have the authority to make management decisions that impact the future development and commercial targets of the Company.

Any type of responsibility related to notification of the ISE about buy-sell transactions involving the Company's shares that are carried out by persons, who have management responsibility, and by persons who have close relationship with such persons as defined by applicable regulations, will be borne by the person, who carries out the transaction.

H. Press Releases and Persons Authorized to Make Public Disclosure

All information and report requests and all other inquiries, which are within the scope of information previously disclosed to the public related to the activities or the financial status of the Company, and which are not classified as trade secret, will be responded to by the Investor Relations Department through telephone, e-mail or meetings to be held.

AKFEN HOLDING A.Ş. PUBLIC DISCLOSURE POLICY

Requests for interviews and conversations received from print and visual media and from various data distribution channels are directed to the Corporate Communications Department of the Company and coordination of Company authorities in relation to the issue is made by this department. In addition, the press meetings and explanations to be made are coordinated by the same department with the approval of the General Manager, Executive Member or Chairman of the Board of Directors.

In case that any internal information is unintentionally disclosed during the explanations made by the managers of the Company within this scope, a separate explanation is immediately made in accordance with the regulation on public disclosure of material events.

In addition to the process explained above, employees of the Company may not respond to questions received from capital market participants or from any organization/person, unless they are authorized to do so.

Contact information pertaining to the Investor Relations Department and Corporate Communications Department are published on the Company website.

I. Analyst Reports

Akfen Holding A.Ş. acknowledges that analyst reports of the Company are the property of the preparing firm and such reports will not be published on the Company website, and no responsibility is undertaken in relation to the analytical models used in the preparation of such reports and the results thereof. However, in the event of any such request, the Company will review information in the reports in terms of accuracy.

Names–surnames of analysts following the Company, information on their institutions and contact details are published on the Company website.

J. Website

The website of the Company (www.akfen.com.tr) is actively used in the disclosure of information to the public. The Investor Relations section of the Company website contains the following information, at minimum:

- Trade registry information,
- Shareholding structure as of the latest status,
- Information on members of the Board of Directors and Audit Committee,
- Material disclosures,
- Annual and interim financial statements and activity reports,
- Calls for General Assembly meetings, agenda, information document, minutes of meeting, attendee list, form for voting as proxy in the relevant period,
- Latest version of the Company Articles of Association,
- Information disclosure policy,
- Profit distribution policy and profit distribution history,
- Information on committees reporting to the Board of Directors,
- Investor presentations,
- Other information, which investors may need.

K. Annual Report

Pursuant to the regulations and Corporate Governance Principles of the Capital Markets Board, the annual report is prepared in a way to include all required information and explanations in accordance with international standards, prior to the annual General Meeting. The annual report is first submitted to the Board of Directors for approval and then published on our website 15 days prior to the General Meeting for shareholders' review.

In addition, the quarterly interim reports are announced to the public via ISE (Istanbul Stock Exchange) and presented to investors on the Company's website.

The new text of Articles 9, 11, 14, 16 and 21 of the Articles of Association, which were decided to be amended pursuant to the decision of the Board of Directors dated 21 March 2012 in order to enable compliance with the Corporate Governance Principles and were approved on the Ordinary General Assembly dated May 31, 2012, is as below:

ARTICLE 9 – ELECTION, DUTIES, TERM OF OFFICE AND MEETINGS OF THE BOARD OF DIRECTORS

Management, representation and binding of the Company against third persons is under the responsibility of a board of directors consisting of six members at a minimum, who were elected by the General Assembly within the framework of the provisions of the Turkish Commercial Code, possess the qualifications stated in the Turkish Commercial Code and the Capital Market Law and of which the majority is non-executive.

The Board of Directors elects a Chairman among its members to chair the Board of Directors meetings and a Vice Chairman to preside over the Board in absence of the Chairman.

The General Assembly elects independent members in a sufficient number to the Board of Directors pursuant to the principles on independence of the members of the Board of Directors stated in the Corporate Governance Principles of the Capital Markets Board.

The members of the Board of Directors can be elected for a three year term at maximum. The members, whose term of office is expired can be re-elected at the end of their term of office. In case that a membership is terminated for any reason, the Board of Directors provisionally elects a person, who possesses the qualifications stated in the Turkish Commercial Code and the Capital Market Law as member and submits for approval at the first General Assembly. Thus, the elected member completes the term of office of the former member.

The members of the Board of Directors may be dismissed by the General Assembly at any time.

The Board of Directors convenes at any time as required by the business and processes of the Company. However, the Board of Directors must convene four times a year at least.

The Board of Directors may be called to a meeting by the Chairman, Vice Chairman or any member of the Board of Directors, pursuant to the provisions of the Turkish Commercial Code and the Capital Market Law. Meeting calls to be performed in this manner are sent via fax, provided that delivery of a copy thereof by courier is confirmed in writing afterwards or it is sent as registered letter with return receipt.

Every member has right of one vote in the Board meetings. Right to vote is exercised in person. Unless a member demands a meeting to be held, a resolution can be made on a proposal by a member provided that other members give their consent in writing.

The meeting agenda of the Board of Directors is set by the Chairman of the Board of Directors. The agenda can be changed by resolution of the Board of Directors. The meeting place is the Company headquarters. However, upon a decision of the Board of Directors, it can be held in another location.

The Board of Directors convenes more than half of the total number of the members at minimum and makes its decisions with a majority of the attendees.

If it is determined by the General Assembly, the members of the Board of Directors receive a monthly or annual salary, or a certain appropriation for each meeting.

ANNEX: AMENDMENTS TO THE ARTICLES OF ASSOCIATION**ARTICLE 11- BOARD COMMITTEES**

In accordance with Capital Markets Board regulations and applicable legislation, the Board of Directors establishes committees to properly carry out its duties and responsibilities. The committees' fields of activity, operating principles and membership are determined by the Board of Directors and disclosed to the public.

The Board of Directors can establish and maintain committees as deemed appropriate and appoint members. The Board determines the Committee responsibilities, including operations, reporting, budget, other procedural matters and the execution of Board decisions.

ARTICLE 14- GENERAL ASSEMBLY

The following principles are applied in the General Assembly meetings:

Form of Invitation: The General Assembly convenes as ordinary or extraordinary. Notices and announcements for ordinary and extraordinary meetings of the General Assembly are made three weeks prior at minimum to the meeting date, via all means of communication including electronic communication in order to ensure the widest participation of the shareholders and in compliance with applicable laws, rules and regulations.

Notification: Announcements of the ordinary and extraordinary meetings of the General Assembly are sent to the Turkish Republic Ministry of Industry and Commerce, Presidency of Istanbul Stock Exchange and the Capital Markets Board at minimum three weeks prior to the meeting date. Other documents related to the agenda and the meetings are also submitted with this notification. Announcements must be made in accordance with Capital Markets Board regulations.

Time of Meeting: An Ordinary General Assembly convenes within the first three months from the end of the Company's accounting year and once a year at least; an Extraordinary General Assembly convenes when and where the Company's business requires.

Place of Meeting: The General Assembly convenes in the Headquarters Building of the Company or in a meeting location to be decided by the Board of Directors within the provincial borders of Ankara or Istanbul.

Proxy Appointment: Shareholders can be represented in General Assembly meetings by other shareholders or external agents assigned by them. Proxies, who are shareholders of the Company are authorized to cast a vote on behalf of the shareholders that they represent in addition to casting their own votes. The proxy authorization form is determined by the Board of Directors in compliance with the Capital Market Law. The Letter of Proxy must be in writing. A proxy must cast the vote as requested by the shareholder he/she represents provided that it is stated in the Letter of Proxy. Voting by proxy is conducted in compliance with applicable Capital Markets Board regulations. Shareholders may participate in General Assembly meetings through electronic means subject to the provisions of the Turkish Commercial Code and other applicable laws, rules and regulations.

Right to Vote: In ordinary and extraordinary General Assembly meetings, Class A shareholders have three votes for one share, while Class B shareholders have one vote for one share.

Discussions and Quorum: All ordinary and extraordinary General Assembly meeting and meeting quorum requirements are subject to the provisions of the Turkish Commercial Code. However, the provisions of the Capital Market Law amending the meeting quorum requirements as stated in the relevant articles of the Turkish Commercial Code are reserved.

All General Assembly related issues are regulated in accordance with the Capital Market Law.

In the General Assembly meetings, if it becomes necessary to make a decision on the procedures deemed critical related to implementation of the Corporate Governance Principles and any kind of related party processes of the Company and processes related to assurance, pledge and mortgage in favor of third parties; the provisions of the Capital Market Law on corporate governance are followed in the matters of the right to vote, quorum and other issues.

ARTICLE 16 – ANNOUNCEMENT

Announcements of the Company are made through the Turkish Trade Registry Gazette and a newspaper published where the headquarters of the Company is located within the time period stated in the Turkish Commercial Code and the Capital Market Law. Announcement of General Assembly meetings is made at minimum three weeks prior to the meeting date, via all means of communication including electronic communication in order to ensure the widest participation of the shareholders and pursuant to legal requirements.

The Company complies with all the regulatory requirements of the Capital Market Law that pertain to announcements.

Material event disclosures to be made in accordance with the Capital Market Law and any kind of disclosures proposed by the Board are made in due time pursuant to applicable laws, rules and regulations.

ARTICLE 21- LEGAL PROVISIONS AND COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

Regarding those issues not included in the Articles of Association, the Company abides by the Turkish Commercial Code, Capital Market Law, communiqués of the Capital Markets Board and provisions of the other applicable laws, rules and regulations.

In the processes deemed critical with regard to implementation of the Corporate Governance Principles and any kind of related party processes of the Company and the processes regarding assurance, pledge and mortgage in favor of third parties; the Company abides by the regulatory framework of the Capital Market Law on corporate governance.

The Company adheres to the requirements of the Corporate Governance Principles of the Capital Markets Board. Company processes carried out and the Board of Directors decisions made without following the required principles are invalid and noncompliant with the Articles of Association.

The number and qualifications of the independent members, who will take office on the Board of Directors are determined in accordance with the Capital Markets Board regulations on corporate governance.

1. Corporate Governance Principles Compliance Statement

Akfen Holding A.Ş. (“the Company”) makes the utmost effort to comply with both the Articles of Association and the Capital Markets Board’s Corporate Governance Principles in accordance with the Communiqué on Corporate Governance Principles, which came into effect on December 30, 2011. The Company continues its efforts to comply with the non-required principles as well. The Company constantly takes the necessary steps to reach the highest standards in the area of corporate governance, and also pursues its activities continuously to enforce various recommended provisions included in the principles. Akfen Holding considers its code of ethics, transparency, equity, responsibility and accountability as key components of the Company’s corporate culture.

Due to the importance of complying with the CMB’s Corporate Governance Principles, the Company revised its Articles of Association and brought them into conformity with the Principles.

The following amendments were made to the Articles of Association:

- A statement on Independent Board Members will be published in the annual activity report of the Board of Directors;
- The Ministry of Industry and Commerce Commissioner will be present at General Assembly meetings;
- The Board of Directors will be composed of six members at least; the majority of the members will be non-executive; independent members in a sufficient number will be elected pursuant to the Corporate Governance Principles; members will be elected for a three year term at most; Board meetings will be held when required but four times a year at minimum; each member has the right to cast one vote and it will be exercised in person;

- Required committees will be established within the structure of the Board of Directors in accordance with CMB regulations and other applicable laws, rules and regulations;
- Announcements and notifications of the General Assembly meetings will be made at minimum three weeks prior to the meeting date, via all communication means including electronic communication to ensure the widest participation of the shareholders; similarly, notifications to relevant authorities will be made at minimum three weeks prior; shareholders will be able to attend the meetings in an electronic environment in accordance with applicable legislation; the Capital Market Law regulations on corporate governance will be adhered to in critical processes that pertain to the Principles and any kind of related party processes of the Company and processes related to assurance, pledge and mortgage in favor of third parties;
- The Company will adhere to the legally required CMB Principles; Company processes carried out and the Board of Directors decisions made without abiding by the required principles will be invalid and noncompliant with the Articles of Association.

The Company’s Public Disclosure Policy prepared pursuant to the CMB’s Corporate Governance Principles was discussed and approved at the Board meeting on April 4, 2011. The public disclosure policy was put into written form and published on the Company website at www.akfen.com.tr.

The Investor Relations Department is directly under responsibility of the Executive Director, who is the Chairman of the Executive Board as the most senior executive manager in the Company.

Upon the Board resolution made at the Board meeting on May 17, 2010, in accordance with the Articles of Association, the Company established the Audit Committee and Corporate Governance Committee, completed committee member elections and started committee operations in compliance with the Corporate Governance Principles.

Upon the resolution of the Board of Directors of the Company no. 2012/25 dated June 1, 2012, it was decided that the Audit Committee will be composed of two (2) independent members, Mr. Şaban Erdikler will be appointed Chairman and Mr. Nusret Cömert will be appointed as member; in the Board of Directors Meeting dated August 6, 2012, it was decided that the Corporate Governance Committee, which will also fulfill the duties of the Nomination Committee, Early Risk Detection Committee and Remuneration Committee will be composed of five (5) members, Mr. Nusret Cömert will be appointed Chairman and Ms. Pelin Akın, Mr. Selim Akın, Mr. Şaban Erdikler and Ms. Sila Cılız İnanç will be appointed as members.

In the activity period ending on December 31, 2012, the Company complied with and applied the Principles except certain provisions specified in Article 18.3.4 (“Use of the Cumulative Voting System in the Election of Board Members”) of this Report. It is assumed that, as per the current conditions, this issue will not cause critical conflicts of interest within the scope of the regulations on “critical” processes within the new TCC and CMB legal framework. Although minority rights can be exercised via the two independent members of the Board of Directors, the advantages and disadvantages of employing the cumulative voting system in the election of the Board member has yet to be assessed by the Company.

The Board of Directors provides full support to Senior Management and the employees of Akfen Holding A.Ş. in the implementation of the Corporate Governance Principles across the Company at every level of the organization.

Upon the adoption of the Corporate Governance Principles by the Company, the Corporate Governance Principles Compliance Report was issued to declare that the Company’s operations will be in line with the principles of equity, transparency, accountability and responsibility.

CHAPTER I - SHAREHOLDERS

2. *Investor Relations Department*

The exercise of shareholder rights at the Company complies with applicable legislation, the Articles of Association and other in-house regulations, and every measure is taken to ensure the exercise of these rights.

In January 2010, the Company established an Investor Relations Department before the public offering of May 2010, in order to manage all relations between the shareholders and the Company, and to ensure proper communication. The Investor Relations Department strives to provide current and prospective investors accurate, timely and consistent information about Akfen Holding; to increase investor awareness and market credibility of the Company; reduce the Company’s costs with the implementation of Corporate Governance Principles; and ensure communication between the Board of Directors and capital markets participants. In parallel with these objectives, the Company places utmost importance on communication with shareholders and investors, and runs an active investor relations program. In the organizational chart, the Investor Relations Department reports directly to the Executive Director.

Investor Relations serves as a connection between the Board of Directors, and the financial community, and carries out the following functions:

- To ensure that shareholder records are maintained in a meticulous, secure and up-to-date fashion,
- To respond to written or verbal information requests by shareholders, prospective investors, stock analysts, public agencies ("CMB", "ISE", "CRA", et al.), and the financial media - except confidential, secret information and/or trade secrets not disclosed to the public - to ensure accurate and simultaneous access to information, and to update current information,
- To issue material event disclosure statements with regards to the shares to the Public Disclosure Platform, to translate these statements into English and share these with investors via the Company's website,
- To review all Company announcements, and to prepare Turkish and English announcements on the Company's financial results,
- To update the Investor Relations section of the website and use all electronic communication means in order to keep shareholders and prospective investors informed,
- To build a database of domestic and international institutional investors, as well as stock and sector analysts,
- To ensure the Company is represented in domestic or overseas investor relations meetings attended by current and prospective investors and analysts,
- To review and analyze reports by analysts, and to monitor critical developments and data pertaining to the Company,
- To take the necessary measures to ensure that General Assembly meetings are held in accordance with applicable legislation, Articles of Association and other in-house regulations,

- To prepare all documents that the shareholders will need in the General Assembly meeting,
- To ensure the delivery of meeting minutes to shareholders,
- To supervise all public disclosure actions and ensure their compliance with applicable legislation.

Investor Relations strives to use all electronic communication channels and the corporate website in its activities.

Contact information for the Investor Relations Department is found on the website (<http://www.akfen.com.tr>) and in the annual activity reports of the Company. Investor Relations can be contacted at yatirimci@akfen.com.tr for any requests and questions.

Ms. Aylin Çorman, who holds an advanced level capital market activities license and corporate governance rating specialists license, is the officer in charge of Investor Relations and her contact information is as follows:

Aylin Çorman, Investors Relations Manager
Levent Loft - Büyükdere Cad. No: 201
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Tel: +90 (212) 319 87 00
Fax: +90 (212) 319 87 30
acorman@akfen.com.tr
yatirimci@akfen.com.tr

- As of February 11, 2013, 28.26% of the Company's shares were floated publicly; of which, 63.49% was held by foreign investors. In 2012, the Company participated in 11 domestic and overseas roadshows and various investment conferences in total to provide information to shareholders and investors and conducted; in addition, the Company held face-to-face meetings with over 140 current and potential investors. Numerous meetings were also held with investors, shareholders and analysts regarding the Company's operational results, performance and other developments.

Furthermore, pursuant to the Capital Market Law, the Company issued 96 material event disclosures and published these disclosures on the corporate website in 2012. The Company also answered queries from investors and analysts by phone and email, and released detailed financial statements in financial reporting periods during the year.

3. Exercise of Shareholders' Right to Information

It is essential to treat all shareholders, prospective investors and analysts equally with regards to the right to information and analysis, and to simultaneously provide all financial statements to the public, with the same content. Under the Company's Public Disclosure Policy, all information concerning shareholders and market players are disclosed via material event disclosures; the English version of these disclosures is transmitted electronically to portfolio managers/analysts, who submit their email address to the Company; the Turkish and English versions of all past material event disclosures can be accessed via the website.

Investor Relations responds to the numerous written and verbal information requests from shareholders and pursuant to the provisions of the Capital Market Law. In order to expand shareholders' right to information, any current information that might affect the exercise of their rights is submitted to shareholders via the website. The English and Turkish versions of all information disclosures are published on the corporate website to ensure equal treatment among domestic and foreign shareholders.

The Company amended its Articles of Association related to auditor appointment in accordance with new CMB and TCC legislation and started the application process for authorization.

4. Information on the General Assembly

The Ordinary General Assembly Meeting for the year 2012 was held at the Akfen Conference Hall at the Company's Headquarters on May 31, 2012.

Notices and announcements in respect of ordinary and extraordinary meetings of the General Assembly are made at minimum three weeks prior to the meeting date, in a manner to ensure the widest participation of the shareholders and in compliance with applicable legislation.

The General Assembly meeting announcements published on the website included the date, time, location and agenda of the meeting, the invitation of the Board of Directors, and the shareholder participation procedure for the General Assembly. The General Assembly is held in accordance with the internal directive of the TCC on "Working Principles and Procedures of the General Assembly."

The General Assembly's meeting procedures ensure the widest participation of shareholders. The General Assembly Informational Note is prepared and published on the website two weeks prior to the meeting date.

General Assembly meetings are organized in the least complicated manner to avoid any unequal treatment among shareholders, and to impose the least possible cost to shareholders.

The Company completed efforts to amend the Articles of Association for the electronic General Assembly to be held in accordance with applicable laws, rules and regulations of the TCC and Capital Market Law; also certification of employees for the required infrastructure was also completed. (See Annex 2.)

The Akfen Conference Hall, where the General Assembly meetings are held, is located at the Company's Headquarters, and can accommodate all shareholders. The General Assembly meetings are open to the public, and are organized under the supervision of the Commissioner of the Ministry of Industry and Commerce.

In the General Assembly meeting agenda, items are detailed in an impartial, detailed, clear and comprehensible manner; the wording does not allow for multiple interpretations; shareholders have an equal chance to express their opinions and pose questions, in order to engage in a healthy debate.

The General Assembly's meeting minutes are accessible on the website (www.akfen.com.tr).

During the General Assembly meeting, shareholders did not exercise their right to ask questions and did not give suggestions for the agenda. At the meeting, shareholders were informed about the amount of the donations and grants made in the period, as a separate agenda item.

5. Voting Rights and Minority Rights

Voting Rights

The Company avoids practices that might make the exercise of voting rights difficult, and it is ensured that each shareholder exercises their voting right in the most practical and convenient manner.

Pursuant to the Articles of Association, Class A shareholders have three votes for one share, while Class B shareholders have one vote for one share. Class A share certificates are registered shares, and are not traded on the ISE.

At the Company, there is no provision requiring the voting right to be exercised within a certain time limit after it is granted.

The Articles of Association do not provide any provision preventing a non-shareholder to cast a vote as a representative by proxy.

Minority Rights

The exercise of minority rights at the Company is subject to the Turkish Commercial Code, Capital Market Law, applicable legislation, and communiqués and resolutions of the Capital Markets Board; the Articles of Association do not provide any provisions in this matter.

At the Company, minority rights are thus to be exercised in accordance with the referenced laws, rules and regulations. These rights can also be exercised via two Independent Board Members. The independent members of the Board of Directors enable the minority to be represented in the management.

Although the Articles of Association do not yet include the cumulative voting system, the advantages and disadvantages of the system will be assessed by the Company in accordance with changes in legislation.

Equal Treatment of Shareholders

At the Company, all shareholders including minority and foreign shareholders receive equal treatment.

6. Right to Dividend Distribution

The Company adopts resolutions related to dividend distribution in accordance with the Turkish Commercial Code, Capital Market Law, tax laws, other relevant legislation, communiqués and resolutions of the Capital Markets Board and the Articles of Association.

Pursuant to the Articles of Association, after the deduction of the Company's general expenses, miscellaneous depreciation, and other such sums to be paid or reserved by the Company, as well as any taxes to be paid by the Company's legal entity from year-end revenue, the dividend is calculated in the following manner, from the remaining net profit on the annual balance sheet, if any, after the subtraction of any loss from the previous periods (for the amendment text of the Articles of Association, see Annex 2).

Primary Legal Reserve Fund:

1. 5% of net profit is set aside as legal reserve until reaching 20% of the paid capital as per the Turkish Commercial Code.

First Dividend:

2. Any donation during the year is added to the remainder, and of this sum, the first dividend is calculated according to the rate and amount determined by the Capital Markets Board.

3. After the deduction of the abovementioned amounts, the General Assembly has the right to decide on the distribution of a dividend to Board Members, officers and employees of the Company.
4. After the first dividend for shareholders is distributed, 1% of the remaining profit is transferred to the Turkish Human Resources Foundation.

Second Dividend:

5. After the deduction of the abovementioned amounts from the net profit, the General Assembly is entitled to allocate the remaining amount partially or completely as the second dividend or as extraordinary reserves.

Secondary Legal Reserves:

6. Of the sum to be distributed to shareholders and other individuals with a stake in the profit, 5% of the paid-in capital is deducted and one-tenth of the remainder is allocated as secondary legal reserves, pursuant to Article 466, Sub-clause 2, Paragraph 3 of the Turkish Commercial Code.
7. Until the legal reserves are allocated, and the first dividend for shareholders is distributed in cash and/or as shares in line with the Articles of Association, the Company cannot allocate other reserves, transfer profits to the following year, distribute dividends, or give profit shares to Board members, officers or employees of the Company, foundations established for various purposes, or persons/institutions with similar purposes.
8. The dividend of the accounting period is distributed evenly to all existing shares, regardless of their issue and acquisition dates.
9. There is no privilege among share groups with respect to dividend distribution.

10. The distribution method and time of the distributable profit is determined by the General Assembly upon the proposal of the Board of Directors. The provisions of the Capital Market Law are followed.

According to the Board of Directors' resolution dated April 9, 2010, Akfen Holding abides by a dividend distribution policy based on "proposing to the General Assembly the distribution of at least 30% of the distributable profit, from the 2009 accounting year onwards, after taking into consideration the general profitability of the Company."

The Company has a dividend distribution policy; it was submitted for the information of shareholders at the General Assembly; the policy is included in the annual report and disclosed to the public on the Company website.

7. Transfer of Shares

The transfer and assignment of the Company's bearer shares are subject to the provisions of the Turkish Commercial Code, Capital Market Law and relevant legislation.

Pursuant to the Articles of Association, in case shareholders, who hold registered share certificates wish to sell their shares, the share transfer must be approved by a resolution of the Board of Directors and the transaction needs to be registered in the share ledger. The Board may reject a share transfer without presenting any reason. Class A privileged shares are registered shares.

CHAPTER II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Public Disclosure Policy

The Company's Public Disclosure Policy, prepared pursuant to the CMB's Corporate Governance Principles, was discussed and approved at the Board of Directors meeting dated April 4, 2011.

The Public Disclosure Policy was prepared in written form, and published on the website (www.akfen.com.tr).

The Board of Directors is responsible for monitoring, reviewing and developing the Public Disclosure Policy. The Corporate Governance Committee gives information and presents proposals to the Board of Directors, Audit Committee and the Investor Relations Department on matters concerning the Company's Public Disclosure Policy. Investor Relations is in charge of monitoring and supervising any matters concerning public disclosure.

The Public Disclosure Policy aims at informing shareholders, investors and capital markets participants about the Company's past performance and future expectations in a complete, accurate, timely, comprehensible and equal fashion, in line with generally accepted accounting principles and the Capital Market Law, and thus to maintain active and transparent communication.

Principles and Instruments of the Public Disclosure Policy

Any information to be disclosed to the public is submitted in a timely, accurate, complete, comprehensible, interpretable, cost-effective, accessible and equal fashion to help concerned persons and institutions make investment decisions. Akfen Holding A.Ş. acts in accordance with the Capital Market Law and ISE regulations in its public disclosure practices. The Company's public disclosure principles and tools and other relevant information are given below:

- The Investor Relations Department is in charge of supervising and monitoring all matters pertaining to the Public Disclosure Policy. Investor Relations responds to any queries from outside the Company with the knowledge of the Executive Director, CEO or Assistant General Managers. All communications and meetings with capital markets participants are under the responsibility of Investor Relations.
- In addition to using methods pursuant to legal and regulatory requirements, the Company uses all public disclosure means and methods such as press bulletins, means of electronic data transmission, e-mail messages, meetings with current shareholders and prospective investors, online announcements, and the like in an effective manner.
- Akfen Holding's Code of Ethics outlines all principles and rules that managers and employees have to comply with. The Code of Ethics is published on the Company website.
- In case that any material change occurs or is expected in the near future in the financial condition and/or operations of the Company, the public is informed in line with the provisions of applicable legislation.
- Any changes and developments that arise after the Company's public disclosures are announced to the public through regular updates.
- News reports circulating in the media about the Company are monitored daily by the contracted public relations agency and submitted to the Company. In case that rumors or news reports circulating in the media, market or internet, and which do not originate from the Company are so significant as to affect the value of the Company's shares and in case that these rumors or news have content differing from prior material event disclosures, statements, circulars, announcements approved by the CMB, financial statements and other public disclosure documents, the Company issues a material event disclosure on whether such information is accurate or adequate, even before any warning, notification or request from the CMB or ISE.

Periodic Financial Statements and Reports, and Independent Audit in Public Disclosure

The Company's financial statements and their footnotes are prepared on a consolidated basis pursuant to CMB's Communiqué Serial: XI, No.: 25 and International Financial Reporting Standards ("IFRS"), and these are submitted for independent audit and then disclosed to the public in accordance with International Audit Standards ("IAS").

Disclosure of Ultimate Controlling Real Person(s)

With a 68.21% stake, Mr. Hamdi Akın is the ultimate controlling shareholder in the Company.

Material Disclosures

Any developments, which might affect the value of the Company's capital market instruments are announced to public without any delay within the time limit prescribed by law.

No sanction was imposed on the Company by the CMB due to any failure in issuing material event disclosures. The Company has received one warning related to material event disclosures.

The Company has not issued any financial instruments on foreign stock exchanges, therefore it has no further public disclosure obligations.

Public Disclosure of Insiders

The following key individuals fall in this category according to legal provisions and under employment contracts:

- **Mr. Hamdi Akın**, Chairman of the Board
- **Mr. İrfan Erciyas**, Board Member / Executive Director
- **Mr. Selim Akın**, Vice Chairman of the Board
- **Ms. Pelin Akın**, Board Member
- **Mr. Şaban Erdikler**, Independent Board Member
- **Mr. Nusret Cömert**, Independent Board Member

Senior executives with a role in management: CEO Mr. İbrahim Süha Güçsavaş, Assistant General Manager Ms. Sıla Cılız İnanç (Legal Affairs) and Assistant General Manager Mr. Hüseyin Kadri Samsunlu (Financial Affairs).

Other senior executives: Fatma Gülbin Uzuner Bekit (Finance Coordinator), Necmiye Meral Altınok (Budget & Reporting and Risk Management Coordinator), Rafet Yüksel (Accounting Coordinator), Burak Kutluğ (Business Development Coordinator), Tuba Şahanoğlu (Business Development Manager), Kürşat Tezkan (Public Relations Coordinator, started work at the Company on March 21, 2012), Nafiz Turgut (Human Resources Manager, started work at the Company on January 8, 2013) and Aylin Çorman (Investor Relations Manager, started work at the Company on February 1, 2012), Sabahattin İlhan (Information Technologies Manager), Serpil Dardağan (Internal Audit Manager), Harun Denek (Financial Reporting Manager), Murat Yazıcıgil (Budget & Reporting and Risk Management Specialist).

Also: Oktay Uğur (Board Consultant), Coşkun Mesut Ruhi (General Manager of Akfen İnşaat), Saffet Atıcı (General Manager of HEPP Group), Deniz Bilecik (Assistant General Manager of Akfen REIT), Hatice Nesrin Tuncer (KPMG Auditor), Yusuf Anıl (Accounting Manager of Akfen REIT), Ebru Burcu Karabacak (Accounting Manager of Akfen İnşaat), Aybeniz Sezgin (Accounting Manager of HEPP Group).

Pursuant to the Corporate Governance Principles, a list of persons with access to insider information is included in the Corporate Governance Compliance Report. Furthermore, any updated versions of the list are published on the corporate website.

9. The Company Website and its Contents

The Company website is used actively in public disclosure as prescribed by the CMB Corporate Governance Principles.

All matters related to Investor Relations are included on the www.akfen.com.tr website.

The English version of the website is intended for the use of foreign investors.

All information disclosed to the public is accessible online on the Company website. The address of the website is clearly indicated on the letterhead of the Company. The following information is included on the www.akfen.com.tr website:

- The history of the Company,
- The most up-to-date management and shareholding structure,
- The summary balance sheet, income statement and cash flow statement,
- Summary operational information,
- The Board of Directors and Board committees,
- Agenda of the General Assembly, informational document for the General Assembly, form for voting by proxy, and meeting minutes,
- The latest version of the Articles of Association,
- Prospectuses and public offering circulars,
- Trade registry details,
- Annual activity reports,
- Periodic financial statements and reports,
- Material event disclosures,
- Corporate Governance Principles Compliance Report,
- Public Disclosure Policy,
- Dividend Distribution Policy,
- Code of Ethics,
- Presentations,
- Information and graphics concerning the share price and performance,
- News updated by a data provider,
- Contact details for Investor Relations,
- Company contact details,
- Frequently Asked Questions,
- Internal Directive of TCC on "Working Principles and Procedures of the General Assembly".

All applicable provisions indicated in the Capital Market Board's Corporate Governance Principles Section II, Article 2.2.2 are published and updated via the Company website.

10. Annual Report

Akfen Holding's annual report is prepared in accordance with the principles stipulated by the applicable legislation and in sufficient detail to ensure that the general public can obtain accurate and complete information on the Company's activities.

CHAPTER III - STAKEHOLDERS

11. Informing the Stakeholders

The corporate governance practices and Code of Ethics of the Company guarantee the rights of stakeholders as stated by law and in mutual agreements. Stakeholders are regularly provided with information in accordance with the Company's Public Disclosure Policy and pursuant to current legislation.

Furthermore, the Company aims to inform all stakeholders through press bulletins, annual activity reports, the website and the Company's transparent public disclosure practices.

While carrying out their duties, Company employees are expected to hold the Company's interest above the interest of themselves, family and relatives, and to fulfill their professional obligations accordingly. Employees avoid any effort that might generate personal favors for themselves or their families.

Any possible or foreseeable conflicts of interest and various cases defined by the Company management are disclosed to employees, and the Company management takes all the necessary preventative measures.

Stakeholders can convey the Company's operations, which are in violation of law and ethically inappropriate to the Corporate Governance Committee and the Audit Committee through the independent members who are also chairmen of the committees; no other reporting mechanism has been established.

12. Stakeholder Participation in Management

No mechanism or model has been defined for the participation of stakeholders in management. However, independent members of the Board of Directors enable all shareholders and stakeholders to be represented in Senior Management.

Opinions of stakeholders are received in critical decisions that affect the stakeholders.

13. Human Resources Policy

- In recruitment, training and development, remuneration and career planning, as a principle, the Company provides equal opportunities to persons under equal conditions.
- Employment criteria are stated in written form and observed in practice.
- Employees are treated equally in matters of development and promotion; various development policy and plans are devised to enhance the know-how, skills and experience of employees.
- Employee job definitions, and criteria for performance assessment and remuneration are determined by managers and shared with employees.
- Relations with employees are managed by the Human Resources Coordination Department; the Department Manager is Mr. Nafiz Turgut as of January 8, 2013. Employees are not subjected to any kind of discrimination. No complaints have been received from employees with regards to discrimination.

As of December 31, 2012, Akfen Holding, its subsidiaries and joint ventures employ a total of 27,994 personnel.

Information on Relations with Customers and Suppliers

Since the Company is a holding company, it is not directly involved in operations. Therefore, it does not have any direct contact with customers and suppliers.

As a holding company, Akfen Holding A.Ş. formulates general policies related to subsidiaries' measures and efforts to ensure customer satisfaction, gives its shareholders the utmost support and, in some cases, meets with third parties on these matters, and constantly supervises efforts to enhance customer satisfaction.

14. Code of Ethics and Social Responsibility Code of Ethics

Akfen Holding disclosed its "Code of Ethics" on the website as the principles and rules that it defined in order to add financial value for stakeholders and elevate the Company's corporate values that must be complied by all executives and employees.

Through these rules, the Company aims to ensure that Akfen executives and employees act with high standards and are aware of the corporate effects of their behaviors and attitudes; corporate employees and stakeholders must always display the most proper conduct and act in the most ethical and professional manner.

Social Responsibility

Akfen Holding makes the utmost effort to conduct its operations with awareness of its social responsibilities and supports education, arts, social and other types of corporate social responsibility initiatives.

Non-Governmental Organizations Turkey Human Resources Foundation ("TİKAV")

Akfen Holding A.Ş., in order to enable university students to become successful and effective individuals socially and culturally, founded the Turkey Human Resources Foundation. TİKAV was founded on January 15, 1999 under the leadership of Mr. Hamdi Akın with the principle of realizing its duties in educational field instead of waiting for the state to provide all the services. TİKAV aims to improve the quality of young human resources in the country through the programs it implements as a non-governmental organization based on Atatürk's principles. The

Personal Development Program includes an array of activities in which university students would start to undertake as freshmen and which they continue until the end of their senior year; the participation in several seminars, trainings, interviews, apprenticeship training and travel programs enhance the knowledge and skills of university students.

The Foundation provides scholarship and educational opportunities to university students and had obtained the authorization to administer the program to young people within its core mission, as the independent operator of the International Award for Young People in 2001. In order to present, execute, survey and certificate the International Award for Young People in 2003 in Turkey, TİKAV, pioneered the foundation Association of Award for Young People and was authorized as the National Authority.

TİKAV uses funding from UNFPA, UNICEF and the European Union Youth Program for some of the projects it implements. The Foundation also took its place in the Turkish Delegation at some of the United Nations conferences. Under the sponsorship of Mersin International Port (“MIP”), it implemented the “Eski Köye Yeni Adet” (New Tradition for the Old Village) initiative in 2010, “Anneler Okulu Projesi” (Mother’s School Project) project in 2010 and 2011 and the “Ortak Dilimiz Renkler Projesi” (Colors, Our Common Language) initiative in 2012. For 2013, with the partnership of MIP, TİKAV plans to implement the projects “Hands in Hands with Village Headmen in Mersin” for 222 village leaders and “We Restore, You Study.” All initiatives undertaken in partnership with MIP will be implemented in Mersin.

The Association for Award for Young People

The Association for Award for Young People, under the main sponsorship of Akfen Holding, is the only establishment authorized by the British International Award Association to present, execute, survey and certificate the International Award for Young People in Turkey. The Association aims to foster general societal development by contributing to the individual and social development of young people through the program it implements.

The Regional Reunion for 2011 of the International Award for Young People Program aimed to support the personal development of youth by raising awareness of volunteering without competition, was held April 28 – May 1, 2011 in Istanbul with the participation of 15 National Authorities of European, Mediterranean and Arabic Countries (“EMAS”) region’s and the representatives of the International Award Association.

Sponsorships

Projects introducing children and youth to the arts

Akfen Holding believes that the art is one of the most important fields to take societies into the future and provides support to the Istanbul Modern Friends of Education with this approach. The Istanbul Modern improves artistic creativity in Turkey with educational programs and activities and allows the local cultural identity to meet with the international arts environment.

During 2012, Akfen Holding continued to add value to the educational programs of the Istanbul Modern with its support to create opportunities for arts education for children and youth and enhance the existing success of the Museum.

Housing opportunity to earthquake victims

After the earthquake in Van in 2011, which is still fresh in the memory as a great disaster, many of our citizens lost their homes. Due to its socially aware approach, Akfen Holding participated in the “Hürriyet Mahallesi” (Liberty Neighborhood) campaign that commenced with the cooperation of Hürriyet Newspaper and the Red Crescent Society. Under the assistance campaign that aims to provide housing to those, who lost their homes due to the earthquake, the Holding has donated 20 homes to the families impacted by the disaster.

Working with Red Crescent in aiding Somalia

Akfen Holding closely monitors social problems not only in Turkey but also all around the world and has made a donation to the aid campaign launched by Turkish Red Crescent for Somalia which is facing the danger of famine.

Contribution to promotion of Turkey overseas

TÜSİAD founded an “Overseas Communication Commission” to carry out communication and promotional activities targeted at public opinion in European countries. The Overseas Communication Commission intends to develop projects to promote Turkey on international platforms; cooperate with leading PR firms in Europe to this end; evaluate and direct initiatives; provide financial support from the private sector and other organizations; and coordinate the execution of selected projects. An “Overseas Communication Fund” was established to finance such efforts of the Commission. In order to contribute to the fund, Akfen Holding entered into a sponsorship contract for the period January 1, 2008 to December 31, 2012.

Support to and participation in sporting events from the sports fan Akfen Family

Istanbul Corporate Games is the most extensive inter-company sports event held in Turkey to date and took place 8-10 June 2012 for the 10th time with the participation 4,113 persons and 5,257 contestants from 184 companies. Akfen Holding sponsored the Corporate Games in 2012 in football, and participated in the event with one football, one carting and three bowling teams comprised of a total of 27 sports fan employees.

Support to the popularization of Turkish from Akfen Holding

The Turkish Olympics, s deemed as one of the most comprehensive events in the world, was held May 30 - June 14, 2012 in 41 different provinces across the country, most notably in Ankara and Istanbul with the slogan “Humanity Hand in Hand.” Akfen Holding sponsored the Turkish Olympics, held for the 10th time this year, by the International Turkish Association (“ITA”) and in which Turkish speaking children from around the world competed using their Turkish.

Official sponsor of BSEC 20th Establishment Anniversary Summit

On the occasion of the 20th anniversary of the founding of the Black Sea Economic Cooperation Organization (“BSEC”), Akfen Holding was the official sponsor of the BSEC Combined Art

exhibition held at Dolmabahçe Palace Medhal Hall on June 26, 2012. The exhibition was part of the BSEC Heads of State and Government Summit hosted in Istanbul and under the care of our President Mr. Abdullah Gül.

Bab-ı Âli (Sublime Porte) Meetings that enrich the intellectual substance of Turkey

Bab-ı Âli Meetings are, an “intellectual hub aiming to prepare the intellectual infrastructure of new projects for Turkey’s future on a global scale” that bring together renowned and esteemed figures from across the world. Considered one of the top intellectual hubs in Turkey since its inception in 1990, Bab-ı Âli Meetings were held for the 103rd time on April 4, 2011 under the sponsorship of Akfen Holding. The honorary spokesperson for the event was Dr. Kadir Topbaş, the mayor of the Istanbul Metropolitan Municipality. The 104th meeting is scheduled for February 5, 2013.

Bab-ı Âli Meetings is in the process of developing and setting up a more efficient, visionary, inclusive and multi-dimensional intellectual platform where participants can receive crucial information first-hand from Presidents, Parliamentary Leaders Prime Ministers, Opposition Leaders, Ministers, Mayors and leading specialists.

Micro-loan program increases production in poor regions

The Turkish Foundation to Reduce Waste was established in 1998 in Ankara to prevent waste and reduce poverty in the country. In addition to operating food banks for those at the hunger threshold, the Foundation works in cooperation with Muhammed Yunus, the 2006 Nobel Prize winner and the Grameen Micro-Loans Program to ensure that poor women engage in production and generate income. Akfen sponsored the micro-loan project to contribute to its promotion.

The Micro-Loans Program, which was initiated for the first time in Diyarbakır on July 18, 2003, continues to be successfully implemented in the provinces of Diyarbakır, Mardin, Batman, Gaziantep, Kahramanmaraş, Adana, Ankara, Çankırı, Yozgat, Zonguldak, Amasya, Eskişehir,

Kayseri, Niğde, Bursa, Aydın, Erzincan, Sivas and Rize. The micro-greenhouse projects that use hydroponic techniques were launched in these provinces for the poor. Akfen has provided financing for the micro-loan project in Kayseri.

Service to society with Akyurt Foundation

Akyurt Foundation was established in 1999 to meet the physical, psychological, social and cultural needs of senior citizens, who cannot look after themselves. Hamdi Akın is a Member of the Board of Trustees of Akyurt Foundation.

Gold Medal from Turkish Red Crescent

Akfen Holding, one of the 170 donors that successfully supported domestic and foreign humanitarian aid operations through donations, received a gold medal from the Turkish Red Crescent thanks to the assistance it provided to Van earthquake victims. The Chairman of the Board of Directors of Akfen Holding Mr. Hamdi Akın received his gold medal from the Turkey's Prime Minister Mr. Recep Tayip Erdoğan.

Akfen Holding ranks among friends of AKUT (Search and Rescue Team)

Through a donation to the Friends of AKUT program, Akfen Holding contributed to the first and leading search and rescue team in the country. AKUT has saved 1,428 lives in 1,055 operations it has carried out during earthquakes, floods and landslides, in the mountains, at sea, in traffic accidents and other natural disasters not only in Turkey but also overseas. AKUT goes where it can help people in need and performs operations within the bounds of possibility following the gratis philanthropy principle.

Supported Universities

Abdullah Gül University Support Foundation

Since 2011, Akfen Holding contributed to the Abdullah Gül University Support Foundation. The Holding is committed to helping Abdullah Gül University achieve its stated vision in a short period of time, and thereby relieving the public sector of its heavy burden in the field of education. The Foundation not only supports and awards bright students, but also meets the economic, social and cultural needs of the academic and administrative personnel.

Furthermore, the Holding strives to support the university's physical and technological infrastructure to enhance its educational, research and application capabilities.

London School of Economics

The establishment of Turkish Studies chairs at leading universities around the world is an essential element of Turkey's promotional activities abroad. Such professorial chairs, which promote Turkish history and culture overseas, are able to provide a platform to express the country's point of view and opinions on current events.

Thanks to the efforts of the Turkish Ministry of Foreign Affairs, the "Chair for Contemporary Turkish Studies" was established at the London School of Economics, one of the most prestigious academic institutions in the world. Akfen, which supports such an important project to promote Turkey, holds a permanent membership on the Advisory Board. This function is fulfilled by Ms. Pelin Akın on behalf of Akfen Holding.

Our Schools

Ülkü Akın Secondary School

Ülkü Akın Secondary School was put into service of students at the beginning of the academic year 1993-1994 by Akfen Holding, which, as an indication of its socially aware approach, acts in line with its mission to contribute to the education and development of the country's youth. The school takes its name from the late Mrs. Ülkü Akın, the wife of the Chairman of the Board of Directors of Akfen Holding Mr. Hamdi Akın, who lost her life due to a sudden illness.

Having started out as an elementary school, it was transformed into a secondary school at the end of 2011-2012 academic years as a result of 4+4+4 educational reform initiative of the Ministry of National Education. The institution now operates as Ülkü Akın Secondary School. The school includes 24 classrooms, two kindergartens, a laboratory, one multi-purpose hall and a library, where 330 students receive educational training currently.

Hikmet Akın Secondary School

Hikmet Akın Secondary School opened its doors at the beginning of 2004-2005 academic years in the Hamidiye Neighborhood of Düzce. The Chairman of the Board of Directors of Akfen Holding Mr. Hamdi Akın commissioned the construction of Hikmet Akın Secondary School in the memory of his mother, the late Mrs. Hikmet Akın. The school provided educational training to first through the eighth graders under the name Hikmet Akın Elementary School, until the end of the 2012 academic year when it was transformed into a secondary school following 4+4+4 educational reform of the Ministry of National Education. A total of 355 students attend the school.

United Nations Global Compact

Akfen Holding takes pride as the first company in Turkey to sign the UN Global Compact, a voluntary initiative that encourages a sustainable and socially responsible approach to business.

The United Nations Global Compact is a voluntary initiative established in to form a common platform in the business world based on universally accepted principles. This platform is also an information network that facilitates communication between organizations and other stakeholders so they may learn from each other and share experiences. Akfen Holding, which supports sustainable development and good corporate citizenship practices in the activities carried out by the whole company and its subsidiaries, signed the UN Global Compact in on July 2, 2002. As a result, Akfen Holding was the first company signatory to the Global Compact in Turkey.

The Global Compact requires participating companies to work in close cooperation with the United Nations by adopting 10 principles related to the issues of human rights, labor standards, the environment and anti-corruption. These 10 principles are as follows:

Human Rights

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2. Businesses make sure that they are not complicit in human rights abuses.

Labor Standards

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4. Businesses should eliminate all forms of forced and compulsory labor.

Principle 5. Businesses should abolish child labor.

Principle 6. Businesses should eliminate discrimination in respect of employment and occupation.

Environment

Principle 7. Businesses should support a precautionary approach to environmental challenges.

Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10. Businesses should work against corruption in all of its forms, including extortion and bribery.

There are no enquiries, lawsuits or similar legal disputes or sanctions imposed against the Company or its subsidiaries regarding the aforementioned issues.

SECTION IV – BOARD OF DIRECTORS

15. Structure and Formation of the Board of Directors

The formation and election of the Board of Directors is carried out in accordance with the Corporate Governance Principles and relevant provisions are stated in the Company's Articles of Association. Accordingly:

Pursuant to the provisions of the Turkish Commercial Code, the management of the Company, representation and binding thereof to third parties belongs to a Board of Directors comprising six (6) members, the majority of which is non-executive, elected by the General Assembly and who fulfill the requirement criteria stated in the Turkish Commercial Code and Capital Market Law. The Board of Directors elects from among its members a Chairman and a Vice Chairman to preside over the Board in the Chairman's absence. A sufficient number of independent Board members is elected by the General Assembly within the framework of principles pertaining to the independence of Board members as stipulated in the Capital Markets Board's Corporate Governance Principles. The presence of independent Board members is stated in the annual activity report of the Board of Directors.

Names, surnames and the classification of members as executive, non-executive and independent are given below. The Board members and resumes of Senior Management and their term of office are stated in Annex 1.

Mr. Hamdi Akın, Chairman of the Board of Directors, Non-Executive Member

Mr. İrfan Erciyas, Board Member/ Executive Director, Executive Member

Ms. Pelin Akın, Board Member, Non-Executive Member

Mr. Selim Akın, Board Member, Non-Executive Member

Mr. Şaban Erdikler, Independent Board Member, Independent Member

Mr. Nusret Cömert, Independent Board Member, Independent Member

Five out of the six members of the Board of Directors (more than half) are non-executive members, and one member is an executive member. The Chairman of the Board and the Chairman of the Executive Committee are different individuals. There is no Board member authorized to represent and bind the Company individually.

Board Members Mr. Şaban Erdikler and Mr. Nusret Cömert have independent member status in accordance with Independence Criteria of CMB's Corporate Governance Principles. During the activity period of the Board members, no circumstance which might annul their independence has occurred.

Independent Board members have to present the Board with an independence statement and to immediately inform the Board in case their independence is annulled. Any person who has served as a Board member for a total of seven years cannot be appointed as an independent Board member.

The Company does not impose any rules or restrictions on Board members for assuming an additional duty or duties outside of the Company. The duties of Board members outside the Company are described in their resumes in Annex 1.

With the resolution adopted at the Company's General Assembly held on May 31, 2012, the article stating that the Board of Directors consist of seven (7) members selected by the General Assembly has been amended as a Board of Directors consisting of at least six (6) members, the majority of whom are non-executive. In addition, the article stating the presence of two independent members in the Board of Directors has been amended as sufficient number of independent Board members is designated by the General Assembly in accordance with CMB's Corporate Governance Principles.

Qualification Criteria of the Board Members

All individuals nominated and elected to the Board of Directors possess the required qualifications listed in CMB's Corporate Governance Principles.

The Board of Directors is structured to ensure maximum impact and efficiency. The relevant provisions are outlined in Article 9 of the Articles of Association. Board members must be elected among persons who have knowledge of all legal principles that regulate the operations and procedures in the field of activity of the Company, trained and experienced in corporate management, capable of reviewing financial statements and reports, and preferably holding a higher education diploma.

16. Operating Principles of the Board of Directors

It is ensured that Board members access all necessary information in a timely fashion to fulfill their duties.

A Secretariat was established under the Board of Directors to serve all Board members and to keep regular records of Board meetings.

Since the Company's Board meetings are planned and held in an effective and efficient manner, the Board convenes whenever necessitated by the Company's operations and transactions. However, the Board has to convene at least four times a year.

- The Board of Directors may be called by the Chairman, Vice Chairman or any Board member in accordance with the provisions of the TCC and Capital Market Law. All such meeting invitations are delivered by fax, provided that a copy must also be either delivered by courier or registered mail and a written receipt must be obtained.
- The agenda of Board meetings is set by the Chairman of the Board; amendments may be made to the agenda through resolution of the Board.

- The Board of Directors can adopt a resolution without convening, according to Article 330/2 or any other equivalent article of the Turkish Commercial Code.
- Board members receive a reasonable monthly or annual salary, or a payment for each meeting, as determined by the General Assembly.
- The Board of Directors convenes with at least more than half of the total number of members.
- The Board of Directors makes its resolutions with the majority of attending members.
- Each member has one vote at the meetings, and voting is exercised in person. Unless one of the members demands a meeting, a resolution related to a proposal by one member can also be made through other members if they disclose their consent in writing.
- Reasonable and detailed vote rationale related to questions asked by Board members and subjects to which a different opinion was voiced are included in the resolution record.
- The number of Board meetings held within the period totaled 40.

Restriction on Doing Business or Competing with the Company

The authorization of the Board's Chairman and members to take actions as stipulated in Articles 334 and 335 of the Turkish Commercial Code on doing business or competing with the Company, was approved by the shareholders at the General Assembly held on May 31, 2012.

Authorities and Duties of the Board Members and Managers

Authorities and duties of the Board are defined in a consistent and concrete fashion, clearly distinct and separate from those of the General Assembly. Board members exercise their authorities in reference to the circular of signature.

Each shareholder is under the obligation to safeguard any trade secret of the Company that he/she has learned through any capacity, even after the shareholding right is terminated. In case of any possible damages incurred due to failure in fulfilling this obligation, the concerned shareholder is held accountable to the Company for damages. However, the provisions of this article do not cover information obligatorily disclosed as stipulated under the Capital Market Law.

17. The Number, Structure and Independence of Board Committees

The Board of Directors establishes committees as required for the sound performance of its duties and responsibilities and they operate under the Board of Directors, in line with the Capital Market Board regulations and applicable legislation. The field of duty, operating principles and membership composition are defined and disclosed to the public by the Board of Directors.

The Board of Directors may establish committees or commissions as it deems necessary among its members related to various areas such as to monitor the operation of the business, to prepare for issues which have been submitted to itself, to decide upon the preparation of the balance sheet for all material events and to oversee implementation of the resolutions that have been made.

Committees are convened at the frequency as stipulated by legal requirements and the prevailing circumstances.

Corporate Governance Committee

The Corporate Governance Committee reports directly to the Board of Directors and helps the Board devise and develop any necessary mechanisms and practices for the Company's management, and coordinate the remuneration, development and career plans of senior executives in accordance with internationally accepted Corporate Governance Principles.

The Corporate Governance Committee supports the Board of Directors in ensuring the Holding's compliance with Corporate Governance Principles, identifying Board members and senior executives, assessing remuneration, awards and performance, conducting career planning, investor relations and public disclosure practices through its studies. The Corporate Governance Committee consists of five members appointed from among the Board membership. The Chairman of the Corporate Governance Committee is appointed by the Board of Directors.

The Corporate Governance Committee is responsible for the Company's adoption of the Corporate Governance Principles, and the following activities:

- Investigating the extent to which the Corporate Governance Principles are implemented at the Company, and in case of failure to comply with the principles, determining the reasons and any negative results, and proposing corrective measures,
- Determining methods to ensure transparency in the identification of candidates to the Board of Directors,
- Conducting studies on the optimal number of Board members and managers, and formulating proposals,
- Developing recommendations on the principles and procedures for the performance assessment and remuneration of the Board members and managers and monitoring the implementations.

The Chairman of Corporate Governance Committee is Independent Board Member Nusret Cömert and the members are as follows:

Chairman of Corporate Governance Committee:

Mr. Nusret Cömert, Independent Board Member - Akfen Holding A.Ş., Independent Committee Member

Corporate Governance Committee Members:

Ms. Pelin Akın, Board Member - Akfen Holding A.Ş., Non-Executive Committee Member

Mr. Selim Akın, Board Member - Akfen Holding A.Ş., Non-Executive Committee Member

Mr. Şaban Erdikler, Independent Board Member - Akfen Holding A.Ş., Independent Committee Member

Ms. Sila Cılız İnanç, Assistant General Manager - Akfen Holding A.Ş., Executive Committee Member

Corporate Governance Committee also carries out duties of the Nomination Committee and Remuneration Committee within the framework of the Corporate Governance Principles and the Company's Articles of Association.

With the resolution of the Board of Directors dated March 19, 2013, the Company has decided to carry out the duties of the Early Determination of Risk Committee, that had previously been performed by the Corporate Governance Committee, by forming a separate committee pursuant to Communiqué Serial: IV No: 63 of the Capital Markets Board which amended the Communiqué Serial: IV No: 56 and to appoint Mr. Nusret Cömert as Chairman, and Ms. Pelin Akın and Mr. Selim Akın as members of the Early Determination of Risk Committee.

Audit Committee

The Audit Committee supports the Board of Directors in ensuring and supervising the audit of the accounting system, the public disclosure of financial statements, and the functionality and effectiveness of the internal control system of the Holding. The Audit Committee consists of two members appointed from among the Board members. One member of the Audit Committee is an independent Board member, who also chairs the Audit Committee.

Members of the Audit Committee and Corporate Governance Committee are appointed by the Board of Directors in accordance with the Articles of Association; their duties and authorities are determined by the Board of Directors.

The Audit Committee is responsible for taking any necessary measures and fulfilling any duty as stipulated by the Capital Market Law in order to ensure the adequacy and transparency of any internal or independent external audit.

Members of the Audit Committee are listed below:

Chairman of the Audit Committee:

Mr. Şaban Erdikler, Independent Board Member - Akfen Holding A.Ş.

Audit Committee Members:

Mr. Nusret Cömert, Independent Board Member - Akfen Holding A.Ş.

Both independent members of the Board of Directors are included in both the Corporate Governance Committee and Audit Committee in order to ensure participation of minority rights holders and stakeholders.

18. Risk Management and Internal Control Mechanism

Risk Management

In December 2012, implementation of the Risk Management Guide Book, finalized as a result of the efforts of the Corporate Governance Committee, which also carries out the duties of the Nomination Committee, Early Determination of Risk Committee and Remuneration Committee, within the framework of Early Determination of Risk was approved by the Board of Directors of the Company.

Risk Management activities are performed by the Budget, Planning and Risk Management Coordinatorship, an affiliate of the Financial Affairs Assistant General Management Department.

In 2012, in order to make corporate risk management activities systematic and to establish a risk management culture within the Group, the Holding purchased risk management consultancy services.

The Company formed risk inventories within the Holding and its subsidiaries. In addition, the Company defined risk maps to comprise all processes in the Holding and its subsidiaries Akfen Construction, Akfen Energy, Akfen HEPP and Akfen REIT companies and control activities related to the processes as well as the actions required to be taken. Implementation of such actions has been initiated and this process is ongoing.

Internal Control Mechanism

With the formation of the Audit Committee, the Internal Control Mechanism performs duties delegated to it by the Board efficiently, under the umbrella of the Audit Committee. The Independent Board Member Mr. Şaban Erdikler serves as Chairman of the Audit Committee.

19. Strategic Goals of the Company Goal

To be in a sector leading position by undertaking large-scale and profitable projects in all areas that it operates at home and overseas.

Strategic Outlook

With a successful history of obtaining and managing concessions in Turkey, Akfen Holding will continue in its main fields of operation by building additional strategic partnerships. The main focus of Akfen Holding's investments is on concessions and sectors with high growth potential, monopolistic market structures and long-term minimum income guarantee agreements. Thanks to its strength in entering new sectors and generating, structuring and implementing projects Akfen has positioned itself as a business development company. Akfen Holding acts as an "investment platform" thanks to its success in forming strategic partnerships and its focus on shareholder value and effective exit strategies.

Corporate Policy

To take advantage of the know-how, managerial expertise and technology acquired since our inception using the driving force created by highly qualified human resources and specialized teamwork.

Our Principles

To work with well-trained and experienced personnel, to prioritize quality in production, execution and business management, to complete contracted work on time and with premium quality.

The Board of Directors determines the strategic goals for relevant periods by through discussions with the Executive Director and Senior Management. The Board of Directors also reviews the extent to which the Company achieves its goals, activities and the past performance of the Company under the end of year performance evaluation process.

20. Financial Rights

The attendance fee provided to Board members is decided at the General Assembly and disclosed to the public through minutes of the meeting. The payments made to senior managers are released to the public in the notes to the financial statement.

Transactions such as extending loans, supplying credit or providing monetary assurance to Board members or managers by the Company are strictly forbidden.

ANNEX 1: Board Members and Senior Management Resumes

Hamdi Akın – Chairman of the Board of Directors

Hamdi Akın graduated from Gazi University, Department of Mechanical Engineering and founded Akfen Holding, active in the construction, tourism, trade and service sectors, in 1976. In addition to serving as the Chairman of the Board of Directors at Akfen Holding, in 2005, he also became Chairman of TAV

Airports Holding of which he is a founder and a shareholder. Mr. Akin also took his dynamism and hard work in business to volunteer efforts and non-governmental organizations as a manager and founder of many societies, foundations, chambers of commerce. He has served as Vice President of Fenerbahçe Sports Club (2000-2002), MESS-Metal Industrialists' Union President of Ankara Regional Representatives Council (1992-2004), President of TÜGİAD-(Turkish Young Businessmen's Association) (1998-2000), on the Board of Directors of TİSK-(Turkish Confederation of Employers' Associations) (1995-2001), the Board of Directors of TÜSİAD-(Turkish Industrialists' and Businessmen's Association) and has also served as the President of the Information Society and New Technologies Commission (2008-2009).

Mr. Akin, together with Akfen Holding, is a founder of the Contemporary Turkish Studies Chair at the London School of Economics. He is also the Founding Member and Honorary President of the Turkey Human Resources Foundation ("TİKAV"), founded in 1999 to provide Turkey with well-trained human resources. He is also the Vice Chairman of the Board of Trustees at Abdullah Gül University Support Foundation.

İrfan Erciyas – Board Member/Executive Director

İrfan Erciyas graduated from Gazi University, Department of Economics and Public Finance in 1977 and began his professional career at Türkiye Vakıflar Bankası (Vakıfbank). After serving as Auditor and Branch Manager, he was appointed Assistant General Manager in 1996 and General Manager in 2002-2003. Mr. Erciyas, who joined Akfen Holding in 2003 as Vice Chairman of the Board of Directors, undertook significant duties in areas that included the privatization of Vehicle Inspection Stations, Mersin International Port and İDO in particular, founding and investment processes of Akfen REIT and Akfen Energy, public offering of Akfen Holding and Akfen REIT, sale of shares from subsidiaries and long-term financing. Since March 2010, he has

served as Executive Director at Akfen Holding and as Chairman of the Board of Directors, Vice Chairman of the Board of Directors and Board Member in many affiliated companies and subsidiaries of Akfen Holding.

Selim Akin Board Member/Vice Chairman of the Board of Directors

Selim Akin graduated from Surrey University, Business Administration Department in the United Kingdom and served as Turkish Association President during his years in university; he later became a Member of the Turkish Young Businessmen's Association when he returned to Turkey. He is also a Member of Execution Board of DEİK Turkish-Russian Business Council and DEİK Turkish-Iraqi Business Council. Mr. Akin started his professional career in the Akfen Holding Accounting Department and later served in the Project Development and Finance Departments. The main projects in which he participated are the privatization and financing of Vehicle Inspection Stations, the privatization and financing of Mersin Port and Akfen Holding's public offering and bond issue. Mr. Akin currently serves as Vice Chairman of the Board of Directors at Akfen Holding and Board member at subsidiaries of Akfen Holding.

Pelin Akin – Board Member

Pelin Akin graduated from the Business Administration in Spanish Department of Surrey University in the United Kingdom in 2010; she started her professional career in the Strategy section of Deutsche Bank Finance Department in Madrid. After returning to Turkey, she started working for TAV Airports and was included in the Management Trainee Program to be trained as a future director. Ms. Akin, who undertook activity and organization responsibility at DEİK Spanish Business Council and participated in various working groups at DEİK British Business Council, is also actively serving as a Board of Trustees and Board of Directors Member in TİKAV (Turkish Human Resources Training and Health Foundation) that was founded in 1999 under the leadership of Mr. Hamdi Akin. Ms. Akin,

who is also the Vice Chairman of International Youth Reward Association which Akfen Holding supports as the main sponsor, represents the Association in international platforms as the International Affairs Officer of the organization. She also represents Akfen as Permanent Member of Advisory Board in Contemporary Turkish Studies Chair at the London School of Economics and has been the Head of the Chair since 2010. Ms. Akin, who is a Member of GYİAD, serves as Board Member at Akfen Holding.

Şaban Erdikler – Independent Board Member

After graduating from Ankara University, Department of Political Science, Şaban Erdikler served in the public sector for six years as a Public Finance Ministry Inspector and later joined Arthur Andersen as a Tax Manager. In 1992, he became the Chairman of the Board of Directors and General Manager at Arthur Andersen Turkey; in 1994, he assumed responsibility over the Balkan countries. Mr. Erdikler, who organized the Turkish section of Andersen Organization, which expanded overseas. In 2001, under the umbrella of Ernst & Young, he chaired the Board of Directors at Ernst & Young Turkey for approximately two years. Mr. Erdikler left this position in January 2004 and founded Erdikler Yeminli Mali Müşavirlik Limited Şirketi (Erdikler Public Accountancy). Mr. Erdikler has been an Independent Board Member of Akfen Holding since 2010.

Nusret Cömert – Independent Board Member

Mr. Cömert graduated from the Mechanical Engineering Department of Çukurova University in 1982 and received his MA in Business Administration from Istanbul University in 1983. In 1984, he started his professional career at Samsun Regional Directorate of Shell Company of Turkey Ltd.; he continued to serve as Mersin Regional Manager in 1986, Planning and Economy Assistant and Planning and Economy Manager and Fuels Manager in 1989, Aegean and Mediterranean Region Manager in 1994, Sales Manager in 1995 and in 1996 became London Business Development Manager in Shell International Gas and Power Ltd. In 1998, he started to work as Shell EP and Gas Turkey

BV General Manager while being responsible to abroad, in 2002 he was appointed the Executive Director of the same company and is still serving as the Chairman of Board of Directors of Shell Enerji A.Ş. that he founded after his previous position. In addition to his work in Turkey, he carried out duties related to oil and natural gas exploration in the Middle East and Central Asia and production business development activities as well as supply of additional natural gas to Europe. He was also responsible for the Central and Eastern Europe region for a period of time. He enabled Royal Dutch Shell to begin deep sea exploration in the Mediterranean Sea and oil and natural gas exploration in Southeast Anatolia in Turkey by paving the way for the signing of mutual exploration agreements with TPAO in November 2011, led the liberalization process of the natural gas sector in Turkey and founded the first private natural gas import and wholesale company in Turkey and started its operations at the end of 2007. Mr. Cömert, who received leadership training at Lausanne IMD Business School in 2006, has served as an Advance Leadership Academy Member at Harvard University in Boston since the beginning of 2012.

İbrahim Süha Güçsav - General Manager

İbrahim Süha Güçsav graduated from Istanbul University, Department of Economics in 1992 and later received his MA from Gazi University, Institute of Social Sciences, Department of Business Administration. Beginning his professional career in 1992 at Alexander & Alexander Insurance Brokerage Co., Mr. Güçsav joined Akfen Holding in 1994 where he served as Financial Group President and CEO. He undertook significant duties in areas such as the privatization of Vehicle Inspection Stations, Mersin International Port and İDO in particular, founding and investment processes of Akfen REIT and Akfen Energy, public offering of Akfen Holding and Akfen REIT, sale of shares from subsidiaries and long-term financing. From 2003 to 2010, he served as the Vice Chairman of the Board of Directors at Akfen Holding. Mr. Güçsav, who was a Board Member of Akfen Holding from March 2010 to May 2012, he has been Akfen Holding CEO since March 2010. In addition to this position, he continues to serve as the Chairman of Akfen REIT and Akfen

Water Management Board and as Board Member at TAV Havalimanları Holding A.Ş., Mersin Uluslararası Liman İşletmeciliği A.Ş. and Akfen Enerji Yatırımları Holding A.Ş. subsidiaries.

Sıla Cılız İnanç – Assistant General Manager – Legal Coordinator

Sıla Cılız İnanç graduated from Marmara University, Faculty of Law in 1995 and joined Akfen Holding in 1997 following the completion of her law internship in 1996. Mrs. İnanç, who worked on Public Private Partnership projects in Turkey, took part in mergers and acquisitions, competition law procedures and the secondary legislation studies of the Public Tender Law. Mrs. İnanç worked at every stage of the build-operate-transfer projects and privatizations in which Akfen and its subsidiaries participated, including tenders, finalization of transfers, establishment of financial and share structures and signing of credit contracts. Mrs. İnanç's work concentrates on administrative law, concessions and transfer of rights, construction contracts, FIDIC contracts, energy law with special emphasis on renewable energy and the electricity market and corporate law. She also continues to serve as Board member of various Akfen Holding subsidiaries.

Hüseyin Kadri Samsunlu - Assistant General Manager – Financial Affairs

Mr. Samsunlu graduated from Boğaziçi University, Department of Economics in 1991 and went on to complete his MBA at the University of Missouri in the USA in 1993. He became a Certified Public Accountant registered in the state of Missouri the same year. Mr. Samsunlu began his professional career as a Financial Analyst at Türkiye Sınai Kalkınma Bankası (Turkish Industrial Development Bank) and served in various positions between 1995 and 2006 as General Manager and a Board Member at Global Holding and its subsidiaries. Before joining Akfen Holding at the beginning of 2009, he spent three years in Romania and Turkey as an investment and corporate finance advisor. Mr. Samsunlu serves as Assistant General Manager at Akfen Holding and Board Member at various subsidiaries.

ANNEX 2: ARTICLES OF ASSOCIATION AMENDMENT TEXT

New texts of articles 14 and 18 of the Company's Articles of Association, which have been decided to be amended in order to ensure compliance with the Turkish Commercial Code and Capital Market Law in force on March 27, 2013, are as follows:

ARTICLE 14- GENERAL ASSEMBLY

The following procedures are implemented at General Assembly meetings.

Form of Invitation: The General Assembly convenes as Ordinary General Assembly and Extraordinary General Assembly.

Ordinary General Assembly meetings are held for each accounting period in order to have discussions and make resolutions regarding the selection of Company bodies, financial statements, annual activity report of the Board of Directors, distribution of the profit, determination of profit to be distributed and dividend share rates, release of Board members and other subjects deemed necessary that are related to operation periods.

Extraordinary General Assembly meetings are held when they are required for the Company or in case compulsory and immediate reasons arise and agenda of which, is comprised of reasons that required the meeting to be held. Announcements and notifications regarding Ordinary and Extraordinary General Assembly meetings are made at least three weeks prior to the date of the meeting via all types of communication, including electronic communication, which ensures reaching as many shareholders as possible, and as stipulated by applicable legislation.

General Assemblies are notified to concerned parties in accordance with the provisions of the Capital Market Law and the Turkish Commercial Code; the Company also works to fully comply with the regulations of Capital Market Board.

Time of Meeting: The Ordinary General Assembly is convened at least once a year within the first three months following the end of the accounting period of the Company, whereas the Extraordinary General Assembly convenes in cases and at times the business of the Company requires.

Place of Meeting: The General Assembly convenes at the headquarters building or a location determined by the Board of Directors within the provincial borders of Ankara or Istanbul.

The Chairman of the meeting is appointed in the General Assembly among Meeting Chairman shareholders authorized to chair the discussions; at least one (1) member authorized to collect votes and Minutes Clerk are assigned from among the shareholders or from outside.

Assignment of Proxy: At the General Assembly meetings, shareholders may be represented by other shareholders or outside proxies. The proxies that are shareholders of the Company are authorized to exercise the votes of the shareholders they represent in addition to their own votes. The form of the proxy authorization document is determined by the Board of Directors in accordance with Capital Markets Board regulations. The proxy letter has to be in writing. The proxy must exercise the vote in accordance with the desire of the vote transferor, provided that it is specified in the proxy letter of the shareholder that transferred the authority. The regulations of Capital Markets Board regarding the subject abided by during vote by proxy.

Number of Vote: At ordinary and extraordinary General Assembly meetings, Group A shareholders have three votes for one share, and Group B shareholders have one vote for one share.

Discussions and Quorum: All ordinary and extraordinary General Assembly meetings and quorums at such meetings are subject to the provisions of Turkish Commercial Code. However, the provisions of Capital Market Law that modify the quorums stated in relevant articles of Turkish Commercial Code are reserved.

Participation in General Assembly Meeting in Electronic Environment: Shareholders that have the right to participate in the General Assembly meetings of the Company may also take part in these meetings in an electronic environment as per Article 1.527 of the Turkish Commercial Code. In accordance with the provisions of the "Regulation regarding General Assemblies to be Held in Electronic Environment in Corporations," the Company may install an electronic General Assembly system which enables shareholders to participate in General Assembly meetings, to disclose their opinions, to make suggestions and to vote in electronic environment, or it can also purchase services from systems designed for this purpose. In accordance with this provision of the Articles of Association, in all General Assembly meetings to be held, it is ensured that using the installed system, shareholders and their representatives are able to exercise their rights as stipulated in the provisions of the aforementioned Regulation.

All subject areas related the General Assembly are regulated in accordance with the Capital Market Law.

In the General Assembly meetings, in case a resolution should be reached regarding operations that are considered significant in terms of implementation of Corporate Governance Principles and all kinds of associated party transactions and transactions related to providing assurance, collateral and security in the favor of third parties, the Company adheres to regulations of the Capital Markets Board concerning corporate governance on number of votes and resolution quorum and other related issues.

ARTICLE 18 – DISTRIBUTION OF PROFIT

The profit of the company is determined in accordance with the Turkish Commercial Code, Capital Market Law and generally accepted accounting principles.

After the amounts that must be paid or reserved by the Company such as general costs of the Company and miscellaneous depreciation, and taxes that must be paid by the legal entity of the Company are deducted from the revenues determined at the end of the accounting period; the remaining net profit on the annual balance sheet is calculated in the following manner, respectively, after loss from previous year, if any, is subtracted.

General Legal Reserve:

1. 5% of the net profit is set aside as legal reserve until reaching 20% of the paid capital as per the Turkish Commercial Code.

First Dividend:

2. Any donation during the year is added to the remainder, and of this sum, the first dividend is calculated according to the rate and amount determined by the Capital Markets Board.
3. After the deduction of the abovementioned amounts, the General Assembly has the right to decide on the distribution of a dividend to Board Members, officers and employees of the Company.
4. After the first dividend for shareholders is allocated, 1% of the remaining profit is transferred to the Turkish Human Resources Foundation.

Second Dividend:

5. After the deduction of the abovementioned amounts from the net profit, the General Assembly is entitled to allocate the remaining amount partially or completely as the second dividend or as legal reserves in accordance with Article 521 of the Turkish Commercial Code.

Unless the legal reserves required to be allocated as per statutory provision are reserved, and the first dividend for shareholders specified in the Articles of Association is distributed in cash and/or as shares, the Company cannot allocate other reserves, or decide to transfer profits to the following year, distribute dividends, or give profit shares to Board members, officers and employees of the Company, foundations established for various purposes, and persons/institutions with similar purposes.

The dividend of the accounting period is distributed evenly to all existing shares, regardless of their issue and acquisition dates. There is no privilege among share groups with respect to dividend distribution.

The distribution method and time of the distributable profit is determined by the General Assembly upon the proposal of the Board of Directors. The provisions of the Capital Market Law apply.

1. Abbreviations

CRM: Corporate Risk Management

Akfen Group / Akfen Company Group:

Akfen Holding, Akfen İnşaat, Akfen HEPP, Akfen Gayrimenkul Yatırım Ortaklığı, Akfen Gayrimenkul Yatırım Ortaklığı Russia

2. The Aim of the Procedure

The aim of this procedure is to define the process designed to track, control and monitor the risks that incur/are likely to incur during the operations of Akfen Group.

Corporate risk management enables companies to identify significant risks, assess control processes, take the right risk in the right amount, manage such risks using appropriate processes and develop action plans in order to reduce risks to a reasonable level.

Corporate risk management is not only a management and control function but it is also mandatory in line with the new Turkish Commercial Code. This procedure contains responsibilities that the risk groups and functions should perform in order to achieve CRM goals.

3. Akfen Company Group Corporate Risk Management Program and its Objective

The objective of the Corporate Risk Management Program is to create an environment in which risks are defined, measured and the most appropriate responses are given to such risks using the most effective and efficient techniques within Akfen Group overall. Akfen Group considers opportunities along with threats during corporate risk management.

During decision making processes, the companies, as standard, must have put in place the activities that enable also taking risks related to the decision area into account. Creation of a dynamic structure is important for a successful Corporate Risk Management program.

Each company department is responsible to manage the risks in line with the operating procedure. While managing risks, all processes should be carried out in harmony with this procedure.

The companies should analyze and define their capacity to reduce, transfer, accept or avoid risks. This definition should be in harmony with the strategic goals and risk appetites of the companies.

Risk management programs develop in connection with the corporate culture of the companies. In this context, all significant risks should be determined, prioritized, correlated with strategic and operational goals and assessed.

Risk assessments starts with perceiving the sector that the company operates in, the strategies and goals of the companies and departments as well as outside/surrounding effects. Risk assessment results in perception of threats/opportunities and measurement of such threats/opportunities in accordance with the risk appetite of the company. Ultimately risk assessments enable companies to make risk reduction, transfer, acceptance or avoidance decisions deliberately.

The main factor for the success of the risk management program is that all employees working for Akfen Group support creation and maintenance of a company culture in which transparency and open communication exists. After the Corporate Risk Management program is initiated, making timely, clear and open discussions regarding risks would increase the risk awareness in the companies.

The Corporate Risk Management program cannot be implemented without complying with legal and regulatory requirements. In case Corporate Risk Management program displays non-conformity with the legal and regulatory requirements, the priority of the laws applies.

4. Akfen Company Group Corporate Risk Management Principles

- Risk management is under the responsibility of everyone in Akfen Group, from the Senior Management to employees of each company, department and unit.
- Akfen Group manages its significant risks at all companies and departments by taking the risk-opportunity balance into account.
- Group companies carry out their risk assessments regularly provided not to be less than at least once a year. Risk assessments of risky projects, actions, duties and operational fields are carried out more frequently.
- In order to consider the risks during stages of decision-making, the CRM program is integrated with main processes such as strategic planning, business planning and management of operations.
- The CRM program is open to constant development in a way to reflect the best practices in the industry and the needs of the companies.
- Policies and procedures of Akfen Group in other areas should be in line with the approach described in this procedure.

5. Definitions

Workshop: A disciplined tool for idea generation and decision making, which enable a group to create solutions in an efficient way collectively.

Natural (Internal) Risk: The risk arising from the nature of the relevant operation/process regardless of the performed controls and the effect of such controls.

Escalation: Taking the issue to senior positions/ informing senior positions.

Impact: The degree of the natural risk faced before any measures are taken or controls are designed.

Opportunity: The possibility of occurrence of an event that affects the Company positively in achieving its goals.

Residual Risk: The ongoing risk after the measures and controls are taken.

Key Performance Indicator (“KPI”): A measurement tool useful to increase future performance and measure past performance.

Corporate Risk Management: A mechanism that ensures stability in organizations by allowing determination, prioritization, reduction and measurement of the impacts of the decisions that was taken.

Risk: The uncertainty regarding losses and gains to be faced as a result of choices and decisions made throughout the organization.

Risk Vulnerability: A reflection of residual risk. Residual risk shows the ongoing risk after the measures and controls are taken.

Early Risk Detection Committee: In regards to the new Turkish Commercial Code that went into effect as of 01.07.2012, the committee is required for publicly traded companies to form, and corporations not publicly traded are required to form in case it is deemed necessary by independent auditors; the committee submits reports once every two months to the Board of Directors regarding potential risks.

Risk Appetite: “The statement of acceptable and non-acceptable risks by the Management.” Risk appetite reflects the “desire” of a company to “take risks” in accordance with the capacity of the company to take risks.

Risk Capacity: The “risk tolerance and resistance” capacity of a company.

Risk Category: The defined risk groups that help in the definition, assessment, measurement and monitoring of risks.

Risk Portfolio: The risk inventories, in which the companies systematically define and list their risks.

Response to Risk: Choosing either one of the actions of avoiding the risk, transferring the risk, accepting the risk as it is or reducing the risk.

Risk Tolerance: The degree of acceptable deviation that a company determines regarding each main risk in order to accomplish strategic and operational goals.

Risk Transfer: Undertaking of a risk partially or completely by other party or parties.

Risk Reduction: Reduction of magnitude of negative effects using appropriate controls in order to reduce the occurrence possibility of negative effects of events and/or potential losses.

Risk Acceptance: Knowingly/unknowingly acceptance of/facing responsibility of losses that may arise as a result of occurrence of risk.

Risk Avoidance: Avoiding the operations that cause the risk or lead to increase thereof by not commencing or ending them. It may increase the importance of other risks or lead to the opportunities to be lost.

Risks that a company may face can be categorized in many ways. The structural and sectoral features of the entity would affect this categorization significantly.

Risks may be gathered under various categories:

- Financial risks,
- Operational risks,
- Strategic risks.

Financial Risks: Reflect those risks that arise as a result of financial position and choices of the company. Financial risks primarily include risks related to credit, interest, cash, financial markets, commodity prices.

Operational Risks: Reflect those risks that may obstruct performance of basic business operations of a company. The risks under this category include, but are not limited to, risk titles such as supply, sale, product development, information management, law and brand management.

Strategic Risks: Structural risks that may hinder a corporation from accomplishing its short, medium and long term goals can be gathered under this category. Typical examples of strategic risks are risks related to planning, business model, corporation management and market analysis.

6. Vision, Mission and Strategies of Akfen Company Group Corporate Risk Management Program

The vision, mission and strategies specified for risk management in Akfen Company Group are as follows.

Corporate Risk Management Vision of Akfen Company Group

To specify and measure the risk portfolio of Akfen Company Group, to increase the awareness of all employees on this subject, to contribute to sustainable growth by assessing risks in an integrated manner.

Corporate Risk Management Mission of Akfen Company Group

To provide reasonable security for systematic and effective determination, assessment and most appropriate management of the necessary risks and opportunities faced by Akfen Company Group during its operations and to make risk management an indispensable part of the corporate culture and strategic decision making process.

Corporate Risk Management Strategies of Akfen Company Group

- To ensure an effective Corporate Risk Management organization and to determine roles and responsibilities,
- To ensure that risk management is in compliance with corporate strategies,
- To ensure that corporate risk management is implemented consistently in all Group companies,
- To regularly implement the corporate risk management program, to contribute the development thereof by necessary improvements as a result of assessments.

7. Risk Appetite and Risk Tolerance of Akfen Company Group

Risk appetite is the “reflection of acceptable and unacceptable risks,” which are proposed by Akfen’s Risk Committee and enter into force by being approved by the Board of Directors. Risk appetite reflects the “desire” of a company to “take risks” in accordance with the capacity of the company to take risks. Risk capacity is the “risk tolerance and resistance” capacity of a company. Therefore, the risk appetite of a company should not exceed the capacity and adequacy of a company to take risks.

The factors to be taken into account when determining risk appetite include the risk approach, business strategies, total financial and operational risks, expectations of stakeholders and third parties that may be related such as legal authorities.

Risk appetite is determined by using the scales in the following table as basis.

Table 1. Risk Appetite Scale

	Risk vulnerable	Risk tolerant	Indifferent to risk	Avoiding risk moderately	Avoiding risk
Approach to taking risk	Taking risk is perceived as a part of company strategy.	The Company displays an aggressive approach to taking risk.	The Company displays a balanced approach to taking risk.	The Company displays a cautious approach to taking risk.	The Company accepts as little risk as possible.
Risk – profit relationship	It is possible to face risk for high profit.	Profit objectives are prioritized over risk amount.	Equal importance is assigned to risk and profit targets.	Risk management targets are prioritized over profit.	High profit can be given up in order to have more protection against risk.
Preferred response to risk approach	Risk is accepted to the extent/if permitted by law.	The choice between accepting or controlling risk is made in accordance with internal criteria/ measures.	There is no preference in response to the risk approach.	A choice is made between avoiding risk or sharing (transfer) it with third parties.	Risks, to which an effective response cannot be given, or which cannot be transferred to third parties, are avoided.
Decision criterion for responding to risk	No decision criterion is sought for responding to risk.	Actions are taken to respond to risk only if a sound cost effectiveness analysis is performed.	Actions are taken to respond to risk as per cost effectiveness and priorities of management.	Actions are taken to respond to risk by prioritizing occurrence/ emergence cost.	Actions are taken to respond to risk even if the cost of preventing risk is more than occurrence/emergence cost.

When risk appetite is determined, the companies should focus on the risk portfolio comprising their main risks. Risk appetite should be determined on an operation basis on companies within the Group, or on a product basis and on a strategic basis when possible.

In connection with their main operating areas, the companies may prefer to avoid some risks and be open for others by gathering them in different risks groups than what is explained above.

8. Roles and Responsibilities of Akfen Company Group Corporate Risk Management

The bodies that would take role and responsibility in the corporate risk management program to be implemented in Akfen Company Group are as follows:

- General Managers of Companies, Related Business Units, sector and subject based experts when necessary,
- Risk Management Unit,
- Risk Committee,
- Board of Directors,
- Internal Audit.

Table 2. Risk Management Roles and Responsibilities

Position	Main Role and Responsibility
BOARD OF DIRECTORS	<p>Main role and responsibility: Approval</p> <ul style="list-style-type: none"> • Approval of CRM policies • Approval of proposed risk appetite and risk tolerances • Approval of risk authorities • Approval of Risk Committee regulation and methodology • Approval of risk limit exceptions • Distribution of risk management resources
RISK COMMITTEE	<p>Main Role and Responsibility: Supervision</p> <ul style="list-style-type: none"> • Risk Committee also undertakes the duty of the Early Risk Detection Committee as stipulated in the New Turkish Commercial Code. • To oversee risk management strategies and ensure their association with corporate strategic plans • To ensure that risk management strategies fulfill operational and legal requirements • To monitor risk trends at the corporate level • To make proposals regarding risk policies (including risk appetite) and limits • To monitor the CRM program and improvement efforts • To report periodically to the Board of Directors <p>Objective of the Risk Committee: When a significant event/change happens or is likely to happen, to ensure such event/change is reported to the relevant management level (Board of Directors).</p>
COMPANY RISK OFFICERS (GENERAL MANAGERS AND RELATED BUSINESS UNITS)	<p>Main Role and Responsibility: Taking and Managing Risk</p> <ul style="list-style-type: none"> • To participate at minimum in annual risk assessment • To periodically update risks pertaining to their companies • To escalate the risk events detected within the period • To contribute to the determination of the risk indicators process and to monitor indicators • To make decisions regarding taking risk (at the authority level allocated to them) • To realize improvement actions regarding risk reduction • General Managers may share abovementioned duties with their teams/persons to be assigned by them, provided that they are still ultimately responsible.
RISK MANAGEMENT UNIT	<p>Main Role and Responsibility: To Monitor, To Consolidate and Analyze Data</p> <ul style="list-style-type: none"> • To regulate and operate the CRM Program in accordance with the methodology approved by the Board of Directors • To train the entire Group on risk management and to provide support to studies • To gather and analyze risk information and to draw up regular reports • To receive information regarding risks from department leaders regularly • To support Risk Committee decisions through data flow and reports • To carry out constant improvement efforts in order to improve and promote CRM techniques
INTERNAL AUDIT UNIT	<p>Main Role and Responsibility: Confirmation</p> <p>To independently provide reasonable assurance regarding:</p> <ul style="list-style-type: none"> • Internal audits, • Action plans related to risks, • Effectiveness of the CRM program, • Integrity and operability of risk models.

9. Akfen Company Group Corporate Risk Management Operating Principles

9.1. Determination of CRM Framework and Content

The Corporate Risk Management organizational structure along with roles and responsibilities are reviewed annually by the Board of Directors and approved after the necessary modifications.

- The Risk Management Unit sets the annual corporate risk management calendar and submits it for the approval of the Board of Directors through the Risk Committee. The Corporate Risk Management calendar is set in accordance with the Budget and Performance Assessment calendar and notified to the concerned parties beforehand.

- The Risk Management Unit drafts the main framework of risk assessment implementation, main risk categories to be included in the scope and main risks by taking the feedback into account and submits the draft for approval after conferring with the Risk Committee.
- The Risk Committee drafts the risk categories, risk appetite and risk tolerance on the basis of companies, strategies and special subjects in order to submit them for the approval of the Board of Directors.
- Risk appetite is processed in the risk portfolio in required detail by using the following scale:

	Risk vulnerable	Risk tolerant	Indifferent to risk	Avoiding risk moderately	Avoiding risk
Approach to taking risk	Taking risk is perceived as a part of company strategy.	The Company displays an aggressive approach to taking risk.	The Company displays a balanced approach to taking risk.	The Company displays a cautious approach to taking risk.	The Company accepts as little risk as possible.
Risk – profit relationship	It is possible to face risk for high profit.	Profit objectives are prioritized over risk amount.	Equal importance is assigned to risk and profit targets.	Risk management targets are prioritized over profit.	High profit can be given up in order to have more protection against risk.
Preferred response to risk approach	Risk is accepted to the extent/if permitted by laws.	The choice between accepting or controlling risk is made in accordance with internal criteria/ measures.	There is no preference in response to risk approach.	A choice is made between avoiding risk or sharing (transfer) it with third parties.	Risks to which an effective response cannot be given, or which cannot be transferred to third parties, are avoided.
Decision criterion for responding to risk	No decision criterion is sought for responding to risk.	Actions are taken to respond to risk only if a sound cost effectiveness analysis is performed.	Actions are taken to respond to risk as per cost effectiveness and priorities of management.	Actions are taken to respond to risk by prioritizing occurrence/ emergence cost.	Actions are taken to respond to risk even if the cost of preventing risk is more than occurrence/ emergence cost.

- The impact and risk vulnerability criteria to be used during risk assessment are reviewed, updated when necessary and submitted for the approval of the Board of Directors by the Risk Management Unit and Risk Committee in accordance with the table given in Annex 2.

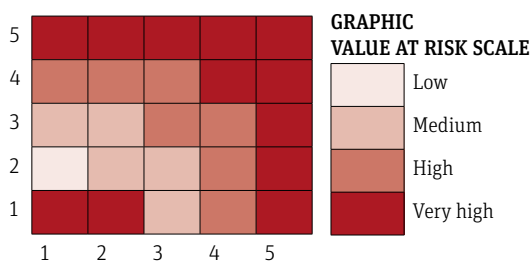
9.2. Determination of Risks

- The Corporate Risk Management Unit shares the main risk categories with the Risk Officers of the companies and requests the current and possible main risks that would constitute the risk portfolio in the specified format by associating them with these categories and establishes the consolidated risk portfolio of Akfen Company Group as a result of the information received.
- The current and possible risks that have been determined within the year, in newly established processes, during strategic decisions, for events other than routine or as a result of internal audit are added to the risk portfolio in order to be reviewed in future risk assessments.
- The risks, which have lost relevance are removed from the risk portfolio and the ones that should be updated are corrected.
- Root risks in risk portfolio are associated with related main risks and risk categories.

9.3. Assessment of Risks

- The Risk Management Unit invites company Risk Officers, relevant unit managers, sector and subject experts to risk assessment workshops within the framework of the prescribed calendar.
- During the workshops, all main risks included in the risk portfolio in Annex 2, the impact (financial, compliance/legal, reputation, impact on operations) and risk vulnerability (internal controls, misuse or error history, human resources, automation and integration) criteria in Annex 2 are assessed by using the risk assessment model.
- After risks are assessed individually, particularly the main risks that are based on the same root cause or have the same impact, are put through an additional assessment in regards to their cumulative impact which may arise in case they occur at different units or locations and, if necessary, impact values are updated accordingly.

- When impact criteria are assessed during risk assessment, the internal (natural) risk is assessed by ignoring all current controls. Among the impact criteria, only those directly related to the risk are subjected to the assessment and during calculation the value of the one with the highest value is directly accepted as the impact value of the.
- After impact criteria and risk vulnerability are assessed, the current situation and the residual risk after current controls are included in the calculation as values.
- After impact and risk vulnerability criteria are assessed on the basis of all companies for the entire risk portfolio, risks are prioritized individually and by taking the weight given to companies into consideration. The criteria, which are taken as basis for such weighting, are Company turnover, profit and number of employees.
- According to the result of impact and risk vulnerability values determined at the end of risk assessment, value at risk values are determined. According to this:



9.4. Response to Risks

- The Risk Management Unit specifies the risk responses for each risk that has been assessed and prioritized with Company Risk Officers by also taking risk appetite and tolerances into account. Risk responses may include risk avoidance, risk acceptance, risk reduction and risk transfer according to the determined risk appetite and the value at risk concluded as a result of the assessment.

- The response to be given to each risk can be one or a mixture of several approaches detailed below.
- Risk avoidance: A redefinition of business process to avoid certain risks or avoiding the operations that impose the risk. In case the benefit to be obtained as a result of risk reduction or transfer is greater than its cost, avoiding the risk instead of taking it may be applied.
- Risk acceptance: Risk can be accepted by the management and no action to reduce the risk exposure level is taken. This requires awareness and monitoring regarding the risk. The monitoring period should be specified for risks classified as such and the risk should be assessed again at the end of this period. It can be applied in certain situations, especially when the cost of taking action against the risk is high; but in case the risk occurs, the results of the risk is acceptable in terms of determined risk appetite and possible risk benefit is deemed advantageous.
- Risk reduction: The development of controls in a way to minimize risk exposure level and/or risk impacts; this process also includes accepting the residual risk. It can be implemented with the purpose of reduction of both impact and risk vulnerability values.
- Risk transfer: The partial transfer of risk or operations that lead to risk exposure through agreements entered into with third parties such as customers, suppliers or insurance companies, therefore not undertaking the risk anymore. It can be used especially for risks with high impact.
- The Risk Committee and Risk Management Unit determine appropriate tracking periods and submit them for the approval of the Board of Directors for accepted risks.

- When responding to risk, first, root causes are understood, current controls are evaluated, a risk response strategy is decided upon, an action plan is developed, a mutual agreement on the plan is reached with parties that would implement and approve the plan and an action plan is initiated.
- When responding to risks, the following risk appetite and value at risk tables can be used.

Risk Appetite	Risk Response	Risk Acceptance	Risk Reduction	Risk Avoidance	Risk Transfer
Risk Vulnerable	Optional	✓	✓	X	X
Risk Tolerant	Optional	✓	✓	X	✓
Indifferent to Risk	Mandatory	✓	✓	✓	✓
Avoiding Risk Moderately	Mandatory	X	✓	✓	✓
Avoiding Risk	Mandatory	X	✓	✓	✓

Value at Risk	Risk Acceptance	Risk Reduction	Risk Avoidance	Risk Transfer
Low	✓	✓	✓	✓
Medium	✓	✓	✓	✓
High	X	✓	✓	✓
Very high	X	✓	✓	✓

9.5. Taking Risk Reductive Actions and Assessment of Effectiveness

- At the end of risk assessment, the controls regarding risks, especially for which the risk reduction method as a response is accepted, are designed and the deadline and officer for improvement actions are specified.
- When risks are assessed, the functionality of the controls, which are considered as existing, is tested through testing performed by the Internal Audit function and identified improvement fields are shared with company Risk Officers and the Risk Management Unit.
- After risk assessment, the responses to prioritized risks and actions to be taken are submitted to the Board of Directors through the Risk Committee.

9.6. Monitoring, Assurance, Reporting and Constant Improvement

- The Risk Management Unit provides corporate risk management training to the entire Akfen Company Group at least once a year and supports the efforts of Company Risk Officers and, when necessary, retains related sector and subject experts throughout the year.
- Each risk should be monitored until it is reduced, loses its relevance or occurs and then removed from the risk portfolio at the end of mentioned circumstances.
- For accepted risks, monitoring and re-assessment operations are conducted within time periods approved by the Board of Directors.
- In order for Corporate Risk Management to continue its effectiveness, it should be audited by the Internal Audit function at least once a year and whether implementations are realized in line with specified goals and methodology should be assessed. In accordance with the New Turkish Commercial Code, the operations of Early Risk Detection Committee will be evaluated by an independent audit.
- All stakeholders are encouraged to make improvement proposals regarding constant improvement of the Corporate Risk Management process. When the annual report is prepared at the end of each year, lessons learned, improvement points determined and best practices discovered during Corporate

Corporate Risk Management Reports

Subject of Report	Period of Report	Prepared by	Submitted to
Corporate Risk Management work schedule and method	Annual	Risk Management Unit	Board of Directors through the Risk Committee
Update of the Procedure	Annual	Risk Management Unit	Board of Directors through the Risk Committee
Risk Assessment Results of the Board through the Risk Committee (Comparative)	Annual	Risk Management Unit	Board of Directors through the Risk Committee
Action Following Report	2 Months	Risk Officers of the Companies / Risk Management Unit	Risk Committee
Early Risk Detection Report	2 Months	Risk Committee through the Corporate Risk Management Unit	Board of Directors
Risk Specific Examination Report	When Required	Risk Officers of the Companies / Risk Management Unit	Risk Komitesi/ Yönetim Kurulu
Corporate Risk Management Annual Report	6 Months	Risk Management Unit	Board of Directors through the Risk Committee

Risk Management implementations of the previous year are determined and shared with all companies in the Group.

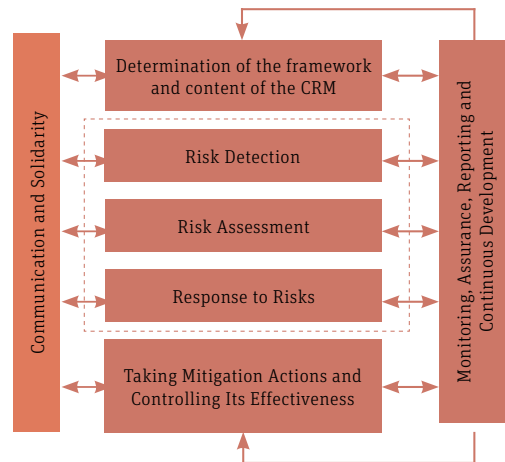
The companies that initiate the CRM program and standardize the implementation as a part of company culture in all their activities are also able to detect the opportunities during the risk determination stage and manage such opportunities systematically as they manage the risks. Inclusion of opportunities along with risks following the risk determination stage in all operating steps after the CRM program is initiated and standardized by Akfen Group is important in terms of getting close to best practices.

Following the Corporate Risk Management program coming into effect with this procedure, Company Risk Officers and all employees, as they do with risks, are responsible to notify/report opportunities that would be useful to Akfen Group to the Corporate Risk Management Unit, provided that such opportunities are in compliance with the law.

10. Corporate Risk Management Process Work Flow

The main stages of the Corporate Risk Management process are as follows and the operating steps of each stage are given in Annex 1.

Figure 1. CRM Process General Workflow Diagram



Akfen Holding Anonim Şirketi

**Convenience Translation to English of
Consolidated Financial Statements
as at and for the Year Ended 31 December 2012
(Originally Issued in Turkish)**

KPMG Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

3 April 2013

This report includes 1 page of
independent auditors' report and 146 pages of
consolidated financial statements together with
their explanatory notes.

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Convenience Translation to English of Independent Auditors' Report Originally Issued in Turkish

**Independent Auditors' Report
To the Board of Directors of
Akfen Holding Anonim Şirketi**

We have audited the accompanying consolidated financial statements of Akfen Holding Anonim Şirketi, its subsidiaries and jointly controlled entities (the "Group"), which comprise the consolidated balance sheet as at 31 December 2012, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with financial reporting standards promulgated by Capital Market Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our independent audit. We conducted our audit in accordance with auditing standards promulgated by CMB. Those standards require that ethical requirements are complied and independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free of material misstatement.

Our audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, entity's internal control system is considered. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the entity and its internal control system. Our independent audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2012, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards (Note 2) promulgated by CMB.

Additional paragraph for convenience translation to English

The financial reporting standards described in note 2 (defined as "CMB Financial Reporting Standards") to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and also for certain disclosure requirements of CMB. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of Akfen Group in accordance with IFRS.

İstanbul, 3 April 2013

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Hatice Nesrin Tuncer
Partner

Akfen Holding Anonim Şirketi

Consolidated Statement of Financial Position

as at 31 December 2012

(Currency: Thousands of TL)

	Notes	Audited	
		31 December 2012	31 December 2011
ASSETS			
Total Current Assets		1.158.650	1.286.026
Cash and cash equivalents	6	426.276	518.590
Trade receivables		177.042	306.603
- Due from related parties	10-38	13.687	6.000
- Other trade receivables	10	163.355	300.603
Other receivables		13.014	16.528
- Due from related parties	11-38	8.789	5.068
- Other receivables	11	4.225	11.460
Financial investments	7	158.179	--
Derivative financial instruments	9	58	2.685
Restricted cash	12	135.042	150.708
Inventories	14	115.451	26.165
Other current assets	27	133.588	264.747
		1.158.650	1.286.026
Total Non-Current Assets		3.656.207	4.152.943
Trade receivables		56.213	165.108
- Due from related parties	10-38	2.391	5.510
- Other trade receivables	10	53.822	159.598
Other receivables		54.392	40.781
- Due from related parties	11-38	43.211	39.225
- Other receivables	11	11.181	1.556
Financial investments	7	91	151
Investment in equity accounted investees	17	1.621	1.436
Investment property	18	1.098.761	1.080.092
Property, plant and equipment	19	1.038.143	938.031
Intangible assets	20	1.132.062	1.503.865
Goodwill	21	41.072	128.452
Deferred tax asset	36	54.465	109.683
Other non-current assets	27	179.387	185.344
		4.814.857	5.438.969

The accompanying notes are an integral part of these consolidated financial statements.

Akfen Holding Anonim Şirketi

Consolidated Statement of Financial Position

as at 31 December 2012

(Currency: Thousands of TL)

	Notes	Audited	
		31 December 2012	31 December 2011
LIABILITIES			
Total Current Liabilities		921.113	1.287.177
Loans and borrowings	8	613.589	743.422
Derivative financial instruments	9	38.643	80.896
Trade payables		107.665	209.947
-Due to related parties	10-38	14.889	25.125
-Other trade payables	10	92.776	184.822
Other payables		105.376	166.030
-Due to related parties	11-38	30.441	15.564
-Other payables	11	74.935	150.466
Provisions	23	13.780	
Other current liabilities	27	42.060	74.211
		921.113	1.287.177
Total Non-current Liabilities		2.179.137	2.999.911
Loans and borrowings	8	1.917.631	2.730.724
Derivative financial instruments	9	81.486	86.649
Trade payables		42.316	37.863
-Due to related parties	10-38	621	1.083
-Other trade payables	10	41.695	36.780
Other payables		59.929	52.834
-Due to related parties	11-38	17.103	9.002
-Other non-trade payables	11	42.826	43.832
Employee benefits	25	15.366	17.873
Deferred tax liabilities	36	56.237	58.816
Provisions	23	1.105	681
Other non-current liabilities	27	5.067	14.471
TOTAL EQUITY		1.714.607	1.151.881
Total equity attributable to equity holders of the parent		1.318.206	758.916
Paid in capital	28	145.500	145.500
Adjustments to share capital		(7.257)	(7.257)
Share premium		454.782	454.782
Treasury shares		(37.751)	(4.010)
Business combination of entities under common control		6.236	20.062
Foreign currency translation reserve		37.187	101.443
Revaluation reserve		108	(2.294)
Cash flow hedge reserves		(84.473)	(104.992)
Other reserves		(105.650)	(112.112)
Legal reserves		10.095	19.699
Retained earnings		236.575	312.819
Profit/(loss) for the period		662.854	(64.724)
Non-controlling interest		396.401	392.965
TOTAL LIABILITIES AND EQUITY		4.814.857	5.438.969

The accompanying notes are an integral part of these consolidated financial statements.

Akfen Holding Anonim Şirketi

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2012

(Currency: Thousands of TL)

	Notes	Audited	
		31 December 2012	31 December 2011
CONTINUING OPERATIONS			
Revenue	29	1.124.705	1.353.583
Cost of sales(-)	29	(785.408)	(1.008.726)
GROSS PROFIT		339.297	344.857
General administrative expenses (-)	30	(149.859)	(158.182)
Other operating income	32	663.682	334.784
Other operating expenses(-)	32	(53.710)	(39.681)
RESULTS FROM OPERATING ACTIVITIES		799.410	481.778
Finance income	33	253.220	123.373
Finance expenses	34	(338.902)	(520.222)
PROFIT BEFORE TAX		713.728	84.929
Tax expenses		(42.859)	(45.541)
Tax expense	36	(27.476)	(31.871)
Deferred tax expense	36	(15.383)	(13.670)
PROFIT FOR THE PERIOD		670.869	39.388
Other Comprehensive Expense			
Change in revaluation of property, plant and equipment		23	44
Change in net fair value change in cash flow hedges	33	(9.513)	(41.257)
Change in foreign currency translation differences	33	(30.544)	91.478
Tax benefit from other comprehensive income items	36	3.180	5.257
OTHER COMPREHENSIVE INCOME/(LOSS) (AFTER TAX)		(36.854)	55.522
TOTAL COMPREHENSIVE INCOME		634.015	94.910
Profit attributable to:			
Non-controlling interest		8.015	104.112
Equity holders of the parent		662.854	(64.724)
Profit for the period		670.869	39.388
Total comprehensive income attributable to:			
Non-controlling interest		4.850	111.730
Equity holders of the parent		629.165	(16.820)
Total comprehensive income		634.015	94.910
Basic and diluted earnings/(loss) per share (full TL)	37	4,705	(0,457)

The accompanying notes are an integral part of these consolidated financial statements.

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2011

(Currency: Thousands of TL)

	Paid in Capital	Adjustments to share capital	Share premium	Treasury shares	Entities under common control	Translation differences	Revaluation reserve	Cash flow hedging reserve	Other reserves	Legal reserves	Retained earnings	Net profit for the period	Total	Non controlling interest	Total equity
Balances as at 1 January 2011	145.500	(7.257)	454.782	(3.709)	20.062	17.914	(2.076)	(71.363)	(93.780)	12.081	322.026	..	794.180	160.605	954.785
Total comprehensive income for the period															
Profit for the period															
Other comprehensive income															
Foreign currency translation differences						81.489							81.489	9.989	91.478
Revaluation of property, plant and equipment							(218)						262	44	44
Net fair value change in cash flow hedges								(33.629)						(2.371)	(36.000)
Total other comprehensive income						81.489	(218)	(33.629)					262	47.904	55.522
Total comprehensive income						81.489	(218)	(33.629)					262	(64.724)	94.910
Transactions with owners, recorded directly in equity															
Transfer to legal reserves						1.761							(9469)	90	..
Acquisition of treasury shares				(301)											(301)
Changes in ownership rate of subsidiaries						279			(18.332)						(18.053)
Total transactions with owners				(301)		2.040			(18.332)						(18.444)
Balances as at 31 December 2011	145.500	(7.257)	454.782	(4.010)	20.062	101.443	(2.294)	(104.992)	(112.112)	19.699	312.819	(64.724)	758.916	392.965	1.151.881

The accompanying notes are an integral part of these consolidated financial statements.

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2011

(Currency: Thousands of TL)

	Paid in capital	Adjustments to share capital	Share premium	Treasury shares	Entities under common control	Translation differences	Revaluation reserve	Cash flow hedging reserve	Other reserves	Legal reserves	Retained earnings	Net profit for the period	Total controlling interest	Total equity
Balances at 1 January 2012	145.500	(7.257)	454.782	(4.010)	20.062	101.443	(2.294)	(104.992)	(112.112)	19.699	312.819	(64.724)	758.916	1.151.881
Total comprehensive income for the period														
Profit for the period												662.854	662.854	670.869
Other comprehensive income														
Foreign currency translation differences						(28.418)							(28.418)	(30.544)
Revaluation of property, plant and equipment							(81)				104		23	23
Net fair value change in cash flow hedges								(5.294)					(5.294)	(6.335)
Total other comprehensive income/(expense)						(28.418)	(81)	(5.294)			104		(33.689)	(36.854)
Total comprehensive income/(expense)						(28.418)	(81)	(5.294)			104		629.165	634.015
Transactions with owners, recorded directly in equity														
Transfers						880				10.744	(76.348)	64.724		
Valuation of available for sale financial assets								(750)						(750)
Change in ownership rate of jointly controlled entities				(13.826)	(37.027)	2.483	25.813	(1.644)	(20.348)			(44.549)	(30.218)	(74.767)
Acquisition of non-controlling interests while retaining control									8.856				9.165	28.804
Acquisition of treasury shares														(33.741)
Total transactions with owners				(33.741)	(13.826)	(35.838)	2.483	25.813	6.462	(9.604)	(76.348)	64.724	(69.875)	(71.289)
Balances at 31 December 2012	145.500	(7.257)	454.782	(37.751)	6.236	37.187	108	(84.473)	(105.650)	10.095	236.575	662.854	1.318.206	396.401

The accompanying notes are an integral part of these consolidated financial statements.

Akfen Holding Anonim Şirketi

Consolidated Statements of Cash Flows for the Year Ended 31 December 2012

(Currency: Thousands of TL)

	Notes	Audited	
		31 December 2012	31 December 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		670.869	39.388
Adjustments for:			
Depreciation of property, plant and equipment	19	35.774	32.641
Amortization of intangible assets	20	50.922	50.662
Provision for employee termination benefits		9.503	7.067
Provision for doubtful receivables	39	299	16.870
Unearned interest income, net		2.557	(211)
Rediscount interest gains from IFRIC 12 effect	33	(5.961)	(8.826)
Gain or loss on sale of property, plant and equipment	32	(304)	(1.128)
Gain on sale of jointly controlled entities and subsidiaries	32	(562.935)	(4.714)
Impairment loss on property, plant and equipment	19	616	(425)
Fair value gain on investment property, net	32	(2.008)	(282.139)
Provision for claims and vacation pay	23	6.492	3.029
Unrealized foreign exchange differences on balance sheet items		(115.331)	460.458
Interest income	33	(50.833)	(34.378)
Interest expense	34	236.395	199.712
Gain on bargain purchase	32	--	(20.409)
Tax expense	36	42.859	45.541
Cash flow from operating activities before changes in working capital		318.914	503.138
<i>Changes in:</i>			
Other current trade receivables		3.764	(85.441)
Other current non-trade receivables		(3.789)	(6.950)
Other current assets		36.092	(97.248)
Other non-current trade receivables		23.927	(50.247)
Other non-current non-trade receivables		(9.625)	378
Inventories		(14.627)	(12.073)
Due from related parties		(110.997)	(13.376)
Other non-current assets		(62.613)	(20.125)
Other current trade payables		(52.798)	78.020
Other current non-trade payables		31.434	24.507
Other short term liabilities		7.426	12.291
Other non-current trade receivables		45.836	11.105
Other non-current non-trade receivables		(1.006)	17.450
Due to related parties		19.224	5.801
Other non-current liabilities		(2.579)	1.394
Net cash provided by operating activities		228.583	368.624

The accompanying notes are an integral part of these consolidated financial statements.

Akfen Holding Anonim Şirketi

Consolidated Statements of Cash Flows for the Year Ended 31 December 2012

(Currency: Thousands of TL)

	Notes	Audited	
		31 December 2012	31 December 2011
Taxes paid		(28.550)	(28.982)
Retirement benefit paid	25	(4.016)	(3.365)
Collection of doubtful receivables	39	23	3.666
Interest paid		(236.395)	(216.449)
Net cash provided by/(used in) operating activities		(40.355)	123.494
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		50.833	29.871
Acquisition of property, plant and equipment	19	(260.342)	(259.916)
Effect of group structure change		--	(3.020)
Proceeds from sale of property, plant and equipment		2.304	16.098
Acquisition of intangible assets	20	(35.879)	(46.926)
Proceeds from sale of intangible assets		--	1.875
Purchases of investment property	18	(38.490)	(75.447)
Increase/(decrease) in financial investments		(158.129)	6.180
Business combination		--	(411.067)
Acquisition of subsidiary net of cash acquired		(7.529)	(23.403)
Sale of shares of subsidiaries and jointly controlled entities		713.419	25.082
Net cash provided by/(used in) investing activities		266.187	(740.673)
Net cash flow from financing activities			
Proceeds from borrowings		689.401	911.934
Change in project, reserves and fund accounts		50.313	(45.686)
Repayment of borrowings		(921.959)	(329.691)
Change in non-controlling interests		36.649	132.698
Purchase of own shares		(33.741)	--
Net cash (used in)/ provided by financing activities		(179.337)	669.255
Net increase in cash and cash equivalents		46.495	52.076
Cash and cash equivalents at 1 January	6	218.425	166.349
Cash and cash equivalents at period end	6	264.920	218.425

The accompanying notes are an integral part of these consolidated financial statements.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

1 REPORTING ENTITY

Akfen Holding A.Ş. ("Akfen Holding", "Group" or "Company") was founded in Turkey in 1999. The activity fields of Akfen Holding, which founded its first company in 1976, are to make investment and provide the coordination and management to the affiliate partners which deal with the industrial branches such as the management and operation of airports, construction, maritime and port authority, marine transportation, water distribution and waste water services, energy and real estate.

Akfen Holding extended its construction activities, since its foundation, through Ataturk Airport Build-Operate-Transfer Model ("BOT") in 1997 and implemented the investment planning models in airports in many infrastructure projects in Turkey as the executor and became one of the most important infrastructure holdings of Turkey.

As at 31 December 2012 Akfen Holding has 9 (31 December 2011: 6) subsidiaries and 6 (31 December 2011: 6) jointly controlled entities. The consolidated financial statements of the Group which belong to 31 December 2012 and concluded in the same year include the shares of Akfen Holding and its affiliates and the Group's stakes in the participations and the jointly controlled entities. Akfen Holding controls all the affiliates of the Group and the companies, in which it has shares directly or indirectly through its shares.

Group manages the partnerships together with the nationally and internationally recognized companies such as Grup Tepe İnşaat Sanayi A.Ş. ("Tepe" or "Tepe İnşaat"), PSA International ("PSA"), Souter Investments LLP ("Souter"), Kardan N.V. ("Kardan") and Aéroports de Paris Management ("ADP"). There is also a Memorandum of Understanding ("MoU") between Akfen Holding and ACCOR S.A., one of the major hotel chains of the world, based on Novotel and Ibis Hotel to be constructed in Turkey.

Akfen Holding is registered on the Capital Markets Board ("CMB") and its shares are traded on the Istanbul Stock Exchange ("ISE") under 'AKFEN' code since 14 May 2010. The shareholders of Akfen Holding and the ownership ratios as at 31 December 2012 are as follows (Note: 28):

	2012		2011	
	Share Amount	Ownership Rate %	Share Amount	Ownership Rate %
Hamdi Akın ^(*)	99.250	68,21	99.209	68,18
Akfen İnşaat Turizm ve Ticaret A.Ş. ^(**)	3.995	2,75	3.995	2,75
Other partners	1.139	0,78	1.180	0,81
Public shares ^(***)	41.116	28,26	41.116	28,26
Paid in capital (nominal)	145.500	100	145.500	100

^(*) 54,537 of public in nature belong to Hamdi Akın,

^(**) Public in nature,

^(***) There are 2,254,827 shares of Akfen İnşaat which are public in nature.

As at 31 December 2012, as a result of buy back program 1,589,794 shares were purchased by Akfen Holding.

The address of the registered office of Akfen Holding is as follows:

Koza Sokak No:22
Gaziosmanpaşa
06700/ Ankara-Türkiye
Tel: 90 312 408 10 00
Fax: 90 312 441 07 82
Web: <http://akfen.com.tr>

The number of employees of Akfen Holding and subsidiaries and jointly controlled entities of the Group at 31 December 2012 is 340 (31 December 2011: 292) and 27.654 (31 December 2011: 25.306), respectively.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

as at 31 December 2012

(Currency: Thousands of TL)

The jointly controlled entities and subsidiaries of Akfen Holding are listed below:

i) Subsidiaries

Akfen İnşaat Turizm ve Ticaret A.Ş.

Akfen Holding owns 99.85% of Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen İnşaat") which is one of the core segments of the company. The company, which was initially established to produce feasibility and engineering services of the industrial facilities, has expanded its range of services to include manufacturing, installation and assembly work. The company has successfully completed the construction of superstructure, infrastructure, environmental protection and integrated airport building projects.

The construction experience of Akfen makes important contribution to Group activities. Over the last 20 years Akfen has completed a total of USD 1,9 billion dollars of construction projects.

The major projects include airport terminals plus associated infrastructure, natural gas pipe lines/ distribution systems, hospitals, schools, residences, industrial plants, energy projects in hydroelectric/thermal sectors, water distribution, sewage systems and waste water treatment facilities.

In 2012, Akfen İnşaat has started to work for a real estate project called as "İNCEKLOFT" in Ankara İncek which comprises residences, work places and office buildings within a construction area of 275 thousand square meters.

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen GYO") was restructured as a real estate investment trust by transforming Aksel Turizm Yatırımları ve İşletmecilik A.Ş. ("Aksel"). Aksel was originally established on 25 June 1997 for the purpose of undertaking investments in domestic tourism sector under the partnership of Hamdi Akın and Yüksel İnşaat A.Ş. Subsequently, Akfen Holding A.Ş. purchased shares of Yüksel İnşaat A.Ş. in 2006 and the Company became a subsidiary of Akfen Holding. The restructuring was completed subsequent to the Board of Directors resolution dated 25 April 2006 and Capital Markets Board of Turkey's ("CMB") approval numbered 31/894 and dated 14 July 2006 with the result of the Company's conversion to "Real Estate Investment Trust" registered in 25 August 2006. The change of title and activities was published on Official Trade Gazette on 31 August 2006.

Akfen GYO's main operations and activities are investing in real estates, real estate projects and other capital markets instruments, as described on CMB Communiqué Series: VI No: 11, Clause 23 and 25 regulating Real Estate Investment Trusts. Akfen Holding signed a Memorandum of Understanding ("MoU") with a 100% owned subsidiary of ACCOR S.A., one of the world's leading hotel groups. Based on the MoU the entities will join their efforts to establish a partnership to develop hotel projects in Turkey.

Akfen GYO will develop minimum 8hotels and lease them to ACCOR S.A. according to the "Development Program" stated in the "Amendment to MoU" signed on 12 April 2010 in the following five years period starting from 1 January 2011 to 31 December 2015. . Two of these hotels should be constructed in İstanbul, the other hotels should be constructed in Beylikdüzü, Ankara, İzmir, Adana and in two other cities which should be mutually determined by the parties. The lands have been provided for hotels to be developed in Esenyurt, İzmir, Adana, Ankara and Karaköy. The parties may reduce the number of hotels to be developed under the Development Program by their mutual agreement writing during the first year of the relevant five year period, provided that the reduced number of hotels to be developed under the Development Program shall not be less than 6 hotels.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

as at 31 December 2012

(Currency: Thousands of TL)

The parties shall use their best efforts to agree on a new development program at the latest on 30 June 2015. According to amendment to MoU signed in December 2012, the obligations stated above which are related to investments, except Esenyurt Ibis Hotel, İzmir Ibis Hotel, Ankara Esenboğa Ibis Hotel and Karaköy Novotel will not be valid from 1 January 2013.

The shares of Akfen GYO have been trading on the ISE under 'AKFGY' code since 11 May 2011.

Akfen GYO acquired 100% of Akfen Gayrimenkul Ticareti ve İnşaat AŞ ("Akfen Ticaret") on 21 February 2007 which was 100% owned by Akfen Holding. Akfen Ticaret's main operations are also investing in real estates, forming real estate portfolio and develop real estate projects.

Akfen Ticaret and Eastern European Property Investment Ltd. ("EEPI Ltd.") formed joint ventures in the Netherlands under the name of Russian Hotel Investment BV ("Russian Hotel" or "RHI") and Russian Property Investments BV ("Russian Property" or "RPI") on 21 September 2007 and 3 January 2008 respectively. EEPI Ltd assigned its 45% shares in RHI and RPI to Kasa Investments ("Kasa BV"), and 5% shares to Cüneyt Baltaoğlu in December 2010. On 29 July 2011, Akfen Ticaret, has taken over 45% shares of RHI and RPI previously owned by Kasa Investments BV. The main objective of Russian Hotel is to develop hotels in Russia and Ukraine and lease them to ACCOR S.A while the main objective of Russian Property is to develop office projects in Russia. The capital structures of the joint ventures are both designated as 95% of participation for the Company and 5% participation of Cüneyt Baltaoğlu as at 31 December 2012.

Akfen GYO has set up a subsidiary, Akfen Karaköy Otel Yatırımları A.Ş. ("Akfen Karaköy"), to develop a hotel project in İstanbul Karaköy on 31 May 2011. The capital structure of Akfen Karaköy is designated as 70% of participation for the Company.

Akfen GYO established a subsidiary named Hotel Development and Investment BV ("HDI") in Netherlands on 18 March 2011 in order to develop hotel projects in Russia.

HES I-II-III-IV-V ("HEPP Group")

Akfen Holding has been investing in hydroelectric power plants (HES) through its subsidiaries since January 2007.

Akfen Holding, planning to be active in the energy sector including energy generation and distribution, grouped the hydroelectric power plants under five main companies and is also planning its other investments in the energy sector under the title of Akfen Enerji Yatırımları Holding ("Akfen Enerji").

The Renewable Hydroelectric Power Plant portfolio of Akfen Holding is grouped under five entities as Akfen HES Yatırımları ve Enerji Üretim A.Ş. ("HES I"), Akfen Hidroelektrik Santrali Yatırımları A.Ş. ("HES II"), Akfen Enerji Kaynakları Üretim ve Ticaret A.Ş. ("HES III"), Karasular Enerji Üretimi ve Ticaret A.Ş. ("HES IV") and Saraçbendi Enerji Üretimi ve Ticaret A.Ş. ("HES V").

Total of three projects are included in HES I and total installed power is 60,4 MW. 2 power plants having 53,7 MW installed power capacity are operated for energy generation and the construction in 1 power plant with 6,7 MW installed power capacity is in progress.

Constructions are ongoing on 4 of 7 plants of HES II which have 103,1 MW of installed power. Total installed power capacity of plants that are in construction process is 75,7 MW. Two projects with 17,4 MW of installed capacity started in 2012 and another project with 10 MW of installed capacity is in the development progress.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

as at 31 December 2012

(Currency: Thousands of TL)

There are 4 projects included in HES III which have 130 MW total installed power capacity and one of them is dam project.

There are 5 plants included in HES IV which have 26 MW total installed power capacity and production continues in all of these plants.

There are 2 plants included in HES V which have 53,1 MW total installed power capacity. Production continues in both plants.

As at reporting period, the production in 11 plants, which have 150,2 MW total installed power capacity, is continuing. In 5 plants construction still continues and total installed power capacity of these plants is 82,4 MW. After starting up production in these plants, total installed power capacity of for HES I, HES II, HES IV and HES V portfolio will reach to 232,6 MW.

HES I

100% subsidiaries of HES I, İdeal Enerji Üretimi Sanayi ve Ticaret A.Ş. ("İdeal") and Çamlıca Elektrik Üretim A.Ş. ("Çamlıca"), separated partially under Holding. Capital transfers to newly established HES IV and HES V were completed on 19 June 2012. After these transfers, Beyobası Enerji Üretim A.Ş. ("Beyobası") is within HES I, İdeal and Çamlıca is consolidated under HES IV and HES V, respectively.

HES II

BT Bordo Elektrik Enerji Üretim Dağıtım Pazarlama A.Ş. ("BT Bordo"), Elen Enerji Sanayi ve Ticaret A.Ş. ("Elen"), Pak Enerji Üretim Sanayi ve Ticaret A.Ş. ("Pak"), Rize İpekyolu Enerji Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Rize"), Yeni Doruk Elektrik Üretim ve Ticaret A.Ş. ("Yeni Doruk") and Zeki Enerji Elektrik Üretim Dağıtım Pazarlama, Sanayi ve Ticaret A.Ş. ("Zeki") are the subsidiaries of Akfen HES II in which it has a 100% voting right directly or through the companies under the same control structure as at 31 December 2012 and 31 December 2011.

HES III

Laleli Elektrik Enerji Dağıtım Pazarlama A.Ş. ("Laleli"), Değirmenyanı Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Değirmenyanı"), Akörenbeli Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Akörenbeli"), H.H.K Enerji Elektrik Üretim A.Ş. (HHK) and Kurtal Elektrik Üretim A.Ş. (Kurtal) which were acquired on July 2012 and Memülü Enerji Elektrik Üretim A.Ş. (Memülü) which was established on 14 August 2012 are the subsidiaries of Akfen HES III in which it has a 100% voting right directly or through the companies under the same control structure as at 31 December 2012 and 31 December 2011.

HES IV

As at 31 December 2011, 100% subsidiary of HES I, İdeal, partially separated under Holding and capital transfer to newly established HES IV was completed on 19 June 2012. As at 30 November 2012, %40 of İdeal was sold do Aquila HydropowerINVEST Investitions GmbH & Co. KG ("Aquila") for TL 52.936, equivalent of EUR 22.908 (İdeal is the subsidiary of Akfen HES IV in which it has a 100% voting right directly or through the company under the same control structure as at 31 December 2012).

HES V

As at 31 December 2011, 100% subsidiary of HES I, Çamlıca, partially separated under Holding and capital transfer to newly established HES IV was completed on 19 June 2012. Çamlıca is the subsidiary of Akfen HES IV in which it has a 100% voting right directly or through the company under the same control structure as at 31 December 2012.

Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

Akfen Enerji

Group obtained the production license on 8 March 2012 for the natural gas based electricity production plant investment located in Mersin which has installed power capacity of 450 MW and included in Akfen Enerji Üretim ve Ticaret A.Ş. that is consolidated under the Akfen Enerji Yatırımları Holding A.Ş., the Company that Group plans to make other investments for energy sector under. In order to increase the total installed power capacity to 570 MW, license modification appeal was made on 23 March 2012. Modification appeal was approved by 3961-12 numbered resolution of Energy Market Regulatory Board on 9 August 2012 and as at 17 December 2012 license capacity was modified as 570 MW by Energy Market Regulatory Board. In addition, on 18 December 2012 Akfen Enerji Üretim made an appeal for modification to Energy Market Regulatory Board to increase the installed power of Mersin Combined Natural Gas Plant to 1.148,4 MW. Preliminary preparations for the subjected plant investment are continuing.

ii) Jointly controlled entities

TAV Havalimanları Holding A.Ş.

TAV Havalimanları Holding A.Ş. ("TAV Havalimanları") was founded in Turkey in 1997 under the title of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. for the purpose of reconstruction of Istanbul Atatürk Airport (International Terminal). The foundation aim of TAV Havalimanları is to reconstruct the Terminal Building of Istanbul Atatürk International Airport ("AUHT") and to operate it for 66 months. The main work of TAV Havalimanları is the construction of terminal buildings and operation of terminal buildings or airport. TAV İstanbul Terminal İşletmeciliği A.Ş. ("Tav İstanbul") signed a rental contract with the General Directorate of State Airports Operations (DHİM) on 3 June 2005 in order to operate AUHT and Atatürk Airport Domestic Terminal for 15,5 years until 2021.

The main operation of TAV Havalimanları is related with construction, management and operation of terminal and airport building. In Turkey, for Ankara Esenboğa Airport, İzmir Adnan Menderes International Terminal and Antalya Gazipaşa Airport TAV Esenboğa Yatırım Yapım ve İşletme A.Ş. ("TAV Esenboğa"), TAV İzmir Terminal İşletmeciliği A.Ş. ("TAV İzmir") ve TAV Gazipaşa Yatırım Yapım ve İşletme A.Ş. (TAV Gazipaşa) companies made Build – Operate – Transfer Agreements with Turkish State Airport Operations ("DHİM"). TAV Urban Georgia LLC ("TAV Tbilisi") signed a Build – Operate – Transfer Agreement with Georgia State Airports Operations ("JSC"); TAV Batumi Operations LLC ("TAV Batumi") signed a Build – Operate – Transfer Agreement with Georgia Ministry of Economic Development ("GMED"); TAV Tunisia SA ("TAV Tunisia") signed a Build – Operate – Transfer Agreement with Tunisia State Airports Operations ("OACA") for Monastir and Enfidha Airports; TAV Macedonia Doole Petrovec ("TAV Macedonia") signed a Build – Operate – Transfer Agreement with Macedonia Ministry of Transportation for Skopje and Ohrid Airports. Tibah Airport Development Company ("Tibah Development"), established by TAV Havalimanları, Al Rajhi Holding Group and Saudi Oger Ltd., signed a Build – Operate – Transfer Agreement with Saudi Arabia State Airport Operations ("GACA") for Medinah Airport. For renewal of domestic terminal of İzmir Adnan Menderes Airport, TAV Ege Terminal Yat. Yap. ve İşl. A.Ş. ("TAV Ege") signed a concession agreement with DHİM. According to these agreements, TAV Havalimanları constructs, renews and operates airports within the durations determined and obtains right to operate for the predetermined periods. At the end of agreement period, TAV Havalimanları will transfer the property of builded airport to respective institution (DHİM, JSC, GMED, OACA, MOTC ve GACA). In addition, TAV Havalimanları signs several agreements for airport operations. TAV Havalimanları also operates in other fields of airport operations such as duty-free, food and beverage services, ground services, information technology, security and management.

TAV Havalimanları shares have been trading on Istanbul Stock Exchange under the code of "TAVHL" since 23 February 2007.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

as at 31 December 2012

(Currency: Thousands of TL)

TAV Yatırım Holding A.Ş.

TAV Yatırım Holding A.Ş. ("TAV Yatırım") was established on 1 July 2005 in order to make investments in aviation and construction sectors. The main activity fields of the Group are construction, aviation and parking operation. TAV Tepe Akfen Yatırım Yapım ve İşletme A.Ş. ("TAV İnşaat") and TAV Havaçılık A.Ş. ("TAV Havaçılık") are subsidiaries of TAV Yatırım. TAV İnşaat has branches in Egypt Cairo ("TAV Egypt"), The United Arab Emirates, Sharjah and Abu Dhabi ("TAV Gulf" and "TAV Abu Dhabi"), Qatari Doha ("TAV Doha"), Libya ("TAV Libya") and Bahrain ("TAV Bahrain"), Macedonia ("TAV Macedonia"), Georgia ("TAV Georgia") and Saudi Arabia ("TAV Saudi Arabia"). TAV İnşaat has also subsidiaries called TAV G Otopark Yatırım Yapım ve İşletme A.Ş. ("TAV G"), TAV İnşaat Muscat LLC ("TAV Muscat"), Riva İnşaat Turizm Ticaret İşletme ve Pazarlama A.Ş. ("Riva"), TAV Construction LLC ("TAV Qatar) and TAV – Alrajhi Construction Co. ("TAV Alrajhi") with 49,99%, 70%, 99,99%, 49% and 50% stakes, respectively.

iii) Affiliates

Mersin Uluslararası Liman İşletmeciliği A.Ş.

Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP") was founded on 4 May 2007 PSA and Akfen Ortak Girişim Grubu who were awarded the transfer of operation right of Mersin Port for 36 years belonging to TCDD upon bidding the highest offer by T.R. Directorate of Privatization Administration ('PA'). MIP took over Mersin Port from TCDD upon a Concession Agreement signed with T.R. Directorate of Privatization Administration and TCDD on 11 May 2007 in order to operate it for 36 years. The concession period for 36 years began on 11 May 2007. Mersin International Port is one of the most important ports of Turkey, Middle East and East Mediterranean with its geographical status, capacity, wide hinterland and advantages with multimode connection characteristics.

Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.

Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Su") was established on 26 April 2005 in order to establish facilities to supply drinking and utility water from surface and ground water resources, collect domestic and industrial waste water and provide waste water treatment services. Akfen Holding and TASK Water BV have joint administration rights in Akfen Su with 50% shares. The subsidiaries of Akfen Su provides water and waste water services to Güllük Municipality and waste water treatment services to Dilovası Organized Industrial Zone.

Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Su Güllük") has started operating on 24 August 2006. Akfen Su Güllük, having completed all of its investments, served 5.527 subscribers as at 2012 December.

Akfen Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim A.Ş. ("Akfen Su Arbiogaz Dilovası") was founded on 19 July 2007. It completed its investments on 1 July 2010 and started operating and currently it still serves the Dilovası district with a 40.000 population together with factories and operations in Dilovası Organized Industrial Zone.

Inline with its customers' needs, Akfen Su gives development and management of sustainable and ecologist Solid Waste Management systems service by using new technologies. Akfen Su has signed first agreement for Solid Waste Services with İDO and started to give Solid Waste Management and aside services for all sea vehicles, vehicles, plants, offices and other port fields.

İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.

İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ("İDO") was sold to TASS Denizcilik ve Ulaştırma Hizmetleri Turizm Sanayi ve Ticaret A.Ş. ('TASS'), belonging to Tepe İnşaat Sanayi A.Ş., Akfen Holding, Souter Investments LLP and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Jointly Controlled Entity Group by the Istanbul Metropolitan Municipality, the previous main shareholder, through a block sale on 16 June 2011. TASS was transferred to İDO on 26 December 2011 with all of its rights and liabilities according to the merger general rules in accordance with TTK and related regulations and TASS was dissolved without liquidation. İDO provides passenger and vehicle transportation service under 'Sea Bus and Fast Ferry Lines' title both in local and the counTL seaways. İDO serves passenger and vehicle transportation in Marmara Sea area through its modern fleet comprised of 53 sea vehicles (25 sea buses, 18 vehicle ferries and 10 fast ferryboats) and 17 lines consisted of 11 sea buses, 2 vehicle ferries and 4 ferryboats. The sea buses, fast ferryboats and vehicle ferries have a total of 36.221 passengers capacity for summer period and 30.707 passengers capacity for winter period and 2.790 vehicles capacity for both periods as at December 2012.

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION

2.1 Basis of Presentation

(a) Statement of compliance

Group entities operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the accounting principles per Turkish Uniform Chart of Accounts and per Capital Market Board of Turkey applicable to entities operating in other businesses.

Group's foreign entities maintain their records and prepare their statutory financial statements in accordance with the generally accepted accounting principles and the related legislations applicable in the countries they operate.

The consolidated financial statements are prepared within the framework of Communiqué XI, No:29 dated 9 April 2008 (the "Communiqué") and related promulgations to this Communiqué as issued by the CMB, in accordance with the financial reporting standards accepted by the CMB ("CMB Financial Reporting Standards").

According to fifth article of the Communiqué the Companies should apply International Accounting/Reporting Standards ("IAS/IFRS") as accepted by European Union. But considering the temporary second article until the differences of UMS/ UFRS is accepted by International Accounting Standards Board ("IASB"), the standards which are accepted by IASB will be used. Thus the Company has prepared its financials in accordance with the accepted IAS/IFRS as at 31 December 2012.

With the governing decree law numbered 660 published in the Official Gazette on 2 November 2011, the establishment article of TASB stated in the 2499 numbered law with an additional article number one has been superseded and the Council of Ministers decided to establish Public Oversight Accounting and Auditing Standards Agency ("Oversight Agency"). In accordance with the transitional article number one of the governing decree law, until the date of the issuing of standards and regulations by Oversight Agency, the existing regulations will be applied. Accordingly, as at reporting date, the Basis of Presentation has not been changed.

(b) Preparation of the financial statements

The consolidated financial statements of the Group which are prepared in accordance with IAS and IFRS was approved by the Board of Directors at 3 April 2013. The General Meeting and related legal bodies have a right to correct financial statements according to legislation.

The consolidated financial statements and notes as at 31 December 2012 are prepared according to the Communiqué XI No 29 of CMB which was announced by the decision numbered 11/467 at 17 April 2008 related to the Principles Regarding Financial Reporting on capital market.

(c) Correction of financial statements during the hyperinflationary periods

CMB announced that the inflation accounting application was not valid starting from 1 January 2005 for the companies operating in Turkey and drawing up financial tables in compliance with the accounting and reporting principles ('CMB Financial Reporting Standards') adopted by CMB upon a decision taken on 17 March 2005. Thus, the 'Financial Reporting in High Inflation Economies' No 29 published by IASB has not been applied since 1 January 2005.

(d) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments and investment properties that are measured at fair value. The methods used to measure the fair values are discussed further in note 39.

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(Currency: Thousands of TL)

(e) Functional and presentation currency

Akfen Holding and its subsidiaries and jointly controlled entities operating in Turkey prepare their accounting records and legal financial statements in accordance with the accounting principles per Turkish Uniform Chart of Accounts and presented these financial statements in TL. Subsidiaries and jointly controlled entities established abroad accounting records are subject to regulations and accounting principles that are applied in the countries in which they operate. The accompanying consolidated financial statements are presented in TL which is the reporting currency and converted from legal basis to IFRS basis by a series of adjustments and reclassifications. The functional currency of the subsidiaries and jointly controlled entities are as follows:

Company	Functional Currency
Akfen İnşaat	TL
Akfen GYO	TL
Akfen Enerji	TL
HES I	TL
HES II	TL
HES III	TL
HES IV	TL
HES V	TL
Sim-Er Enerji Üretim Sanayi Ticaret Ltd.Şti. ("Sim-Er")	TL
TAV Havalimanları	EUR
TAV Yatırım	USD
MIP	USD
PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş. ("PSA Liman")	TL
Akfen Su	TL
İDO	TL

(f) Basis of consolidation

The accounting policies applied in preparing the accompanying consolidated financial statements have been set out below.

The accompanying consolidated financial statements include the accounts of the parent company, Akfen Holding, its subsidiaries, jointly controlled entities and associates on the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements in the prior periods. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

(i) Subsidiaries

When preparing the consolidated financial statements, subsidiaries that the Group has control power on its financial and activity policy are determined below:

The companies have been consolidated, if the Group directly or indirectly owns the shares of the companies providing the Group to have voting right more than 50 % in the Company or the Group has power to control the operational and financial policies in line with the interests of the Company even if the Group does not have more than 50% voting right.

Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Akfen Holding Anonim Şirketi

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	Akfen Holding's ownership		Akfen Holding's direct or indirect voting rights		Voting Rights of Akın Family		Total voting right		Principal Activity
	2012	2011	2012	2011	2012	2011	2012	2011	
Akfen İnşaat	99,85	99,85	99,85	99,85	0,15	0,15	100,00	100,00	Construction
Akfen GYO	56,09	56,09	56,09	56,09	16,41	16,41	72,50	72,50	Realestate investment
HES I	99,71	99,71	100,00	100,00	--	--	100,00	100,00	Hydroelectric, electricity production
HES II	99,58	99,58	100,00	100,00	--	--	100,00	100,00	Hydroelectric, electricity production
HES III	99,72	99,72	100,00	100,00	--	--	100,00	100,00	Hydroelectric, electricity production
HES IV	59,82	--	60,00	--	--	--	60,00	--	Hydroelectric, electricity production
HES V	99,71	--	100,00	--	--	--	100,00	--	Hydroelectric, electricity production
Akfen Enerji	69,50	69,50	69,75	69,75	29,75	29,75	99,50	99,50	Energy
Sim-Er	98,50	98,50	99,00	99,00	--	--	99,00	99,00	Energy

Except for HES IV and HES V, companies established by separation of HES I as a result of TTK and 5520 numbered Corporate Tax Law ("KVK"), as at 31 December 2012 ownership and voting rights of subsidiaries that are subject to consolidation did not change compared to 31 December 2011. As a result of demerger of companies within the period, İdeal and Çamlıca, which were HES I's subsidiaries as at 31 December 2011, are consolidated under HES IV and HES V.

Shares of Akın Family members are included in non-controlling interest in consolidated financial statements.

(ii) Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has common or joint control, established by contractual agreement requiring unanimous consent for strategic financial and operating decision. The consolidated financial statements include the Group's share of the assets, liabilities, income and expenses of common or jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

	31 December 2012		31 December 2011		Principal activity
	Ownership (%)	Voting right	Ownership (%)	Voting right	
TAV Havalimanları	8,12	8,12	26,12	26,12	Operation of airports
TAV Yatırım	21,68	21,68	42,50	42,50	Investment, construction and operation in aviation indusTL
MIP	50,00	50,00	50,00	50,00	Port operation
PSA Liman	50,00	50,00	50,00	50,00	Consultancy
Akfen Su	50,00	50,00	50,00	50,00	Water Treatment Construction and Management
İDO	30,00	30,00	30,00	30,00	Marine transportation

As at 16 May 2012, 18 % of TAV Havalimanları's total shares and 20,83 % of TAV Yatırım's total shares were sold to Tank ÖWC Beta GmbH ("Tank"), wholly owned by Aéroports de Paris Group. As a result of these agreements Groups share on TAV Havalimanları and TAV Yatırım decreased to 8,12% and 21,68% respectively. Despite the decrease in ownership rates, based on the terms stated on the agreements, material decisions for TAV Havalimanları and TAV Yatırım should be taken by the participation of all venturers. As a result of these agreements, daily operations of TAV Havalimanları and TAV Yatırım are maintained by local partners jointly. For that reason, TAV Havalimanları and TAV Yatırım are still consolidated by proportionate consolidation method according to IAS 31.

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Despite of the fact that Tank Alfa and Tank Beta is included in new ownership structure of TAV Havalimanları and TAV Yatırım by 38% and 49%, respectively, decreases on ownership were not evaluated as loss of common control because of the continuing presence of Akfen Holding on joint decision making mechanism of these companies.

(iii) Acquisitions of entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination. The acquisition of the entity being under common control is accounted for using book values. The Group has preferred the acquisition of the entity being under common control to be accounted from the acquisition date.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investee.

(v) Business combinations

Acquisitions from third parties are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(vi) Non-controlling interest

Group measures non-controlling interest for each business combination through following methods:

- at fair value or;
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

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Non-controlling interests of jointly controlled entities that are consolidated by proportionate consolidation method, are accounted by the rate of ownership of Group on the consolidated financial statements.

In 2011, TAV Holding acquired 10% of TAV Batumi's shares from Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen İnşaat") and 6% of the shares from Aeroser International's shares in return for USD 667.200 (Group's share: USD 174.273). As a result, TAV Holding's share in TAV Batumi increased to 76% and TAV Batumi is consolidated with non-controlling interest's ownership reflected as a non-controlling interest. The effect of this transaction is recognized as an equity transaction as other reserves in the consolidated financial statements. In 2011, TAV Holding acquired 33.33% of TAV Güvenlik's shares from Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş. in return for TL 6.000. As a result, TAV Holding's share in TAV Güvenlik increased to 100% and TAV Güvenlik is fully consolidated without any non-controlling interest ownership. The effect of this transaction is recognised as an equity transaction as other reserves in the consolidated financial statements. In 2011, TAV Holding acquired 10% of TAV Tbilisi's shares from Sera Yapı Endüstri ve Tic. A.Ş. ("Sera Yapı") and Akfen İnşaat in return for USD 8.583.000 (Group's share: USD 2.241.880). As a result, TAV Holding's share in TAV Tbilisi increased to 76% and TAV Tbilisi is consolidated with non-controlling interest's ownership reflected as a non-controlling interest. The effect of this transaction is recognized as an equity transaction as other reserves in the consolidated financial statements.

In 12 April 2010, 50% of HAVAŞ Europe was acquired by HAVAŞ. HAVAŞ Europe was jointly controlled by HAVAŞ and Baltic Aviation Services and was proportionately consolidated until December 2011. Effect of this transaction is presented as "acquisitions through business combinations" in the consolidated financial statements. On 21 December 2011, an additional 16,67% of HAVAŞ Europe shares were acquired in return for EUR 1.001.418 by HAVAŞ. After this acquisition HAVAŞ obtained the control of HAVAŞ Europe and HAVAŞ Europe is consolidated with the non-controlling interest's ownership reflected as a non-controlling interest as at 31 December 2011. Effect of this change is presented as "effect of change in group structure" in the consolidated financial statements.

On 3 October 2012, TAV Holding acquired 35% of HAVAS's shares from İş Private Equity and HSBC Principal Investments in return for EUR 80,000 (TL 134.328)(Group's share: EUR 6.495, TL 14.966) . As a result, TAV Holding's share in HAVAS increased to 100% and HAVAS is fully consolidated without any non-controlling interest ownership. The effect of this transaction is recognized as an equity transaction as other reserves in the consolidated financial statements.

On 30 November 2012, the Company sold 40% of its shares in HES IV to Aquilla in exchange for EUR 22.908 (TL 52.936). Since the changes in the Company's interest in HES IV did not result in a loss of control, the effect of this transaction is recognized as an equity transaction as other reserves in the consolidated financial statements.

(g) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation except cash flow hedging instruments recognized in the consolidated statement of comprehensive income are recognized in profit or loss.

The Group entities use USD, Euro or TL, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies in accordance with the relevant provisions of IAS 21, *the effect of changes in foreign exchange rates*. The Group uses TL as the reporting currency.

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For the years ending 31 December, year end changes and yearly average changes are as follows:

	Average Rate		Period End Rate	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
US Dollar	1,7922	1,6708	1,7826	1,8889
Euro	2,3041	2,3244	2,3517	2,4438
Georgian Lari ("GEL")	1,0853	0,9902	1,0775	1,1307
Macedonian Denar ("MKD")	0,0376	0,0379	0,0382	0,0397
Tunisian Dinar ("TND")	1,1475	1,1871	1,1485	1,2608
Swedish Krona ("SEK")	0,2645	0,2573	0,2729	0,2732
Saudi Riyal ("SAR")	0,4779	0,4410	0,4753	0,5028

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entities that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(h) Additional paragraph for convenience translation to English

The financial reporting standards described in note 2 (defined as "CMB Financial Reporting Standards") to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, presentation of the basic financial statements and also for certain disclosure requirements of CMB. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of Akfen Group in accordance with IFRS.

2.2 Summary of Significant Accounting Policies

(a) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group's non-derivative financial assets comprise cash and cash equivalents, financial assets at fair value through profit or loss, loans and receivables and available-for sale financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash at banks and liquid funds. Bank overdrafts, project, reserve and fund accounts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of cash flows. The use of project, reserve and fund accounts are subjected to the approval of the lender in accordance with the financial contracts.

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The securities provided by the Group as the guarantee for bank credits are shown under the restricted credit item in the consolidated balance sheet.

Accounting for finance income or expense is discussed in note 2.2 (o).

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

The loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The loans and receivables are generally comprised of cash and equivalents, trade and other receivables and related parties.

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition the financial assets are measured at amortised cost.

If the Group is paid for the construction services partly by financial asset and partly by an intangible asset, then each component of the consideration received or receivable is accounted for separately and is recognised initially at the fair value of the consideration received or receivable.

If the group receives payments as financial assets and intangible assets for construction process, each asset is recognised initially at fair value individually.

Available-for-sale financial assets

The subsequent valuation of available-for-sale financial assets is done through fair values. Unrealized gains or losses arising from the changes in the fair value of available for sale financial assets, and the difference between the amortized costs of financial assets calculated using the effective interest method and their fair value are recognized under equity as other reserves. After the disposal of available for sale financial assets, the changes in the equity resulting from the fair value application are recognized in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to fairise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Share capital

The ordinary shares are classified as equity.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

The derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs.

When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

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(b) Property, plant and equipment

(i) Recognition and measurement

The costs of items of property, plant and equipment purchased till 31 December 2004 are restated for the effects of inflation in TL units current at 31 December 2004 pursuant to IAS 29. Accordingly, property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. Property, plant and equipment purchased after 1 January 2005 are recorded at their historical costs less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within operating income or other expense in the consolidated statement of comprehensive income.

(ii) Property, plant and equipment recognized in business combinations

The vessels acquired through IDO acquisition on 16 June 2011 were recognized according to their fair values.

(iii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in consolidated statement of comprehensive income as incurred.

(iv) Depreciation

Depreciation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

<i>Description</i>	<i>Years</i>
Buildings	2-50
Furniture and fixtures	2-15
Machinery and equipment	3-40
Vehicles	5-25
Vessels	5-30
Leasehold improvements	1-15

Leasehold improvements are amortised over the periods of the respective leases, also on a straight-line basis.

Depreciation methods, useful lives and residual values are reassessed at the end of each year end.

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(c) Intangible fixed assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and jointly controlled entities incorporated into intangible assets. Please refer to note 2.1.f.(v) for initial recognition of goodwill.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Development costs

Development activities involve a plan or design for the production of new or substantively improved products and process. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the costs incurred to obtain the hydroelectric energy production license for the hydroelectric projects in the pipeline of Akfen. Development costs will be transferred to licenses when the projects are completed.

(iii) Intangible fixed assets recognized in a business combination

Customer relationships and DHMİ license are the intangible assets recognised during the purchase of HAVAŞ shares in the years 2006 and 2007 and purchase of TGS Yer Hizmetleri A.Ş. ("TGS") shares in 2009. In a business combination or acquisition, the acquirer recognises separately an intangible asset of the acquiree at the acquisition date only if it meets the definition of an intangible asset in IAS 38 Intangible Assets and its fair value can be measured reliably.

The fair values of DHMİ licence and customer relationship are determined by an independent external third party expert.

The Group applied proportionate consolidation method to account for its 60% ownership interest in HAVAŞ until 30 September 2007. Therefore, intangible assets arising from the initial acquisition of HAVAŞ were reflected by 60%, being the shareholding of the Group, in the consolidated financial statements. In accordance with IFRS 3, the Group applied step acquisition during the purchase of the remaining 40% shareholding in HAVAŞ. Customer relationship and DHMİ licence were remeasured to their fair values. The fair value change attributable to 60% portion is recorded to the revaluation reserve under equity. This figure reflected the change in fair value of intangibles assets those were already carried in the consolidated financial statements prior to the acquisition of the additional 40% shareholding.

50% share purchase of TGS is accounted by adopting IFRS 3 in 2009. DHMİ license and customer relations arising from the share purchase are revalued with their fair values which are determined by the independent valuation experts.

The intangible fixed assets acquired upon IDO acquisition on 16 June 2011 are the rights usufruct of terminals, usufruct right of Ambarlı Port, rental agreement for vessels, software and licences are recorded with their fair values according to IFRS 3.

(iv) Other intangible fixed assets

The other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditures

The subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure of internally generated goodwill and brands, is recognised in profit or loss as incurred.

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(vi) Amortisation

Amortisation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Licences and development cost	3-49
Sub-operation right	19-20
Other intangibles	3-5
Customer relations	10
Water service operation right	35
Port operation right	36
Usufruct right of Ambarlı Port	30
Usufruct right of Terminals	30
Vessels and rental agreement	30

DHMI licence has indefinite useful life and is tested for impairment annually.

(d) Service concession agreements

TAV Esenboğa and TAV İzmir are bound by the terms of the BOT Agreements made with DHMİ. According to the BOT agreements, TAV Esenboğa and TAV İzmir have guaranteed passenger fee to be received from DHMİ. The agreements cover a period up to January 2015 for TAV İzmir and May 2023 for TAV Esenboğa.

A rental agreement was signed between TAV Ege and DHMI on 16 December 2011 for the operation of İzmir Adnan Menderes International Airport Domestic Flights Terminal until 31 December 2032 and the operation of International Terminal from January 2015 to 31 December 2032. TAV Ege shall construct the additional building of Domestic Flights Terminal according to this agreement.

A BOT agreement was executed between TAV Tbilisi and JSC on 6 September 2005 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The agreement covers a period up to August 2027.

A BOT agreement was executed between TAV Tunisia and OACA on 18 May 2007, for the operation of existing Monastir Habib Bourguiba Airport and new Enfidha Airport (International, domestic terminals and parking-apron-taxi-ways). The concession periods of both airports will end in May 2047.

A BOT agreement was executed between TAV Gazipaşa and DHMİ on 4 January 2008 for the operations of airport (both international, domestic terminals and parking-apron-taxi ways). The agreement covers a period up to July 2034.

TAV Macedonia is bound by the terms of the BOT Agreements made with and Ministry of Transport and Communication of Macedonia on 24 September 2008 for the construction and operation of Alexander the Great Airport in Skopje, renovation and operation of the St. Paul the Apostle Airport in Ohrid, and the construction and optional operation of the New Cargo Airport. This agreement covers a period up to March 2030.

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A BOT agreement was executed between Tibah Development and GACA on 29 October 2011 for operation and development of Medinah International Airport. According to the agreement, in addition to taking over the operation of existing Medinah International Airport, Tibah Development will also undertake additional infrastructure works such as design, engineering, financing, construction, testing, operation and maintenance of new passenger terminal. TAV Havalimanları owns 33,33% of the Tibah Development. Operations started in June 2012. Concession period will end in June 2037. The operation of Medinah International Airport comprises assignment of terminal, parking area, cargo, ground services, parking-apron-taxi services and slot. Tibah Development has assigned Tibah Airports Operation Limited ("Tibah Operation") as the vendor for operation of Medinah International Airport and TAV Havalimanları owns 51% of this company.

Mersin International Port is bound by the terms of the BOT Agreements made with TCDD and OIB. According to the BOT agreements, The Company has received a right to charge users of Mersin International Port. The agreement covers a period of 36 years till May 2043. The Company recognised an intangible asset amounting to USD 755 million (Group's share: USD 377.5 million) to the extent that it received the right from TCDD to charge users of Mersin International Port. Additionally as at 31 December 2012 cost of improvement of existing infrastructure of TCDD beared by the Company is recognized at its fair value as an intangible asset amounting to USD 33,8 million (Group's share: USD 16,9 million).

A BOT agreement was executed between Akfen Su Güllük and Güllük Municipality on 29 August 2006 for the public service about the drinking water procurement-facility and construction-management of cleaning of waste water for the subscribers in Güllük-Bodrum. The agreement covers a period up to August 2041. Akfen Su Arbiogaz Dilovası is bound by the terms of the BOT Agreements made with Dilovası Organize Sanayi Bölgesi Müdürlüğü ("OSB"). According to the BOT agreement, Akfen Su Arbiogaz Dilovası has guaranteed minimum waste water for the specified years to be received from OSB. The agreement covers a period up to July 2036. The Company recognises the guaranteed amount due from OSB as financial asset which is determined by the agreements. Financial assets are initially recognised at fair value. Fair value of financial assets is estimated as the present value of all future cash receipts discounted using the prevailing market rate of instrument.

(i) Intangible assets

The Group recognizes an intangible asset arising from a service concession agreement when it has a right to charge for usage of concession infrastructure. Intangible assets received as consideration for providing construction or upgrade services in a service concession agreement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses.

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV İzmir, TAV Esenboğa, TAV Gazipaşa, TAV Makedonya, TAV Ege and Tibah Development is %0, for TAV Tiflis and TAV Tunus mark-up rates are %15 ve %5, respectively.

As at 31 December 2012, total cost of airport operation rights is TL 2.345.123 (Group's share: TL 190.405) (For TAV Esenboğa TL 262.215, for TAV İzmir TL 279.896, for TAV Tbilisi TL 212.115, for TAV Tunisia TL 1.213.383, for TAV Gazipaşa TL 51.193, for TAV Skopje TL 203.978, for Tibah Development TL 122.343), (31 December 2011: total cost of airport operation rights: TL 2.217.149(Group's share: TL 579.101)) (for TAV Esenboğa TL 272.484, for TAV İzmir TL 196.652, for TAV Tbilisi TL 222.574, for TAV Tunisia TL 1.260.931, for TAV Gazipaşa TL 52.603 and for TAV Skopje TL 211.905).

The consideration receivable for the construction services delivered includes direct costs of construction and borrowing and other similar costs that are directly related to the construction of the airport and related infrastructure.

The airport operation right is amortised on a straight line basis. Amortisation for the year ended 31 December 2012 amounts to TL 98.058 for TAV Esenboğa (Group's share: TL 7.962), TL 143.843 for TAV İzmir (Group's share: TL 11.679), TL 70.531 for TAV Tbilisi (Group's share: TL 5.727), TL 92.661 for TAV Tunisia (Group's share: TL 7.524), TL 5.172 for TAV Gazipaşa (Group's share: TL 420) and TL 14.840 for TAV Skopje (Group's share: TL 1.205). The estimated useful life of an intangible asset in a service concession arrangement is the period from when it is available for use to the end of the concession period.

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(ii) Financial assets

The Group recognizes the guaranteed passenger fee amount due from DHMİ as financial asset which is determined by the agreements with TAV Esenboğa and TAV İzmir. Financial assets are initially recognised at fair value. Fair value of financial assets is estimated as the present value of all future cash receipts discounted using the prevailing market rate of instrument.

As at 31 December 2012, the short and long term guaranteed passenger fee receivable from DHMİ equals to TL 221.764 (Group's share: TL 18.005) (31 December 2011: TL 278.131 (Group's share: TL 72.646)). As at 31 December 2012 Akfen Su Arbiogaz Dilovası recognize water supply receivable as financial asset amounting TL 31.240 (Group's share: TL 15.164) (31 December 2011: TL 33.619 (Group's share: TL 16.804)).

(iii) Accounting for operation contract (TAV Istanbul)

The costs associated with the operations contract primarily include rental payments and payments made to enhance and improve Atatürk International Airport Terminal ('AIAT'). TAV Istanbul prepaid certain rental amounts and the prepayment is deferred as prepaid rent and is recognised over the life of the prepayment period. The expenditures TAV Istanbul incurs to enhance and improve the domestic terminal are recorded as prepaid development expenditures and are being amortised over the life of the associated contract. Any other costs associated with regular maintenance are expensed in the period in which they are incurred.

Under IFRIC 12 "Service Concession Arrangements" an operator recognises an intangible asset or financial asset received as consideration for providing construction or upgrade services or other items. In TAV Istanbul there is neither construction nor significant upgrade service provided and the contract is in operating phase. Therefore, no intangible asset or financial asset is recognised in TAV Istanbul's financial statements and the revenue and costs relating to the operation services are recognised in accordance with IAS 18 as required by IFRIC 12. Amortisation of the airport operation right is calculated on a straight line basis over the BOT periods of each project from the date of commencement of physical construction of the terminal.

(e) Investment property

(i) Operating investment properties

Investment properties are those which are held either to earn income or for capital appreciation or for both. Investment properties are stated at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of the investment properties are determined by discounted cash flow projections based on reliable estimates of future cash flows. Fair value models are designed by taking into consideration the type and the credibility of current or potential tenants, the allocation of maintenance and insurance expenses among lessor and lessee; and the remaining economic life of the property. Fair values of the Akfen GYO's investment properties located in Turkey and the TRNC are calculated by a real estate appraisal company included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation. Fair values of the Akfen GYO's investment properties located in Russia are calculated jointly by a real estate appraisal company included in the list of authorized to offer appraisal services within the framework of the CMB legislation and Akfen GYO's management.

It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in accounting policy in Note 2.2.1.

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(ii) Investment property under development

Investment properties under development are those which are held either to earn income or for capital appreciation or for both. Investment properties under development are stated at fair value as operating investment property. Fair values of the Akfen GYO's investment properties located in Turkey and the TRNC are calculated by a real estate appraisal company included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation. Fair values of the Akfen GYO's investment properties located in Russia are calculated jointly by a real estate appraisal company included in the list of authorized to offer appraisal services within the framework of the CMB legislation and the Akfen GYO's management.

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of investment properties under development. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use.

The fair value of the investment properties under development are determined by discounted cash flow projections based on reliable estimates of future cash flows, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows and also includes the expenditures required to complete the project except for the Moscow hotel project of HDI that is stated with the costs incurred and Northern Cyprus-Bafra hotel project of Akfen Ticaret that is determined with the precedent comparison method.

(f) Leased assets

(i) The Group as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) The Group as lessee

Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the relevant lease in the consolidated statement of comprehensive income. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight-line basis over the lease term.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials where applicable, and other related costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cost of trading goods and trading properties are determined on "specific identification" basis by the entities operating in construction businesses. Trading properties comprises land and buildings that are held for trading purposes.

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(h) Construction works in progress

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract.

The loss is recorded as expense directly when the probability which total contract costs is more than total contracts revenue exists. The changes in budgeted income because of the adjustment in work performance, work condition, provision for contract punishment and final contract result in revision of cost and revenue. The effects of revisions are reflected to the consolidated financial statement. The profit incentive is recorded as income when realization of it is guaranteed.

Contract revenue of cost plus contracts is recognized in profit or loss with plus a percentage of reimbursed for allowable or defined costs or a fixed fee.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in loss.

The asset, "Due from customers for contract work" represents revenues recognised in excess of amounts billed. The liability, "Due to customers for contract work" represents billings in excess of revenues recognised.

(i) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held to maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated statement of comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of comprehensive income.

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(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(j) Employee benefits

Reserve for employee severance indemnity

According to Turkish Labor Law, Group is liable to make certain amount of payments to employees who leave the job because of retirement, military service obligation or death and completed their first years. Employee severance indemnity refers to present value of Group's potential liability in the case of retirement of Group's employees and calculated based on 30 days. It is calculated as if all employees are subject to that payment and recognized in the consolidated financial statements on accrual basis. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government. The ceiling amounts applicable for each year of employment were (full TL) 3.034 and TL 2.732 as at 31 December 2012 and 2011, respectively. As it is stated on Note 26, Group management has used some assumptions for the calculation. Actuarial gains and losses are accounted in profit or loss.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(l) Revenue

(i) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue and expenses are recognised in the consolidated statement of comprehensive income in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Contract revenue of cost plus contracts is recognized in the consolidated statement of comprehensive income with plus a percentage of reimbursed for allowable or defined costs or a fixed fee.

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(ii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group. In addition, the Group subcontracts the right to operate certain duty free operations and the catering services to third parties. The third parties pay the Group a specified percentage of their sales for the right to operate these concessions. The commission revenue is recognised based on the sales reports provided from the subcontractor entities in every 2 to 3 days.

(iii) Rental income

Rental income from investment property leased out under operating lease is recognised in the consolidated statement of comprehensive income on a straight line basis over the lease periods.

(iv) Sale of properties

Revenue from the sale of properties is recognised in the consolidated statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or recoverable.

(v) Service concession agreements

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

(vi) Aviation income

Aviation income is recognised based on the daily reports obtained from related airline companies for terminal service income charged to passengers, as well as for ramps utilised by aircraft and check-in counters utilised by the airlines.

(vii) Sale of duty free goods

Sales of goods are recognised when goods are delivered and title passes.

(viii) Catering services income

Catering services income is recognised when services are provided. The Group defers revenue for collections from long-term contracts until the services are provided. There are no deferred costs related to these revenues since these are related with the selling rights given to food and beverage companies to sell their products at domestic and international lines terminals as well as third parties out of the terminals where the subsidiaries operate.

(ix) Ground services income

Ground services income is recognised when the services are provided.

(x) Port operation income

The income from the services such as port container, shipping, marine and railway transportation service, loading, storage, logistics, etc are immediately recorded.

(xi) Marine transportation income

The income from marine transportation is consisted of vessels, ferries and local ferries. The local and intercity marine transportation services are immediately recorded as the revenue.

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(xii) Other business

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Transfers of risks and rewards vary depending on the individual terms of the contract of sale. Revenue from services rendered is recognised in the consolidated statement of comprehensive income in proportion to the stage of completion of the transaction at the reporting date.

(m) Government grants

Government grants are recognised initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants obtained in response to beared expenses are net off related expenses and accounted under profit or expense. Government grants used in a way that reduces the costs of fixed asset investments, are extracted from the value of related fixed assets, netted off from the amortization expense and recognized as profit or loss.

(n) Lease payments

Payments made under operating leases are recorded in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Payments made under operating leases are recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The conditional lease payments are recognized by changing the minimum lease payments during leasing period.

(o) Finance income and expenses

Finance income comprises interest income, foreign exchange gain, dividend income, unwinding of discount on guaranteed receivables with the effect of UFRYK 12 and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, impairment losses recognised on financial assets (except for trade receivables) and losses on hedging instruments that are recognised in the profit or loss. Borrowing costs that cannot be matched with acquisition, construction or production of an asset are recognized in profit or loss by using effective interest rate.

(p) Earnings per share

The earnings per share, is calculated by dividing the consolidated profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In Turkey companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and revaluation surplus. For the purpose of earnings per share computations, such bonus share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retroactive effect to the issuances of the shares without consideration.

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(r) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are off set if there is a legally enforceable right to off set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group's government grants which provide a discount on corporate income tax are recognized within the scope of IAS 12.

Deferred taxes related to measurement of fair value of asset available for sale and cash flow hedges are charged or credited to equity and subsequently recognized in profit or loss together with the deferred gains that are realised.

The Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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(t) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 December 2012, and have not been applied in preparing these consolidated financial statements. Among those new standards, the following are expected to have effect on the consolidated financial statements of the Group:

- The amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments are effective for annual periods beginning on or after 1 July 2012.
- IFRS 10 *Consolidated Financial Statements* supersedes IAS 27 (2008) and SIC-12 Consolidation-Special Purpose Entities and becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS 11 *Joint Arrangements* will be replacing IAS 31 and IAS 13 *Interests in Joint Ventures – Non-monetary Shares of Joint Ventures* and it will be applicable to yearly accounting periods beginning on 1 January 2013 of after this date. It is expected for IFRS 11 *Joint Arrangements* to have a significant effect on the presentation of the Group's shares in joint ventures (Note 4). Proportional consolidation method used on the Group's shares in joint ventures will be banned starting on 1 January 2013 and aforementioned shares will be calculated using the equity pickup method.
- IFRS 12 *Disclosure of Interests in Other Entities* contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities and becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS 13 *Fair Value Measurement* replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance and becomes effective for annual periods beginning on or after 1 January 2013.
- IAS 27 *Separate Financial Statements* (2011) supersedes IAS 27 (2008) and becomes effective for annual periods beginning on or after 1 January 2013.
- IAS 28 *Investments in Associates and Jointly Controlled Entities* (2011) supersedes IAS 28 (2008) and becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS 9 *Financial Instruments* could change the classification and measurement of financial assets and becomes effective for annual periods beginning on or after 1 January 2015.
- IAS 19 *Employee Benefits* (2011) clarifies the distinction between short and long term more by changing the definitions of short and long term employee benefits. For defined benefit plans, accounting policy choices for the recognition of actuarial gains and losses and the application of the corridor method will be removed. IAS 19(2011) will be applicable to annual accounting periods starting on 1 January 2013 or later. Early application is permitted.
- IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities (Amendment)* clarifies the expression: "legally enforceable right available to set off the recognized amounts" and clarifies IAS 32 offsetting principle regarding the scope of application that does not meet the criteria for simultaneous and gross payment settlement systems (clearing houses). The changes will be applicable to annual accounting periods starting on 1 January 2014 and later and will be applied retrospectively.
- IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities (Amendment)* provides useful information to users of financial statements regarding i) the effects of offsetting operations on the firm's financial situation and the evaluation of the possible effects and ii) comparing and analyzing financial statements prepared according to IFRS and other generally accepted accounting principles. The changes will be applicable to annual and interim accounting periods starting on 1 January 2013 and later and will be applied retrospectively.

The Group does not plan to adopt these standards early and is in the process of evaluating the extent of their impact.

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(u) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair values of vessels acquired as a result of acquisition carried out on 16 June 2011 were determined by an independent valuation company according to the market approach.

The fair values of other tangible assets are carried at cost and are considered to approximate its respective carrying amount.

(ii) Intangible fixed assets

The fair value of intangible assets recognised as a result of a business combination is based on market values. The market value of intangible assets is the estimated amount for which an intangible could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The intangible fixed assets acquired as a result of IDO acquisition carried out on 16 June 2011 and recognized within the scope of IAS 38;

- The fair value of usufruct right of terminals was calculated by the independent valuation specialists according to the multi-period excess earnings method which is one of the income approach methods,
- The fair value of usufruct right of Ambarlı Port was determined according to the peer comparison and development approaches;
- The fair value of the rental agreement for vessels was determined according to the cost saving method;
- The fair value of software and licences was determined according to the cost approach by the independent valuation experts

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered.

The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark up rate for MIP, TAV İzmir, TAV Esenboğa, TAV Gazipaşa, TAV Makedonia, TAV Ege and Tibah Development is 0%, for TAV Tbilisi and TAV Tunisia it is 15% and 5%, respectively.

The fee will be given in Exchange for construction services covered construction and borrowing costs directly related to airport and other similar costs that are directly related to infrastructure.

The fair values of other intangible assets are carried at cost and are considered to approximate its respective carrying amount.

(iii) Investment properties

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion as explained in Note 2.2.e.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

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(iv) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(v) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress but including service concession receivable, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose.

(vi) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(vii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair value of trade and other payables is carried out at cost and is considered to approximate its respective carrying amount.

(v) Financial risk management

(i) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks. The Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Group's risk management vision is defined as, identifying variables and uncertainties that will impact the Group's objectives, conducting proactively and managing through the most appropriate steps, supervising the implementation of steps in line with the shareholders' risk preference.

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Corporate Risk Management activities are executed within the Group as a whole in the following fields:

- Determining risk management standards and policies,
- Developing a uniform risk management oriented work culture and capabilities,
- Conducting risk analysis of existing and potential investments,
- Creating a senior administration vehicle reporting on the risks of new investments of a company, sector or group,
- Determining risk limitations and action plans,
- Supporting the implementation of these action plans,
- Supporting strategic processes with a risk management approach.

Group's Corporate Risk Management activities are under the supervision of the Board of Directors.

The Board of Directors ensures the fulfilment of the risk management applications.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate has an influence on credit risk. Since the Group operates in construction, real estate, insurance and tourism businesses geographically the concentration of credit risk for the Group's entities operating in the mentioned businesses are mainly in Turkey.

The companies operating under these segments have set a credit policy under which each new customer is analysed individually for the creditworthiness before each company's standard payment and delivery terms and conditions are offered.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are insurance company, tourism agency, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Group allocated provision for losses in order to show the estimated income losses related to the receivables portfolio. The Group allocates provision for the receivables which are decided as the insolvency by the court.

The Group, following its trade receivables collectability in periodically, the allowance is provided for receivables that are legally insolvent, potential losses may arise from doubtful receivables based on past years collection rates and specific doubtful receivables. Following the allowance, in the case of whole or a part of the doubtful receivables collection, collected amount will be deducted from allowed amount and related with profit or loss.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's jointly controlled entities, TAV Havalimanları and MIP use derivatives, in order to hedge market risks. The Group's subsidiaries Beyobaşı Çamlıca and İdeal also use derivatives. The Group will benefit from the derivative instruments in accordance with loan agreements and make hedging contracts.

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Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

To minimize risk arising from foreign currency denominated balance sheet items, the Group keeps part of its cash in foreign currencies.

As at 31 December 2012, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily the USD and Euro which are disclosed within the relevant notes to these consolidated financial statements. There are subsidiaries within the Group which manages the currency risk by maintaining USD and TL cash balances and using some financial instruments as stated in the Note 39.

TAV Havalimanları uses cross currency derivatives to manage its exposure to foreign currency exchange rates on its concession instalments that will be paid to DHMİ.

The Group uses derivative financial instruments to manage its exposure to currency risk on its bank borrowings. This is achieved by entering into swap contracts.

Interest rate risk

The activities of the Group are exposed to the risk of interest rate fluctuations to the extent that 84% of Akfen Holding and its subsidiaries bank borrowings and 93% of the jointly controlled entities borrowings obtained by floating interest rates.

The Group is also exposed to basis risk for its floating rate borrowings, which is the difference in repricing characteristics of the various floating rate indices. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies. The Group also buys certain derivatives in order to manage its exposure to interest rate risk, such as interest rate swap contracts. MIP hedged its 81 % of the senior debt loan amounting to USD 496 millions (Group share: USD 248 millions) with floating interest rate against the exposure to market fluctuations in interest rate payments by interest rate swap. Group, also hedged its HES loans; 74% for HES I, 75% for HES IV and 69% for HES V. Tav Havalimanları adopts a policy of ensuring that between 50 and 100 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis accordingly. TAV Havalimanları has signed swap agreements in relation to loans with variable interest rates.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational and financial expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. For the Group entities, risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group entities, in order to minimize liquidity risk, hold adequate available line of credit.

(v) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit and Risk Management. The results of Internal Audit and Risk Management reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

2.3 Significant Accounting Assesment, Estimates and Assumptions

Use of Estimates and Judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

- Note 2.2.(d)- Cost plus application to contract costs in accordance with IFRIC 12
- Note 21- Goodwill

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The information related to the estimates which have a significant effect on the amounts recorded in the consolidated financial tables are explained in the following notes:

- Note 18-valuation of investment property
- Note 19 and 20-economic useful lives of tangible and intangible assets, impairment on tangible assets
- Note 25-reserve for employee severance indemnity
- Note 23-provisions and contingent liabilities
- Note 29-income from construction contracts
- Note 36-utilisation of financial losses
- Note 23 and 39- provision for doubtful receivables, valuation of financial instruments

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3 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST

Acquisition of 100% shares of IDO

Share purchase agreement was signed on 16 June 2011 for an amount of USD 861 million (group's share: USD 258.3 million) TL equivalent is TL 1.390.773 (Group's share: TL 417.232) between İstanbul Metropolitan Municipality, other shareholders and Tass, which was established by Akfen Holding, Tepe, Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Jointly controlled entities for taking over the shares of İDO İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ("İDO") with the block sale method in the context of Privatization Law numbered 4046. Akfen Holding holds 30% shares of TASS. The transaction price is fully paid on the agreement date and takeover of the IDO shares was completed.

İDO was merged with TASS Denizcilik ve Ulaştırma Hizmetleri Turizm Sanayi ve Ticaret A.Ş., the major shareholder, on 26 December 2011 in accordance with the provisions of articles 37, 38 and 39 of Corporate Tax Code and the article 451 of Turkish Commercial Code provided that all present assets and liabilities should be taken over.

Results of operations of IDO as at 31 December 2011 are included in the accompanying consolidated financial statements beginning from the acquisition date. If the acquisition had occurred on 1 January 2011, it is estimated that consolidated revenue and income would have been higher by TL 50.873 and TL 3.737, respectively. The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Note	Preacquisition carrying amounts	Fair value adjustment	Recognized values on acquisition
Property, plant and equipment	19	148.089	12.687	160.776
Intangible fixed assets	20	77	284.938	285.015
Other assets		15.365	762	16.127
Cash and cash equivalents		16.265	--	16.265
Financial liabilities		(37.465)	--	(37.465)
Other liabilities		(14.622)	--	(14.622)
Deferred tax liability		--	(345)	(345)
Identifiable assets and liabilities		127.709	298.042	425.751
Negative goodwill on acquisition ^(*)				(8.519)
Consideration paid				(417.232)
Cash acquired				16.265
Net cash outflow				(400.967)

The recorded values before the acquisition were calculated according to the International Financial Reporting Standards immediately before the acquisition date. Assets and liabilities acquired through acquisition are recognised by the fair value at the acquisition date.

^(*)The negative goodwill on acquisition was recognized as gain bargain purchase under other income.

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Acquisition of 45% shares of RHI and RPI belonged to KASA BV

On 29 July 2011, 45% of shares belonging to Kasa BV regarding to Russian Hotel and Russian Property was purchased by Akfen Ticaret in exchange for EUR 4.352.000 (TL 10.624). Net book value and fair value of acquired assets and liabilities are shown in TL currency as below:

	Preacquisition carrying amounts	Fair value adjustment	Recognized values on acquisition
Property, plant and equipment	15	--	15
Investment properties (*)	57.373	--	57.373
Other assets	6.573	--	6.573
Cash and equivalents	524	--	524
Financial liabilities	(35.496)	--	(35.496)
Other liabilities	(6.476)	--	(6.476)
Identifiable assets and liabilities	22.513	--	22.513
Gain on bargain purchase (negative goodwill) (**)			(11.889)
Consideration paid			(10.624)
Cash acquired			524
Net cash outflow			(10.100)

(*)The investment properties were recognized according to the fair values.

(**)The negative goodwill because of acquisition was recognized in the other income title that is caused from buying on bargain.

Book value before acquisition is calculated according to International Financial Reporting Standarts just before the date of acquisition.

As of acquisition date, RHI and RPI are subjected to full consolidation and the corresponding non-controlling interests amounting TL 2.501 are reflected on consolidated financial statements as non-controlling interest.

Acquisition of 16,67% shares of Havaş Europe:

As of 21 December 2011, HAVAŞ purchased additional 16,67% of shares of HAVAŞ Europe by EUR 1.001.418 (Group's share: Euro 261.570) and raised its share from 50% to 66,67%. After this transaction HAVAŞ Europe is subjected to full consolidation and for minority shares non-controlling interest is reflected.

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Identifiable assets acquired and liabilities assumed	Recognised values on acquisition
Property and equipment	3.569
Intangible assets	1.560
Other long term assets	41
Deferred tax assets	31
Inventories	57
Trade receivable	564
Due from related parties	1
Cash and cash equivalents	43
Other assets	249
Loans and borrowings	(2.495)
Trade payable	(926)
Due to related parties	(22)
Other liabilities	(1.064)
Provisions	(342)
Deferred tax liabilities	(210)
Total identifiable net asset	1.056
Cash consideration paid	645
Total identifiable net asset	(1.056)
Fair value of non-controlling interest	352
Fair value of previously held interest	528
Foreign currency translation effect	(6)
Total consideration	463
Cash consideration paid	645
Foreign currency translation effect	6
Cash and equivalents acquired	(22)
Net cash outflow arising on acquisition	629

4 JOINTLY CONTROLLED ENTITIES

The consolidated financial statements, which have been consolidated by using the proportional consolidation method Jointly controlled entities' total current assets, liabilities and net profit of the period are as follows:

	2012	2011
Statement of financial position		
Current assets	3.388.748	2.953.178
Non-current assets	6.447.984	6.553.926
Current liabilities	(2.719.871)	(2.164.284)
Non-current liabilities	(5.243.603)	(5.602.006)
Net Assets	1.873.258	1.740.814
Statement of comprehensive income		
Total revenues and income	4.900.682	4.153.266
Total expenses and costs	(4.386.725)	(4.144.537)
Profit for the period	513.957	8.729

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The significant shares of the Group within the enterprises subjected to the jointly controlled entities are as follows:

Tav Yatırım, a jointly controlled entity by 21,68% (31 December 2011: 42,50%) equity shareholding with equal voting power, was established in Turkey. As at 31 December 2012 and 2011 total assets and liabilities and summary statement of income of Tav Yatırım, is as follows:

Statement of financial position	2012	2011
Current assets	1.114.641	900.056
Non-current assets	236.514	332.391
Current liabilities	(904.740)	(830.680)
Non-current liabilities	(336.204)	(297.550)
Net Assets	110.211	104.217

Statement of comprehensive income	2012	2011
Total revenues and income	1.018.137	1.295.995
Total expenses and costs	(1.007.033)	(1.295.518)
Profit/(loss) for the period	11.104	477

Tav Havalimanları, a jointly controlled entity by 8,12% (31 December 2011: 26,12%) equity shareholding with equal voting power, was established in Turkey. As at 31 December 2012 and 2011 total assets and liabilities and summary statement of income of Tav Havalimanları, is as follows:

Statement of financial position	2012	2011
Current assets	1.931.626	1.724.774
Non-current assets	3.356.723	3.361.382
Current liabilities	(1.239.863)	(1.070.038)
Non-current liabilities	(2.786.165)	(2.641.667)
Net Assets	1.262.321	1.374.451

Statement of comprehensive income	2012	2011
Revenues		
Total revenues and income	2.752.632	2.188.549
Total expenses and costs	(2.460.116)	(2.068.048)
Profit for the period	292.516	120.501

MIP, a jointly controlled entity by 50% (31 December 2011: 50%) equity shareholding with equal voting power, was established in Turkey. As at 31 December 2012 and 2011 total assets and liabilities and summary statement of income of MIP, is as follows:

Statement of financial position	2012	2011
Current assets	268.160	272.438
Non-current assets	1.327.820	1.345.843
Current liabilities	(304.489)	(105.299)
Non-current liabilities	(957.600)	(1.298.280)
Net assets	338.891	214.702

Statement of comprehensive income	2012	2011
Revenues		
Total revenues and income	516.998	380.086
Total expenses and costs	(397.521)	(317.360)
Profit for the period	119.477	62.726

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Akfen Su, a jointly controlled entity by 49,98% (31 December 2011: 49,98%) equity shareholding with equal voting power was established in Turkey. As at 31 December 2012 and 2011 total assets and liabilities and summary statement of income of Akfen Su, is as follows:

Statement of financial position	2012	2011
Current assets	14.223	11.071
Non-current assets	45.740	49.014
Current liabilities	(4.190)	(4.019)
Non-current liabilities	(28.415)	(30.363)
Net assets	27.358	25.703

Statement of comprehensive income	2012	2011
Revenues		
Total revenues and income	13.098	11.421
Total expenses and costs	(10.837)	(10.916)
Profit for the period	2.261	505

IDO, a jointly controlled entity by 30% (2011: 30%) equity shareholding with equal voting power, was established in İstanbul. As at 31 December 2012 and 2011 total assets and liabilities and summary statement of income of IDO, is as follows. (The income table includes the period between 16 June 2011, the purchase date of IDO, and 31 December 2011):

Statement of financial position	2012	2011
Current assets	60.074	42.960
Non-current assets	1.434.266	1.465.296
Current liabilities	(254.907)	(137.972)
Non-current liabilities	(1.135.172)	(1.334.139)
Net Assets	104.261	36.145

Statement of comprehensive income	2012	2011
Total revenues and income	599.805	277.179
Total expenses and costs	(510.928)	(451.933)
Profit/(loss) for the period	88.877	(174.754)

5 SEGMENT REPORTING

For management purposes, the Group is currently organised into eight operating segment of which results and the performance are reviewed regularly by the Group's board of directors. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's Management.

The information regarding the results of each reported segment is for Tav Yatırım, Akfen İnşaat, Akfen GYO, HEPP Group, MIP, Akfen Su, IDO and Tav Havalimanları.

Other

Subsidiaries and jointly controlled entities in other operations segment are Akfen Enerji, Sim-Er, PSA Liman, and Akfen Holding is included in the other industrial segment as well.

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1 January-31 December 2012	Tav Yatırım	Akfen İnşaat	Akfen GYO	HES Group	MIP	Akfen Su	Tav Havallimanları	İDO	Other	Inter segment eliminations	Total
External revenues	286.103	846	31.506	54.368	252.509	4.642	343.320	149.221	2.190	--	1.124.705
Inter segment revenue	20.039	140.385	--	1.544	--	--	--	--	16.386	(178.354)	--
Total sales	306.142	141.231	31.506	55.912	252.509	4.642	343.320	149.221	18.576	(178.354)	1.124.705
Cost of sales	(290.200)	(132.202)	(4.494)	(277.43)	(134.664)	(2.440)	(239.339)	(105.459)	(2.809)	153.942	(785.408)
Gross profit	15.942	9.029	27.012	28.169	117.845	2.202	103.981	43.762	15.767	(24.412)	339.297
General administrative expenses	(12.329)	(14.743)	(7.889)	(14.501)	(10.444)	(1.327)	(56.353)	(17.245)	(29.538)	14.510	(149.859)
Other operating income	3.957	16.481	60.201	2.597	--	58	15.679	3.107	565.161	(3.559)	663.682
Other operating expense	(938)	(349)	(45.319)	(9.214)	--	(258)	--	(1.196)	(643)	4.207	(53.710)
Operating profit/ (loss)	6.632	10.418	34.005	7.051	107.401	675	63.307	28.428	550.747	(9.254)	799.410
Finance income	2.160	13.189	50.789	47.377	5.989	1.846	13.662	26.714	107.006	(15.512)	253.220
Finance expense	(2.631)	(22.718)	(60.650)	(60.498)	(39.541)	(1.174)	(33.000)	(29.321)	(104.881)	15.512	(338.902)
Profit/(loss) of continuing operations before tax	6.161	889	24.144	(6.070)	73.849	1.347	43.969	25.821	552.872	(9.254)	713.728
Tax income (expense) for the period	(1.598)	(1.783)	936	(83)	(14.111)	(218)	(8.857)	842	(179.87)	--	(42.859)
Profit/(loss) of continuing operations after tax	4.563	(894)	25.080	(6.153)	59.738	1.129	35.112	26.663	534.885	(9.254)	670.869
Profit (loss) for the period attributable to the parent of the Company	5.454	(894)	26.367	(6.400)	59.738	819	35.890	26.663	538.322	(23.105)	662.854
Depreciation and amortization expenses	4.169	678	61	13.214	25.297	254	24.325	18.228	470	--	86.696
Investments of tangible and intangible assets	2.729	2.277	38.225	171.413	39.964	436	27.477	8.537	43.653	--	334.711
31 December 2012											
Segment assets	296.514	478.406	1.179.028	1.015.783	797.987	29.972	4.29.367	448.302	1.845.148	(1.705.650)	4.814.857
Segment liabilities	268.974	295.636	340.836	530.694	631.043	16.297	32.6880	417.024	593.227	(320.361)	3.100.250

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

1 January-31 December 2011	Tav Yatırım	Akfen İnşaat	Akfen GYO	HES I-II-III	MIP	Akfen Su	Tav Havalimanları	IDO	Other	Inter segment eliminations	Total
External revenues	500.192	--	27.621	29.054	187.040	4.036	532.185	72.937	518	--	1.353.583
Inter segment revenue	48.026	166.717	--	351	145	123	12	15.296	(230.670)	--	--
Total sales	548.218	166.717	27.621	29.405	187.185	4.159	532.197	72.937	15.814	(230.670)	1.353.583
Cost of sales	(522.625)	(153.712)	(3.565)	(14.685)	(89.667)	(1.924)	(368.698)	(476.57)	(1.144)	194.951	(1.008.726)
Gross profit	25.593	13.005	24.056	14.720	97.518	2.235	163.499	25.280	14.670	(35.719)	344.857
General administrative expenses	(10.087)	(27.615)	(7174)	(3.797)	(10.990)	(1.529)	(87.301)	(8.399)	(19.333)	18.043	(158.182)
Other operating income	250	7.805	295.422	498	--	58	21.765	8.977	3.862	(3.853)	334.784
Other operating expense	(6.851)	(9.117)	(8.197)	(7.862)	(320)	--	(1.665)	(481)	(5.400)	212	(39.681)
Operating profit/(loss)	8.905	(15.922)	304.107	3.559	86.208	764	96.298	25.377	(6.201)	(21.317)	481.778
Finance income	2.330	6.700	10.641	25.581	2.857	1.393	176.69	1.240	58.371	(3.409)	123.373
Finance expense	(9.331)	(24.090)	(57.818)	(109.384)	(42.469)	(2.219)	(58.352)	(79.042)	(140.925)	3.409	(520.222)
Profit/(loss) of continuing operations before tax	1.904	(33.312)	256.930	(80.245)	46.596	(62)	55.615	(52.425)	(88.755)	(21.317)	84.929
Tax income/(expense) for the period	(1.704)	(934)	(33.395)	15.540	(15.233)	99	(24.140)	--	14.226	--	(45.541)
Profit/(loss) of continuing operations after tax	200	(34.246)	223.535	(64.705)	31.363	37	31.475	(52.425)	(74.529)	(21.317)	39.388
Profit/(loss) for the period attributable to the parent of the Company	2.317	(34.246)	201.104	(65.225)	31.363	(458)	32.321	(52.425)	(74.552)	(104.923)	(64.724)
Depreciation and amortization expenses	5.969	496	68	7.151	20.542	214	39.237	9.134	492	--	83.303
Investments of tangible and intangible assets	6.936	530	64	216.496	14.631	156	65.846	1.425	758	--	306.842
31 December 2011											
Segment assets	523.789	372.855	1.128.520	864.506	809.138	30.033	1.328.461	452.477	1.408.948	(1.479.758)	5.438.969
Segment liabilities	479.496	184.505	342.694	550.968	701.787	17.185	969.468	441.633	736.240	(136.888)	4.287.088

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

Geographical Information

Group continues its operations in 6 main regions which are Turkey, Gulf Region, Europe, Cyprus, North Africa and other regions.

In geographical reporting, segment revenues are presented according to geographical location that revenue is obtained.

	2012	2011
Turkey	808.825	778.150
Gulf Region	278.709	450.754
Europe	10.824	68.145
Cyprus	10.344	11.012
North Africa	9.312	25.172
Other	6.691	20.350
Consolidated income	1.124.705	1.353.583

In geographical reporting, segment assets are presented according to geographical location that asset is located in.

	2012	2011
Turkey	3.992.349	4.148.017
Gulf Region	254.452	417.489
Europe	244.697	231.933
Cyprus	188.500	205.839
North Africa	117.222	377.417
Other	17.637	58.274
Total assets	4.814.857	5.438.969

6 CASH AND CASH EQUIVALENTS

As at 31 December cash and cash equivalents are comprised of following:

	2012	2011
Cash on hand	936	1.411
Cash at banks	205.896	162.828
-Demand deposits	75.390	83.355
-Time deposits	130.506	79.473
Project, reserve accounts	160.911	300.165
Other cash and cash equivalents ⁽¹⁾	58.533	54.186
Cash and cash equivalents	426.276	518.590
Project, reserve accounts	(160.911)	(300.165)
Bank overdrafts used for cash management purposes	(445)	--
Cash and equivalents in the statement of cash flow	264.920	218.425

⁽¹⁾ As at 31 December 2012, TL 58.075 of other cash and cash equivalents are comprised of overnight repo balances belonging to Akfen Holding (31 December 2011: TL 53.414).

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

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(Currency: Thousands of TL)

As at 31 December the distribution of the cash and cash equivalents of the company is as follows:

	2012	2011
MIP	120.869	101.243
Akfen Holding	97.824	61.864
TAV Havalimanları	87.472	266.765
Tav Yatırım	65.893	56.886
Akfen GYO	28.002	7.792
HES Grubu	13.832	14.492
Akfen Su	5.210	3.484
İDO	4.310	2.721
Akfen İnşaat	1.264	2.744
Other	1.600	599
Total	426.276	518.590

As at 31 December, the distribution of demand deposits, foreign currency and Turkish Liras of the Group are as follows:

Currency	2012	2011
UAE Dirham	29.820	403
US Dollar	22.434	14.125
Euro	7.319	2.928
Turkish Liras	6.427	22.411
Qatari Riyal	4.087	29.480
Other	5.303	14.008
	75.390	83.355

The details of the time deposits, due dates and interest rates, of the Group as at 31 December are as follows:

Currency	Maturity	Interest rate %	2012
TL	January 2013	3,00-8,35	11.789
USD	January 2013	0,10-4,75	82.336
EUR	January-March 2013	0,15-3,55	26.713
QAR	January 2013	1,50	3.715
Other	January-February 2013	5,00-8,00	5.953
			130.506
Currency	Maturity	Interest rate %	2011
TL	January 2012	5,75 -12,05	30.194
USD	January 2012	0,50-5,74	25.916
EUR	January 2012	1,00- 5,67	23.363
			79.473

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

Project reserve accounts

Within the scope of loan agreements, MIP, TAV Havalimanları, HES I-II-IV-V, and Akfen Su has opened bank accounts for repayment of borrowings, investment expenditures, funding operational and administrative expenses, funding cash surplus and risk removal accounts which are Debt Service Reserve Account, Capital Expenditure, Operating and Maintenance Reserve Account, Cash sweep account, respectively and except for Akfen Su Hedging Accounts. As at 31 December the distribution of project reserve accounts is as follows:

	2012	2011
MIP	78.329	77.705
TAV Havalimanları	75.411	218.032
HES I-II-IV-V	5.861	3.961
Akfen Su	1.310	467
Total	160.911	300.165

The detail of the project reserve accounts and interest rates of the Group as at 31 December 2012 is as follows:

Currency	Interest rate%	2012
TL	5,00-8,10	20.880
USD	0,25-3,00	98.490
EUR	0,08-3,00	20.942
Other	0,30	6
		140.318
Demand deposits		20.593
		160.911

The detail of the project reserve accounts and interest rates of the Group as at 31 December 2011 is as follows:

Currency	Interest rate%	2011
TL	3,50-9,70	59.359
USD	0,10-9,00	80.924
EUR	0,08-4,50	158.294
Other		1.588
		300.165

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 39. As at 31 December 2012 and 2011, there is no pledge on bank accounts except as disclosed.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

7 FINANCIAL INVESTMENTS

Short-term financial investments

As at 31 December the short-term financial investments are as follows:

	2012	2011
Time deposits with maturity of more than 3 months	98.326	--
Available for sale financial assets	59.853	--
	158.179	--

Available for sale assets are comprised of government and private sector bonds.

Long-term financial investments

At 31 December, the Group holds equity investments in the following companies:

	Ownership (%)	2012	Ownership (%)	2011
Batı Karadeniz Elekt. Dağıtım ve Sis. A.Ş.	12,5	1.493	12,5	1.493
Other		91		151
Subtotal		1.584		1.644
Less: Impairment on investments		(1.493)		(1.493)
Total financial assets		91		151

Since the effect of the investments or the ownership rates of the Group on these investments were low, they have been stated at cost in the accompanying consolidated financial statements as at 31 December.

8 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 39.

The Group's financial liabilities as at 31 December are 2012 as follows:

	Nominal Value	Carrying Amount
Short term loans and borrowings		
Short term secured bank loans	205.641	210.066
Short term unsecured bank loans	25.311	25.433
Current portion of long term secured bank loans	255.212	296.446
Current portion of long term unsecured bank loans	2.693	3.110
Current portion of long term issued bonds	70.940	76.676
Spot loan	445	445
Short term finance lease obligations	1.417	1.413
	561.659	613.589
Long term loans and borrowings		
Long term secured bank loans	1.791.852	1.733.885
Long term unsecured bank loans	25.339	24.550
Long term bonds issued	154.090	154.090
Long term finance lease obligations	5.133	5.106
	1.976.414	1.917.631

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

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The Group's bank loans, bonds and lease borrowings as at 31 December 2011 are as follows:

	Nominal Value	Carrying Amount
Short term financial liabilities		
Short term secured bank loans	79.685	86.527
Short term unsecured bank loans	24.802	26.919
Short term portion of long term secured bank loans	469.001	511.296
Short term portion of long term unsecured bank loans	10.956	10.768
Current portion of long term issued bonds	100.000	103.512
Short term finance lease obligations	2.087	4.400
	686.531	743.422
Long term financial liabilities		
Long term secured bank loans	2.659.730	2.603.444
Long term unsecured bank loans	37.023	35.683
Long term issued bonds	80.000	80.000
Long term finance lease obligations	13.928	11.597
	2.790.681	2.730.724

As at 31 December 2012, Group's total bank loans, issued bonds and financial leasing obligations are as follows:

	Nominal Value	Carrying Amount
Bank loans	2.306.493	2.293.935
Bonds	225.030	230.766
Finance lease obligations	6.550	6.519
	2.538.073	2.531.220

As at 31 December 2011, Group's total bank loans, issued bonds and financial leasing obligations are as follows:

	Nominal Value	Carrying Amount
Bank loans	3.281.197	3.274.637
Bonds	180.000	183.512
Finance lease obligations	16.015	15.997
	3.477.212	3.474.146

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

as at 31 December 2012

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The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 December 2012 are as follows:

Carrying Amount	Short term liabilities	Long term liabilities	Total
Akfen Holding	190.994	352.133	543.127
Akfen İnşaat	1.084	18.123	19.207
Akfen GYO	74.075	243.855	317.930
HES I-II-IV-V	85.073	326.699	411.772
Akfen Su	1.575	12.771	14.346
MIP	134.155	404.616	538.771
TAV Yatırım	43.660	7.739	51.399
TAV Havalimanları	42.087	214.315	256.402
IDO	39.473	332.274	371.747
	612.176	1.912.525	2.524.701

Nominal Value	Short term liabilities	Long term liabilities	Total
Akfen Holding	177.899	357.409	535.308
Akfen İnşaat	165	18.900	19.065
Akfen GYO	69.087	244.929	314.016
HES I-II-IV-V	58.769	355.968	414.737
Akfen Su	1.578	12.957	14.535
MIP	135.385	410.760	546.145
TAV Yatırım	42.555	7.728	50.283
TAV Havalimanları	35.349	223.856	259.205
IDO	39.455	338.774	378.229
	560.242	1.971.281	2.531.523

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 December 2011 are as follows:

Carrying Amount	Short term liabilities	Long term liabilities	Total
Akfen Holding	261.878	454.364	716.242
Akfen İnşaat	20.080	51.506	71.586
Akfen GYO	118.982	166.756	285.738
HES I-II	83.796	372.967	456.763
Akfen Su	1.524	14.117	15.641
MIP	23.791	568.800	592.591
TAV Yatırım	68.966	46.062	115.028
TAV Havalimanları	126.995	651.327	778.322
IDO	33.010	393.228	426.238
	739.022	2.719.127	3.458.149

Nominal Value	Short term liabilities	Long term liabilities	Total
Akfen Holding	251.908	450.778	702.686
Akfen İnşaat	15.630	53.995	69.625
Akfen GYO	112.646	167.387	280.033
HES I-II	51.483	408.962	460.445
Akfen Su	786	15.104	15.890
MIP	25.075	576.835	601.910
TAV Yatırım	67.007	46.063	113.070
TAV Havalimanları	127.031	656.843	783.874
IDO	32.878	400.786	433.664
	684.444	2.776.753	3.461.197

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

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Conditions and repayment schedules

The repayment schedules of the bank loans and issued bonds of the Group as at 31 December according to the original maturities are as follows:

	Nominal Value		Carrying Amount	
	2012	2011	2012	2011
Within 1 year	560.242	684.444	612.176	739.022
1 - 2 years	486.983	704.619	493.338	726.265
2 - 3 years	337.512	339.252	342.148	358.878
3 - 4 years	184.769	395.162	187.882	364.007
5 years and more	962.017	1.337.720	889.157	1.269.977
	2.531.523	3.461.197	2.524.701	3.458.149

As at 31 December the currency distribution of bank loans and issued bonds is as follows:

	Nominal Value		Carrying Amount	
	2012	2011	2012	2011
US Dollar	1.146.516	1.543.407	1.135.095	1.536.442
Euro	1.096.348	1.710.494	1.094.841	1.710.136
TL	258.971	207.106	265.013	211.380
Other	29.688	190	29.752	191
	2.531.523	3.461.197	2.524.701	3.458.149

Since most of the financial liabilities are the floating interest rate loans, the Group is exposed to the interest rate risk. As at 31 December, the lowest and highest interest rates of loans that the Company used are as follows:

	2012				2011		
	TL	USD	EUR		TL	USD	EUR
Fixed Rate Loans				Fixed Rate Loans			
The lowest	10,00%	4,65%	6,05%	The lowest	10,00%	3,50%	3,75%
The highest	12,35%	7,20%	8,75%	The highest	16,88%	9,95%	6,95%
Floating Interest Rate Loans⁽¹⁾				Floating Interest Rate Loans			
The lowest	4,00%	0,13%	1,54%	The lowest	4,00%	0,13%	1,54%
The highest	4,00%	8,00%	7,50%	The highest	4,00%	8,00%	7,50%

⁽¹⁾ For the floating interest rate loans, additional interest rate added to Euribor, Libor and Base Interest rates of 31 December 2012 and 31 December 2011

As it is stated in Note 9, 81% of Major Loan (Senior Loan) of MIP, respectively 74%,75% and 69% of Major and VAT loans of HES I-IV-V Group companies, and 75% of Major Loan (Senior Loan) of IDO were fixed with interest rate swap. 100%, 100%, 100%, 50%, 85% and 100% floating interest rate loans of TAV Istanbul, TAV Esenboğa, TAV Ege, HAVAŞ, TAV Tunisia and TAV Macedonia, respectively, were fixed with interest rate swap.

The project loans were borrowed in order to finance the construction of the Build - Operate - Transfer projects of TAV Esenboğa, TAV Georgia, TAV Macedonia and TAV Tunisia companies and to finance prepaid rent expense of TAV Istanbul to DHMI; financing for the cost of Mersin Port operation right; the investment in hydroelectric power plants included in HES I-II-IV-V companies; to finance of the hotel projects to be constructed in the scope of the framework contracts signed with Accor SA; financing of Akfen Su Arbiogaz Dilovasi and Akfen Su Güllük investments and to finance the privatization of 100 % shares of IDO.

As at 31 December 2012, the total of bank project loans is TL 1.867.961; (31 December 2011: TL 2.454.373) and its share in total loans is 74%. (31 December 2011: 71 %).

Akfen Holding Anonim Şirketi

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The details of the loans and borrowings for each subsidiary and jointly controlled entity are given below:

Akfen Holding

The breakdown of bank loans as at 31 December 2012 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	Libor+1,25	2013	22.283	22.353
Secured bank loans ⁽¹⁾	USD	Libor+1,25	2013	7.130	7.139
Secured bank loans ⁽²⁾	USD	Libor+3,50	2014	23.768	23.974
Secured bank loans ⁽³⁾	USD	4,75	2015	133.695	134.876
Secured bank loans ⁽⁴⁾	EUR	Euribor+4,00	2014	123.402	124.019
Bond ⁽⁵⁾	TL	GDS(*)+4,00 +4(***)	2013	70.940	71.080
Bond ⁽⁶⁾	TL	GDS(*) + 4,00	2014	154.090	159.686
				535.308	543.127

⁽¹⁾ It is the loan borrowed for Eurobond purchases. Maturity of the loans will be extended as long as Eurobonds are kept in reserve account.

⁽²⁾ Sureties are given by Hamdi Akın and Akfen İnşaat.

⁽³⁾ Cash collateral. USD amount equal to loan amount with annual 4,00% gross interest rate as the credit security are held as the deposit. Interest rate of the loan and demand deposit are revised as at November 2012.

⁽⁴⁾ 86,988,875 shares pledged on Akfen GYO.

⁽⁵⁾ The liability which has a maturity of 2 years and coupon payment of 91 days with a floating interest rate amounting to TL 80.000 as at 27 December 2011. The 5th period coupon payment date is 26 March 2013. According to determined additional rate of return, coupon interest rate for the 5th coupon payment (26 March 2013) is 2,45%. Coupon payments are done once every 91 days. As at 31 December 2012, Akfen Holding purchased a part of this bond with a nominal value of TL 9.060 from the market. Purchased portion was netted off from bond liability.

⁽⁶⁾ Represents the liability of bond which has been issued on 9 March 2012 and has a maturity of 2 years and coupon payment of 6 months with a floating interest rate amounting to TL 200.000. The 2nd period coupon payment date is 8 March 2013. According to determined additional rate of return, coupon interest rate that will be given for 2nd period coupon payment (8 March 2013) is 5,63%. Coupon payments are done once every 6 months.

As at 31 December 2012, Akfen Holding purchased a part of this bond with a nominal value of TL 45.910 from the market. Purchased portion was netted off from bond liability.

^(*)Indicator Interest Rate', which provides base to annual compound yield of Treasury Bills, is calculated as the weighted average arithmetical mean of annual compound interest rates, which were effective at the last five working days at ISE Treasury Bills and Bonds Trade Market, of discounted indicator of the furthestmost future dated treasury bills issued by Undersecretariat of Treasury.

Akfen Holding Anonim Şirketi

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The breakdown of bank loans as at 31 December 2011 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	6,85	2012	14.167	14.563
Secured bank loans ⁽²⁾	USD	6,75	2013	18.889	19.295
Secured bank loans ⁽²⁾	USD	6,25	2013	20.778	21.127
Secured bank loans ⁽³⁾	USD	7,50	2013	9.445	9.550
Secured bank loans ⁽³⁾	USD	8,10	2013	24.556	25.026
Secured bank loans ⁽³⁾	USD	7,80	2013	5.667	5.832
Secured bank loans ⁽³⁾	USD	Libor+3,50	2014	41.976	42.229
Secured bank loans ⁽¹⁾	USD	7,40	2014	18.889	18.957
Secured bank loans ⁽¹⁾	USD	6,90	2014	34.000	35.284
Secured bank loans ⁽⁴⁾	USD	9,95	2015	141.668	144.287
Secured bank loans ⁽⁵⁾	EUR	Euribor+4,20	2014	192.350	196.278
Bond ⁽⁶⁾	TL	GDS(*) +2,50	2012	100.000	103.382
Secured bank loans ⁽⁷⁾	TL	16,88(**)	2013	301	302
Bond ⁽⁸⁾	TL	GDS(*) + 4,00	2013	80.000	80.130
				702.686	716.242

⁽¹⁾ Sureties given by Akfen İnşaat.

⁽²⁾ Sureties given by Akfen İnşaat, Akfen Turizm, Akınısı and Hamdi Akın.

⁽³⁾ Sureties given by Akfen İnşaat and Hamdi Akın.

⁽⁴⁾ Cash collateral. Annual 9,20% gross interest rate in USD as the credit security are held as the deposit.

⁽⁵⁾ 86,988,875 shares pledged on Akfen GYO.

⁽⁶⁾ As at 5 March 2010, payables arising from the bonds which have maturity of two years and coupon payment of 182 days, with a floating interest rate amounting to TL 100.000. The 4th term coupon payment date is 2 March 2012.

According to determined additional rate of return, coupon rate for the 4th coupon payment period (2 March 2012) is 5,13%. Coupon payments are done once every 182 days.

⁽⁷⁾ İş Yatırım share buying loan. 42.000 Holding shares are in the safe custody account of İş Yatırım in the frame of Share Buyback Programme.

⁽⁸⁾ The liability which has a maturity of 2 years and coupon payment of 91 days with a floating interest rate amounting to TL 80.000 as at 27 December 2011. The 1st period coupon payment date is 27 March 2012.

According to determined additional rate of return, coupon rate for the 1th coupon payment period (27 March 2012) is 3,51%. Coupon payments are done once every 91 days.

^(*) (GDS)'Indicator Interest Rate', which provides base to annual compound yield of Treasury Bills, is calculated as the weighted average arithmetical mean of annual compound interest rates, which were effective at the last five working days at ISE Treasury Bills and Bonds Trade Market, of discounted indicator of the furthestmost future dated treasury bills issued by Undersecretariat of Treasury.

^(**) Overnight interest rate that is applied to loans for stock purchase issues. Overnight interest rate is determined by 60% more of maximum of weekly repo lending interest rate of Central Bank of Turkey and weighted average interest rate of the shortest maturity repo operations in ISE Bond and Bill Repo and Reverse Repo Market.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements

as at 31 December 2012

(Currency: Thousands of TL)

The repayment schedules of the bank loans and bonds are as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within 1 year	177.899	251.908	190.994	261.878
1 - 2 years	223.714	237.709	229.877	247.154
2 - 3 years	133.695	91.401	122.256	100.551
3 - 4 years	--	121.668	--	106.659
5 years and more	--	--	--	--
	535.308	702.686	543.127	716.242

Akfen İnşaat:

The breakdown of bank loans as at 31 December 2012 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	7,2	2014	231	317
Secured bank loans ⁽²⁾	TL	9,3	2014	9.000	9.057
Secured bank loans ⁽³⁾	TL	9,9	2014	2.393	2.392
Secured bank loans ⁽³⁾	TL	9,9	2014	2.035	2.035
Secured bank loans ⁽³⁾	TL	9,9	2014	4.406	4.406
Secured bank loans ⁽³⁾	TL	9,9	2014	1.000	1.000
				19.065	19.207

⁽¹⁾ The sureties are given by Hamdi Akin.

⁽²⁾ The sureties are given by Akfen Holding.

⁽³⁾ Share purchase loan obtained in order to buy 1.087.890 nominal amount of Akfen Holding shares. Total of 2.504.827 nominal amount of Akfen Holding shares are kept as the surety in the deposit accounts.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	8,10	2013	18.889	19.251
Secured bank loans ⁽²⁾	USD	7,98	2013	7.556	7.619
Secured bank loans ⁽³⁾	USD	7,20	2014	434	447
Secured bank loans ⁽²⁾	USD	6,90	2014	22.667	23.522
Secured bank loans ⁽¹⁾	USD	7,80	2013	9.445	9.720
Secured bank loans ⁽²⁾	TL	1,20 ⁽⁴⁾	2012	1.140	1.206
Secured bank loans ⁽²⁾	TL	1,15 ⁽⁴⁾	2013	3.191	3.324
Secured bank loan ⁽²⁾	TL	1,18 ⁽⁴⁾	2013	3.689	3.783
Secured bank loans ⁽²⁾	TL	1,15 ⁽⁴⁾	2013	1.026	1.099
Secured bank loans ⁽²⁾	TL	1,18 ⁽⁴⁾	2013	932	954
Secured bank loans ⁽²⁾	TL	1,27 ⁽⁴⁾	2014	656	661
				69.625	71.586

⁽¹⁾ The loan, of which, sureties are given by Akfen Holding and Hamdi Akın.

⁽²⁾ The sureties are given by Akfen Holding.

⁽³⁾ The sureties are given by Hamdi Akın.

⁽⁴⁾ Monthly interest rates.

The repayment schedules of the bank loans are as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within 1 year	165	15.630	1.084	20.080
1 - 2 years	18.900	46.303	18.123	44.572
2 - 3 years	--	7.692	--	6.934
3 - 4 years	--	--	--	--
5 years and more	--	--	--	--
	19.065	69.625	19.207	71.586

Akfen GYO:

The detail of bank loans as at 31 December 2012 and 31 December 2011 are given below:

	Nominal Value		Carrying Amount	
	2012	2011	2012	2011
Akfen GYO	222.107	199.916	224.527	202.465
RHI	74.271	63.010	75.606	65.932
RPI	17.638	17.107	17.797	17.341
	314.016	280.033	317.930	285.738

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

Akfen GYO:

The breakdown of bank loans as at 31 December 2012 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	EUR	8,75	2014	23.517	24.046
Secured bank loans ⁽¹⁾	EUR	6,95	2014	11.759	11.817
Secured bank loans ⁽²⁾	EUR	Euribor +3,70	2015	21.165	21.454
Secured bank loans ⁽³⁾	EUR	Euribor +3,75	2022	154.783	156.078
Secured bank loans ⁽⁴⁾	TL	11,05-12,35	2013	2.450	2.504
Secured bank loans ⁽⁵⁾	TL	10,00	2016	8.433	8.628
				222.107	224.527

⁽¹⁾ Sureties given by Akfen Holding.

⁽²⁾ The loan was borrowed against the letter of guarantee provided from ING European Financial Services Plc and ING Bank A.Ş. for refinancing of the bank borrowings obtained from various banks for financing the construction of Merit Hotel (previously named as Mercure Hotel) in Northern Cyprus. The letter of guarantee provided from ING Bank A.Ş. is secured by the followings:

- According to the pledge of shares contract signed between Akfen GYO and ING Bank A.Ş. on 8 September 2008, 279,996 shares of Akfen GYO in Akfen Ticaret amounting TL 7.000 were pledged to ING Bank A.Ş. Kızılay Branch.
- Rental revenue of the casino in Merit Hotel in Northern Cyprus is transferred to the creditors,
- Rental revenue of Merit Hotel in Northern Cyprus is transferred to the creditors,
- Sureties for the total outstanding loan amount were given by Akfen GYO,
- The right of tenancy of TRNC Merit Hotel is pledged in favor of ING Bank A.Ş.

⁽³⁾ The Company signed a loan agreement of EUR 100 million on 30 July 2008 with Türkiye İş Bankası AŞ ("İş Bankası") and Türkiye Sınai Kalkınma Bankası AŞ ("TSKB") to finance the ongoing hotel projects based on the Memorandum of Understanding signed between the Company and ACCOR S.A. to develop hotel projects in Turkey. As at 31 December 2012, used portion of the loan is EUR 6,9 million. Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and the land on which hotels are going to be built in Esenyurt and Adana are pledged in favor of the creditors,
- Rental revenue of these hotels is pledged to the creditors,
- Demand deposits in banks and financial institutions related with these projects are pledged in favour of the creditors,
- As at 31 December 2012, Akfen Holding and Akfen İnşaat, the shareholders of the Akfen GYO, gave guarantee of completion for İzmir and Ankara Esenboğa Hotel projects.

⁽⁴⁾ Sureties given by Akfen Holding and Akfen İnşaat

⁽⁵⁾ To finance the construction of TRNC Merit Hotel loans borrowed from Türkiye Kalkınma Bankası A.Ş. are secured by following:

- Letter of guarantees from various banks are obtained for 105% loan amount,
- The surety is given by Akfen İnşaat, the shareholder of Akfen GYO, for the total outstanding loan amount.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	EUR	Euribor +3,70	2015	29.326	29.835
Secured bank loans ⁽²⁾	EUR	Euribor +3,75	2020	158.349	160.092
Secured bank loans ⁽³⁾	TL	10,00	2016	12.241	12.538
				199.916	202.465

⁽¹⁾The loan was borrowed against the letter of guarantee provided from ING European Financial Services Plc and ING Bank A.Ş. for refinancing of the bank borrowings obtained from various banks for financing the construction of Mercure Hotel in Northern Cyprus.

The letter of guarantee provided from ING Bank A.Ş. is secured by the followings.

- According to the pledge of shares contract signed between Akfen GYO and ING bank A.Ş. on 8 September 2008, 279,996 shares of Akfen GYO in Akfen Ticaret amounting TL 7.000 were pledged to ING Bank A.Ş. Kızılay Branch.
- Rental revenue of the casino in Mercure Hotel in Northern Cyprus is transferred to the creditors.
- Rental revenue of Mercure Hotel in Northern Cyprus is transferred to the creditors.
- Sureties for the total outstanding loan amount were given by Akfen GYO.
- The right of tenancy of TRNC Mercure Hotel is pledged in favor of ING Bank A.Ş.

⁽²⁾ The Company signed a loan agreement of EUR 100 million on 30 July 2008 with Türkiye İş Bankası AŞ ("İş Bankası") and Türkiye Sınai Kalkınma Bankası AŞ ("TSKB") to finance the ongoing hotel projects based on the Memorandum of Understanding signed between the Company and ACCOR S.A. to develop hotel projects in Turkey. As at 31 December 2012, used portion of the loan is EUR 74,10 million. Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and the land on which hotels are going to be built in Esenyurt and Adana are pledged in favor of the creditors.
- Rental revenue of these hotels is pledged in favour of creditor.
- Demand deposits in banks and financial institutions related with these projects are pledged in favour of the creditors.
- As at 31 December 2011, Akfen Holding and Akfen İnşaat, the shareholders of the Akfen GYO, gave guarantee of completion for Adana, İzmir and Beylikdüzü Hotel projects.

Akfen GYO gave Loft 1, 2 and 3 independent areas as the surety in favour of creditors.

⁽³⁾To finance the construction of TRNC Merit Hotel loans borrowed from Türkiye Kalkınma Bankası A.Ş. are secured by following:

- Letter of guarantees from various banks are obtained for 105% loan amount.
- The surety is given by Akfen İnşaat, the shareholder of Akfen GYO, for the total outstanding loan amount.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

RHI:

The breakdown of bank loans as at 31 December 2012 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	EUR	Euribor +6,50	2021	29.335	29.915
Secured bank loans ⁽²⁾	EUR	Euribor+6,50	2022	21.419	21.842
Secured bank loans ⁽³⁾	EUR	Euribor+6,50	2023	23.517	23.849
				74.271	75.606

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan ⁽⁴⁾	EUR	Euribor +7,50	2012	63.010	65.932
				63.010	65.932

⁽¹⁾ Loan limit amounting EUR 12.600.000 given within the scope of agreement signed with European Bank for Construction and Development ("EBRD") and International Finance Corporation ("IFC") related to Samara Hotel project has been used by RHI on 26 February 2012. Loans borrowed within the scope of agreement were secured by the following:

- Akfen Holding gave surety equal to loan amount.
- RHI pledged, the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively in favor of creditors.
- Land that Samara Hotel is built on and hotel building that belongs to the Group, were pledged in favor of creditors.
- Rent revenue of Samara Ibis Hotel is alienated in favor of the creditor.

⁽²⁾ Loan limit amounting EUR 9.200.000 given within the scope of agreement signed with EBRD and IFC related to Yaroslavl Hotel project has been used by RHI on 7 September 2012. Loans borrowed within the scope of agreement were secured by the following:

- Akfen Holding gave surety equal to loan amount.
- RHI pledged the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively in favor of creditors.
- Land that Yaroslavl Hotel is built on, belonging to Akfen GYO, and hotel building are given as sureties in favor of creditors.
- Operating rent revenue is alienated in favor of the creditor.

⁽³⁾ Loan limit amounting EUR 10.000.000 given within the scope of agreement signed with EBRD and IFC related to Kaliningrad Hotel project has been used by RHI on 31 December 2012. Loans borrowed within the scope of agreement were secured by the following:

- Akfen Holding gave surety equal to loan amount.
- RHI pledged the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5%, respectively in favor of creditors.
- Land that Kaliningrad Hotel is built on that belongs to Akfen GYO and hotel building are pledged in favour of creditors.
- Rent revenue is alienated in favor of the creditor.

Within the loan agreements done with EBRD and IFC on 27 April 2010, in 2012 Akfen GYO has refinanced loans borrowed from Credit Europe Bank NV. Loans limits dedicated by EBRD and IFC are equal and amounting EUR 31.800.000 in total. For Samara Hotel Project, Yaroslavl Hotel Project and Kaliningrad Hotel Project loan limits on project basis are EUR 12.600.000, EUR 9.200.000 and EUR 10.000.000, respectively.

⁽⁴⁾ It is the loan borrowed from Credit Europe Bank NV for Russian Hotel. Land located in Samara for the hotel project and shares of YaroslavlOtelInvest and SamstroyKom, which are 100% owned by RHI were given as sureties. Akfen GYO and Akfen Ticaret gave joint guarantees equal to loan amount.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

RPI:

The breakdown of bank loans as at 31 December 2012 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	EUR	Euribor+7,50	2013	17.638	17.797
				17.638	17.797

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	EUR	Euribor +7,50	2012	17.107	17.341
				17.107	17.341

⁽¹⁾ It is the loan of RPI borrowed from Credit Europe Bank NV. RPI presented the land in Samara city where it shall make construction and 100% shares of Volgostroykom as the security. Akfen GYO and Akfen Ticaret have joint and several sureties in the amount of bank loan

The repayment schedules of the bank loans are as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within 1 year	69.087	112.646	74.075	118.982
1 - 2 years	54.726	30.250	53.384	30.389
2 - 3 years	37.389	29.672	37.092	29.386
3 - 4 years	31.245	29.702	31.216	29.257
5 years and more	121.569	77.763	122.163	77.724
	314.016	280.033	317.930	285.738

HEPP Group

The breakdown of bank loans as at 31 December is given below:

	Nominal Value		Carrying Amount	
	2012	2011	2012	2011
HES I	87.154	314.903	85.728	310.341
HES II	155.504	145.542	156.330	146.422
HES IV	65.370	--	64.553	--
HES V	106.709	--	105.161	--
	414.737	460.445	411.772	456.763

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

HES I

The breakdown of bank loans as at 31 December 2012 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans	EUR	Euribor+6,50	2013-2020	87.154	85.728
				87.154	85.728

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans	EUR	Euribor+6,50	2013-2020	314.903	310.341
				314.903	310.341

The loans of HES I companies are secured up to 74,11 %, against the interest rate fluctuations by the interest swap agreements made. All shares owned by Akfen Group in Beyobası and HES I subsidiaries put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank A.Ş. ('Denizbank') and Finansbank reward credit of companies in group HES I as guarantee within the context of project finance and in addition to share pledge the guarantees below have been given:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables,
- Assignment of receivables arising from the letter of guarantee,
- Assignment of VAT receivables,
- Assignment of receivables arising from the EPC contract
- Assignment of Go-risk receivables,
- Assignment of Project incomes,
- Commercial enterprise pledge.
- Assignment of 1st degree pledge on real estate
- As at 31 December 2012, completion guarantees of Akfen Holding and Akfen İnşaat continues.
- Completion guarantee of Akfen İnşaat will be over after the payment of two principal and interest payments following the start of operation of last HES project, Sekiyaka HES. Completion guarantee of Akfen Holding will be over after the Company pays two principal and interest payments by its own revenue. There is guarantee of completion of HES I that lasts during the whole loan period.

There is a cross surety between HES I and HES V (Beyobası and Çamlıca) during the loan period and they also have surety for HES IV (İdeal). Besides, in the scope of principal shareholder guarantee, HES I-IV-V guarantee all borrowings and liabilities of borrower, Beyobası. In order to ensure desired level of Debt Payment Enablement Ratios determined by loan agreements, Akfen Holding will (i) Increase the capital, (ii) make payment of shareholder debt ant time during the loan life.

The loan consists of two separate parts as the Major Loan and VAT Loan. The maturity of the Major Loan is 2020 and VAT Loan's is 2013.

The repayment schedules of the HES I bank loans are as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within 1 year	14.202	47.590	19.984	69.413
1 – 2 years	10.809	42.351	10.666	42.352
2 – 3 years	10.809	34.199	10.666	34.199
3 – 4 years	10.809	34.199	10.666	34.199
5 years and more	40.525	156.564	33.746	130.178
	87.154	314.903	85.728	310.341

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

HES II

The breakdown of bank loans as at 31 December 2012 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans	EUR	Euribor+5,50	2021	155.504	156.330
				155.504	156.330

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans	EUR	Euribor+5,50	2021	145.542	146.422
				145.542	146.422

All shares owned by Akfen Group in HES II and HES II subsidiaries put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank consortium reward credit of companies in group HES II as guarantee within the context of project finance and in addition to share pledge the guarantees below have been given:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables
- Assignment of receivables arising from the letter of guarantee
- Assignment of VAT receivables
- Assignment of receivables arising from the EPC contract
- Assignment of Go-risk receivables
- Assignment of project incomes
- Assignment of 1st degree pledge on real-estate
- As at 31 December 2012, completion guarantees of Akfen Holding and Akfen İnşaat continues.
- Completion guarantee of Akfen İnşaat will be over after the payment of two principal and interest payments following the start of operation of the last HES project. Completion guarantee of Akfen Holding will be over after the Company pays two principal and interest payments by its own revenue. There is guarantee of completion of HES II that lasts during the loan period.

There is a cross surety between HES II companies (BT Bordo, Elen, Pak, Yenidoruk, Zeki) during the life of the loan. Besides, HES II guarantees all the loans and borrowings undertaken. In order to make HES II reach the desired level of Debt Payment Enablement Ratios determined by loan agreements, Akfen Holding will (i) Increase the capital, (ii) make payment of shareholder debt ant time during the loan life.

The repayment schedule of the HES II bank loans is as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within 1 year	17.765	3.894	26.694	14.383
1 - 2 years	17.765	16.172	17.765	16.172
2 - 3 years	17.765	16.172	17.765	16.172
3 - 4 years	17.765	16.172	17.765	16.172
5 years and more	84.444	93.132	76.341	83.523
	155.504	145.542	156.330	146.422

Akfen Holding Anonim Şirketi

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as at 31 December 2012

(Currency: Thousands of TL)

HES IV

The breakdown of bank loans as at 31 December 2012 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans	EUR	Euribor+6,50	2013-2020	65.370	64.553
				65.370	64.553

The loans of HES IV companies are secured up to 75 %, against the interest rate fluctuations by the interest swap agreements made. All shares owned by Akfen Holding in İdeal and HES IV subsidiaries put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank A.Ş. ('Denizbank') and Finansbank reward credit of companies in group HES IV as guarantee within the context of project finance and in addition to share pledge the guarantees below have been given:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables
- Assignment of receivables arising from the letter of guarantee
- Assignment of VAT receivables
- Assignment of receivables arising from the EPC contract
- Assignment of Go-risk receivables
- Assignment of project incomes
- Commercial enterprise pledge
- Assignment of 1st degree pledge on real-estate
- The completion guarantee of Akfen Holding continues as at 31 December 2012.
- Completion guarantee of Akfen Holding will be over after the Company pays two principal and interest payments by its own revenue. There is guarantee of completion of HES IV that lasts during the whole loan period.

Within the scope of principal shareholder guarantee, HES I-IV-V guarantees all borrowings and liabilities of borrower, In order to ensure desired level of Debt Payment Enablement Ratios determined by loan agreements, Akfen Holding, HES IV and shareholders of İdeal will (i) Increase the capital, (ii) make payment of shareholder debt ant time during the loan period.

The loan consists of two separate parts as the Major Loan and VAT Loan. The maturity of the Major Loan is 2020 and VAT Loan's is 2013.

The repayment schedule of the HES IV bank loans is as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within 1 year	9.857	--	14.294	--
1 - 2 years	8.540	--	8.540	--
2 - 3 years	8.540	--	8.540	--
3 - 4 years	8.540	--	8.540	--
5 years and more	29.893	--	24.639	--
	65.370	--	64.553	--

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

HES V

The detail of bank loans as at 31 December 2012 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans	EUR	Euribor+6,50	2013-2020	106.709	105.161
				106.709	105.161

The loans of HES V companies are secured up to 69,48 %, against the interest rate fluctuations by the interest swap agreements made. All shares owned by Akfen Holding in Çamlıca and HES V subsidiaries put in pledge to İş Bankası guarantee attorney of Consortium composed of TSKB, İş Bankası, YKB, Denizbank A.Ş. ('Denizbank') and Finansbank reward credit of companies in group HES V as guarantee within the context of project finance and in addition to share pledge the guarantees below have been given:

- Deposit pledge on accounts of the Company,
- Assignment of insurance receivables,
- Assignment of receivables arising from the letter of guarantee,
- Assignment of VAT receivables,
- Assignment of receivables arising from the EPC contract,
- Assignment of Go-risk receivables,
- Assignment of Project incomes
- Commercial enterprise pledge
- Assignment of 1st degree pledge on realstate
- Completion guarantee of Akfen Holding continues as at 31 December 2012.
- Completion guarantee of Akfen Holding will be over after the Company pays two principal and interest payments by its own revenue. There is no guarantee of completion of HES V that lasts during the whole loan period.

There is a cross surety between HES I and HES V companies (Beyobası, Çamlıca) during the life of the loan, and surety for HES IV company (İdeal). Besides, within the scope of principal shareholder guarantee, HES I-IV-V guarantees all borrowings and liabilities of HES V and Çamlıca. In order to ensure desired level of Debt Payment Enablement Ratios determined by loan agreements Akfen Holding, HES IV and shareholders of Çamlıca will (i) Increase the capital, (ii) make payment of shareholder debt ant time during the loan.

The loan consists of two separate parts as the Major Loan and VAT Loan. The maturity of the Major Loan is 2020 and VAT Loan's is 2013.

The repayment schedule of the HES V bank loans is as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within 1 year	16.945	--	24.100	--
1 - 2 years	13.810	--	13.810	--
2 - 3 years	13.810	--	13.810	--
3 - 4 years	13.810	--	13.810	--
5 years and more	48.334	--	39.631	--
	106.709	--	105.161	--

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

Akfen Su

The breakdown of bank loans as at 31 December 2012 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	EUR	Euribor+4,00	2020	14.531	14.342
Secured bank loans	TL	10,68-11,68	2013	4	4
				14.535	14.346

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	EUR	Euribor+4,00	2020	15.878	15.629
Secured bank loans	TL	10,68-11,68	2013	12	12
				15.890	15.641

⁽¹⁾ Akfen Su Arbiogaz Dilovası and Akfen Su Güllük signed a loan agreement with EBRD in 2010 October in the amount of EUR 13.500.000 and EUR 2.500.000, respectively. Akfen Su Arbiogaz Dilovası used EUR 10.500.000 (Group share: EUR 5.250.000), of this loan in 2010 December and Akfen Su Güllük used EUR 2.500.000 (Group share: EUR 1.250.000) of this loan in April 2011.

The following guarantees were presented for the use of this loan:

- Pledge of shares of Akfen Su Arbiogaz Dilovası and Akfen Su Güllük
- Deposit pledge on accounts of the project
- Assignment of receivables from common loans
- Assignment of insurance receivables
- Assignment of receivables arising from Build – Operate – Transfer Agreement signed with Dilovası Directorate of Organizaed Industrial Zone

Akfen Holding and Tahal Group Assets B.V. (“Tahal”) gave sureties by 50% for each as a guarantee for reaching the debt to profit before interest and amortization, debt to equity and debt service coverage (DSCR) ratios that are stated for once only and any financial year on loan agreement and for the payment of first principal payment on December 2012 or hedging the debt service reserve account (DSRA) with an amount equal to that payment.

The repayment schedules of the bank loans are as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within 1year	1.578	786	1.575	1.524
1 – 2 years	1.681	1.639	1.636	2.168
2 – 3 years	1.772	1.747	1.731	2.074
3 – 4 years	1.895	1.842	1.859	1.970
5 years and more	7.609	9.876	7.545	7.905
	14.535	15.890	14.346	15.641

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

MIP

The breakdown of bank loans as at 31 December 2012 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	Libor+1,0	2013	104.383	104.590
Secured bank loans ⁽²⁾	USD	Libor+2,5	2019	441.762	434.181
				546.145	538.771

The breakdown of bank loans as at 31 December 2011 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	Libor+1,0	2013	108.729	108.963
Secured bank loans ⁽²⁾	USD	Libor+2,5	2019	493.181	483.628
				601.910	592.591

MIP has obtained two bank borrowings namely Senior Debt Loan and Mezzanine Loan amounting to USD 600.000.000 (Group share: USD 300.000.000) and USD 100.000.000, respectively (Group share: USD 50.000.000).

As at 31 December 2012 balances of Senior Debt Loan and Mezzanine Loan are USD 495.638.667 (Group's share: USD 247.819.333) and USD 117.113.495 (Group's share: USD 58.556.748), respectively.

⁽¹⁾The Mezzanine loan's principal payment is at the maturity and accrued interests are added to loan amount. Surety for the Mezzanine loan is given by PSA, for that reason, letter of guarantee given by Akfen Holding was addressed to PSA amounting 50% of the loan.

⁽²⁾The Senior Debt Loan is the Project Financing loan and the pledge of MIP shares, accounting pledge, project income and assignment of receivables, insurance receivables form the security. 81% of the loan is hedged with interest rate swap against interest rate risk until the maturity of the loan.

The repayment schedule of bank loans is as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within 1 year	135.385	25.075	134.155	23.791
1 – 2 years	40.884	141.580	39.489	140.056
2 – 3 years	45.050	43.322	43.746	41.844
3 – 4 years	56.025	47.736	54.839	46.355
5 years and more	268.801	344.197	266.542	340.545
	546.145	601.910	538.771	592.591

Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

TAV Yatırım

The breakdown of bank loans is given below:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
TAV İnşaat	50.283	113.070	51.399	115.028
	50.283	113.070	51.399	115.028

TAV İnşaat

The breakdown of bank loans as at 31 December 2012 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	4,65%	2013	1.932	1.972
Secured bank loans ⁽¹⁾	USD	Libor + 3,9	2013	3.864	3.903
Secured bank loans ⁽¹⁾	USD	Libor + 3,65	2013	3.862	3.892
Secured bank loans ⁽¹⁾	USD	5,45%	2013	1.932	2.088
Secured bank loans ⁽¹⁾	USD	5,63%	2013	1.932	2.090
Secured bank loans ⁽¹⁾	USD	5,62%	2013	2.898	3.129
Secured bank loans ⁽¹⁾	USD	6,40%	2013	5.796	5.843
Secured bank loans ⁽¹⁾	USD	5,20%	2013	1.932	1.956
Secured bank loans ⁽¹⁾	USD	5,90%	2014	3.864	3.924
Secured bank loans ⁽¹⁾	USD	5,70%	2014	3.864	3.934
Secured bank loans ⁽¹⁾	EUR	Euribor+3,25	2013	3.313	3.351
Secured bank loans ⁽¹⁾	EUR	6,05	2013	2.549	2.618
Secured bank loans ⁽²⁾	OMR	4,95%	2013	2.007	2.020
Secured bank loans ⁽²⁾	OMR	4,95%	2013	1.004	1.010
Secured bank loans ⁽²⁾	OMR	4,95%	2013	2.509	2.526
Secured bank loans ⁽²⁾	OMR	4,95%	2013	2.509	2.531
Secured bank loans ⁽²⁾	OMR	4,95%	2013	3.011	3.097
Secured bank loans ⁽²⁾	OMR	4,95%	2013	1.505	1.515
				50.283	51.399

⁽¹⁾ Sureties given by TAV Yatırım

⁽²⁾ These loans were borrowed by the branch of TAV İnşaat, TAV Dubai, with the surety of TAV İnşaat.

Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

The breakdown of loans as at 31 December 2011 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	3,50-3,75	2012	8.028	7.987
Secured bank loans ⁽¹⁾	USD	4,25	2012	8.028	8.064
Secured bank loans ⁽¹⁾	USD	5,90	2012	4.014	4.053
Secured bank loans ⁽¹⁾	USD	3,60	2012	12.041	12.638
Secured bank loans ⁽¹⁾	USD	Libor+4,07	2012	4.014	4.044
Secured bank loans ⁽¹⁾	USD	3,75	2012	4.014	4.088
Secured bank loans ⁽²⁾	USD	5,00	2012	4.014	4.069
Secured bank loans ⁽²⁾	USD	4,95	2012	9.633	9.741
Unsecured bank loans	USD	3,75	2012	8.028	8.286
Secured bank loans ⁽¹⁾	USD	4,65	2013	4.014	4.192
Secured bank loans ⁽¹⁾	USD	Libor +3,90	2013	8.028	8.108
Secured bank loans ⁽¹⁾	USD	5,45	2013	4.014	4.105
Secured bank loans ⁽¹⁾	USD	5,63	2013	4.014	4.103
Secured bank loans ⁽¹⁾	USD	5,62	2013	6.021	6.142
Secured bank loans ⁽¹⁾	USD	Libor+3,65	2013	8.028	8.083
Secured bank loans ⁽¹⁾	EUR	Euribor+3,25	2013	6.751	6.826
Secured bank loans ⁽¹⁾	EUR	3,75	2013	5.193	5.213
Secured bank loans ⁽¹⁾	EUR	6,05	2013	5.193	5.286
				113.070	115.028

⁽¹⁾ Sureties given by TAV Yatırım

⁽²⁾ Sureties given by Akfen İnşaat, Tepe and TAV Yatırım.

The repayment schedule of loans is as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within 1 year	42.555	67.007	43.660	68.966
1 - 2 years	7.728	46.063	7.739	46.062
2 - 3 years	--	--	--	--
3 - 4 years	--	--	--	--
5 years and more	--	--	--	--
	50.283	113.070	51.399	115.028

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

TAV Havalimanları

For the periods ending 31 December, the breakdown of loans is as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
TAV Havalimanları	38.988	63.137	39.794	63.821
TAV İstanbul	65.568	241.329	65.209	240.630
TAV Esenboğa	22.737	80.234	22.320	78.678
TAV İzmir	--	26.394	--	26.665
TAV Ege	8.380	--	6.909	--
TAV Gazipaşa	3.213	10.588	3.268	10.850
TAV Tunus	69.312	237.565	68.554	234.842
TAV Tiflis	3.157	13.992	3.190	14.146
TAV Makedonya	13.149	44.681	12.489	42.485
HAVAŞ	14.112	49.366	14.138	49.466
ATÜ. Turizm İşletmeciliği A.Ş. ("ATÜ")	3.450	15.266	3.486	15.412
TİBAH Development	16.879	--	16.786	--
Other	260	1.322	259	1.327
	259.205	783.874	256.402	778.322

TAV Holding

As at 31 December 2012, the detail of TAV Holding's loans is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Unsecured bank loans	EUR	4,25 - 7,10	2013-2014	36.374	37.180
Unsecured bank loans	TL	6,00	2013	2.598	2.598
Spot loan	TL	--	--	16	16
				38.988	39.794

As at 31 December 2011, the detail of TAV Holding's loans is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Unsecured bank loans	EUR	4,25-6,95	2012-2014	54.256	54.766
Unsecured bank loans	USD	3,75-4,25	2012	8.881	9.055
				63.137	63.821

Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

TAV İstanbul

The detail of bank loan of TAV İstanbul as at 31 December 2012 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ^(*)	EUR	Euribor + 2,50	2018	65.454	65.095
Spot loan	TL	--	--	114	114
				65.568	65.209

^(*)The interest rate is Euribor + 2,50% until 4 January 2013 and Euribor + 2,65% between 4 January 2013 and 4 January 2016 and Euribor + 2,75% between 4 January 2016 and 4 July 2018.

The detail of bank loan of TAV İstanbul as at 31 December 2011 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan ^(*)	EUR	Euribor + 2,50	2018	241.329	240.630
				241.329	240.630

^(*)The interest rate is Euribor + 2,50% until 4 January 2013 and Euribor + 2,65% between 4 January 2013 and 4 January 2016 and Euribor + 2,75% between 4 January 2016 and 4 July 2018.

TAV Esenboğa

The breakdown of bank loans of TAV Esenboğa as at 31 December 2012 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	Euribor + 2,35	2021	22.693	22.276
Spot loan	TL	--	--	44	44
				22.737	22.320

The breakdown of bank loan of TAV Esenboğa as at 31 December 2011 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	Euribor + 2,35	2021	80.234	78.678
				80.234	78.678

TAV İzmir

There is no bank loan of TAV İzmir as at 31 December 2012.

The breakdown of bank loan of TAV İzmir as at 31 December 2011 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	Euribor + 3,00	2013	26.394	26.665
				26.394	26.665

Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

TAV Ege

As at 31 December 2012, the detail of TAV Ege loan is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans	EUR	Euribor + 5,50	2027-2028	8.380	6.909
				8.380	6.909

Pledges regarding the project bank loans of TAV İstanbul, TAV İzmir, TAV Ege and TAV Esenboğa:

a) Share pledge: TAV İstanbul, TAV Esenboğa and TAV Ege have pledges over shares amounting to TL 180.000 (Group's share: TL 14.615), TL 241.650 (Group's share: TL 19.620) and TL 87.270 (Group's share: TL 7.086) respectively (31 December 2011: For TAV İstanbul, TAV Esenboğa and TAV İzmir, TL 180.000, TL 241.650 and TL 150.000, respectively. (Group's shares: TL 47.015, TL 63.117, and TL 39.179, respectively)). In case of an event of default, the banks have the right to take control of the shares. Upon the occurrence of any event of default, the banks can demand the sale of shares by way of public auction in accordance with the applicable provisions of the Bankruptcy and Execution Law of the Republic of Turkey or by way of private auction among the nominees. Share pledges will expire after bank loans are paid or on the dates of maturity.

b) Receivable pledge: In case of an event of default, the banks have the right to take control of the receivables of project companies in order to perform its obligations under the loan documents. Immediately upon the occurrence of default, and all payments relating to assigned receivables shall be made to the banks which shall be entitled to collect the assigned receivables and exercise all rights with respect to assigned receivables. There are pledges of receivables of TAV İstanbul, TAV Esenboğa and TAV amounting TL 79.888 (Group's share: TL 6.486), 8.899 (Group's share: TL 723) and TL 1.728 (Group's share: TL 140), respectively. (31 December 2011: Pledges on receivables of TAV İstanbul, TAV İzmir and TAV Esenboğa are amounting TL 65.006 (Group's share: TL 5.267), TL 2.750 (Group's share: TL 223) and TL 7.840 (Group's share: TL 636)).

c) Pledge over bank accounts: In case of an event of default, the banks have the right to control the bank accounts of project companies in order to perform its obligations under the loan documents. Upon the occurrence of event of default project companies shall be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts. There are pledges on bank accounts of TAV İstanbul, TAV Esenboğa and TAV Ege amounting TL 697.983 (Group's share: TL 56.670), TL 57.680 (Group's share: TL 4.683) and TL 80.110 (Group's share: TL 6.504), respectively (31 December 2011: The pledges on bank accounts of TAV İstanbul, TAV İzmir and TAV Esenboğa are TL 641.516 (Group's share: TL 167.564), TL 94.202 (Group's share: TL 24.606) and TL 48.279 (Group's share: TL 12.610)).

With the consent of the facility agent, TAV İstanbul and TAV Esenboğa have a right to have an additional:

- subordinated debt approved in advance by the Facility Agent,
- indebtedness up to USD 500 for the acquisition cost of any assets or leases of assets,
- indebtedness up to USD 3.000 for the payment of tax and social security liabilities.

Distribution lock-up tests for TAV İstanbul, TAV Esenboğa, TAV Tunisia, TAV Tbilisi and TAV Macedonia must satisfy following conditions before making any distribution:

- no default has occurred and is continuing,
- no default would result from such declaration, making or payment,
- the reserve accounts are each fully funded,
- all mandatory prepayments required to have been made,
- debt service cover ratio is not less than 1.30 for TAV İstanbul, 1.25 for TAV Esenboğa, 1.20 for Tunisia, 1.30 for TAV Tbilisi and 1.20 for TAV Macedonia,
- the first repayment has been made,
- all financing costs have been paid in full,
- any tax payable in connection with the proposed distribution has been paid

Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

TAV Gazipaşa

The breakdown of bank loans TAV Gazipaşa as at 31 December 2012 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	5,30-6,00	2013	1.995	2.050
Secured bank loan	TL	8,00	2013	1.218	1.218
				3.213	3.268

The breakdown of bank loans TAV Gazipaşa as at 31 December 2012 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	5,40-6,75	2013	6.670	6.861
Secured bank loan	TL	11,00	2013	3.918	3.989
				10.588	10.850

TAV Tunisia

The breakdown of bank loans TAV Tunisia as at 31 December 2012 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	Euribor + 1,90	2022	19.543	19.344
Secured bank loan	EUR	Euribor + 2,28	2028	31.112	30.762
Secured bank loan	EUR	Euribor + 1,54	2028	12.938	12.793
Secured bank loan	EUR	Euribor + 4,75	2028	5.719	5.655
				69.312	68.554

Pledges regarding the project bank loans of TAV Tunisia:

Similar to above, TAV Tunisia has granted share pledge, account pledge and pledge of rights from the Concession Agreement to the lenders. TAV Tunisia has pledge over shares amounting to TND 245.000.000. Share pledge will expire after bank loan is paid or on the date of maturity. TAV Tunisia has a right to have additional indebtedness:

- with a maturity of less than one year for an aggregate amount not exceeding EUR 3.000.000 (up to 1 January 2020) and not exceeding EUR 5.000.000 (thereafter),
- under finance or capital leases of equipment if the aggregate capital value of the equipment leased does not exceed EUR 5.000.000,
- incurred by, or committed in favor of, TAV Tunisia under an Equity Subordinated Loan Agreement, and,
- disclosed in writing by TAV Tunisia to the Intercreditor Agent and in respect of which it has given its prior written consent.

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The breakdown of bank loan of TAV Tunisia as at 31 December 2011 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	Euribor + 1,90	2022	68.604	67.849
Secured bank loan	EUR	Euribor + 2,28	2028	105.833	104.600
Secured bank loan	EUR	Euribor + 1,54	2028	44.011	43.498
Secured bank loan	EUR	Euribor + 4,75	2028	19.117	18.895
				237.565	234.842

TAV Tbilisi

The breakdown of bank loan of TAV Tbilisi as at 31 December 2012 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	USD	Libor + 4,50	2015	3.157	3.190
				3.157	3.190

The breakdown of bank loan of TAV Tbilisi as at 31 December 2011 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	USD	Libor + 4,50	2015	13.992	14.146
				13.992	14.146

Pledges regarding the project loans of TAV Tbilisi:

- Share pledge: to take control of 75 percent plus one share of the charter capital of TAV Tbilisi
- Revenue pledge: to take control of the revenues derived from Tbilisi International Airport operations as stipulated in the BOT Agreement.
- Pledge over bank accounts: to take control of TAV Tbilisi's bank accounts in JSC Bank of Georgia, JSC Bank Republic and JSC TBC Bank and be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts.
- Pledge over insurance proceeds: to receive all insurance compensation and any other amounts payable under the insurance policies of TAV Tbilisi.
- Pledge over BOT rights to control all interests and benefits of TAV Tbilisi pursuant to the BOT Agreement.
- Pledge over rights under the construction guarantees: to control all right, title and interest under each construction guarantee.

The shareholders of TAV Tbilisi, TAV Holding, Urban İnşaat Sanayi ve Ticaret A.Ş., and Aeroser International Holding (UK) Limited concluded Guarantee, Share Retention, Support and Subordination Deed with EBRD and IFC in respect of the loans extended to TAV Tbilisi. Accordingly, all shareholders irrevocably and unconditionally guarantee, on joint and several basis:

- to pay to creditors on demand, and in the currency in which the same falls due for payment by TAV Tbilisi, all monies and liabilities which shall have been advanced to, become due, owing or incurred by TAV Tbilisi to or in favor of creditors;
- to indemnify creditors in full on demand against all losses, costs and expenses suffered or incurred by EBRD and IFC arising from or in connection with any one or more of the purported liabilities or obligations of TAV Tbilisi to creditors under the loan and related agreements.

Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

TAV Macedonia

The breakdown of bank loans of TAV Macedonia as at 31 December 2012 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	Euribor + 5,50	2020	13.149	12.489
				13.149	12.489

The breakdown of bank loans of TAV Macedonia as at 31 December 2011 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	Euribor + 5,50	2020	44.681	42.485
				44.681	42.485

Pledges regarding the project bank loan of TAV Macedonia:

TAV Macedonia has granted share pledge in favor of the lenders. In addition, receivables of TAV Macedonia amounting to TL 1.938 (Group share: TL 161) (31 December 2011: TL 3.632 (Group share: TL 871)) have been pledged and all the commercial contracts and insurance policies have been assigned to the lenders.

HAVAŞ

The breakdown of bank loans of HAVAŞ as at 31 December 2012 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	5,75	2013	1.146	1.163
Secured bank loan	EUR	Euribor + 5,75	2017	2.803	2.777
Secured bank loan	EUR	Euribor + 4,75	2018	9.932	9.967
Spot loan	TL	--	--	231	231
				14.112	14.138

The breakdown of bank loans of HAVAŞ as at 31 December 2011 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	Euribor + 5,75	2017	11.068	10.968
Secured bank loan	EUR	Euribor + 4,75	2018	38.298	38.498
				49.366	49.466

On 24 March 2010, HAVAŞ utilized a bank loan amounting to EUR 60.000 (Group share: EUR 4.871) with an interest rate of Euribor + 4.75% and a maturity of March 2018 from Türkiye İş Bankası A.Ş.. Following securities are provided in favor of the lender:

- TAV Holding has provided surety of EUR 10.000.
- Second ranking pledge was established on 50% of the shares in TGS.
- Dividend receivables arising from subsidiaries and jointly controlled entities of HAVAŞ are assigned to repayment of the outstanding loan.
- Second ranking pledge was established on the shares of HAVAŞ.

In accordance with the loan agreement, HAVAŞ will have the right for the distribution of dividends only if there is a net cash balance in the related bank's accounts at least EUR 5.000, the first three repayment installments have been fully paid, all other payments related to financial liabilities are made till the maturity date and no event of default has occurred.

Akfen Holding Anonim Şirketi

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(Currency: Thousands of TL)

The loan agreement includes covenants, including restrictions on the ability of HAVAŞ to incur additional indebtedness; to make certain other restricted payments, loans; to create liens; to give guarantees; to dispose of assets, and to acquire a business or an undertaking.

On 9 December 2009, HAVAŞ utilized a bank loan amounting to EUR 20.000 with an interest rate of Euribor + 5.75% and maturity of December 2017 from Türkiye İş Bankası A.Ş.. Following securities are provided in favor of the lender:

- First degree and first ranking pledge was established on 50% of the shares in TGS.
- Time and demand deposit amounting to TL 16.585 (Group's share: TL 1.347) is blocked as a guarantee.
- TAV Havalimanları was provided surety for the total outstanding loan amount.
- Dividend receivables arising from subsidiaries and jointly controlled entities are assigned to repayment of the outstanding loan.
- Pledge has been registered with first priority against but not limited to business entity and entity name registered in trade register, machinery and equipment, furnitures and fixtures and vehicles of HAVAŞ.
- First ranking pledge was established on the shares of HAVAŞ.

The loan agreement includes covenants, including restrictions on the ability of HAVAŞ to incur additional indebtedness; to make certain other restricted payments, loans; to create liens; to give guarantees; to dispose of assets, and to acquire a business or an undertaking.

Related with the bank loans amounting to EUR 60.000 with an interest rate of Euribor + 4.75% and a maturity of March 2018 and the bank loan amounting to EUR 20.000 with an interest rate of Euribor + 5.75% and a maturity of December 2017 from Türkiye İş Bankası A.Ş., 65% shares of HAVAŞ with a nominal amount of TL 118.711 have been pledged in favor of Türkiye İş Bankası A.Ş. by TAV Havalimanları. However, the voting right for these shares remains at TAV Havalimanları.

ATÜ

The breakdown of bank loans of ATÜ as at 31 December 2012 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	4,80-6,00	2015-2018	2.240	2.280
Secured bank loan	EUR	Euribor+2,70	2015	1.205	1.201
Secured bank loan	TND	5,73	2013	5	5
				3.450	3.486

The breakdown of bank loans of ATÜ as at 31 December 2011 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	EUR	4,80-6,00	2012-2018	9.703	9.867
Secured bank loan	EUR	Euribor + 2,70	2015	5.373	5.354
Secured bank loan	TND	5,93	2013	190	191
				15.266	15.412

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TIBAH Development

The breakdown of bank loans of Tibah Development as at 31 December 2012 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loan	SAR	Saibor +0,87	2015	16.334	16.239
Secured bank loan	SAR	Saibor +1,25	2017	545	547
				16.879	16.786

Pledges regarding the project bank loan of Tibah Development:

a) Receivable pledge: In case of an event of default, the banks have the right to take control of the receivables of Tibah Development in order to perform its obligations under the loan documents. Immediately upon the occurrence of default, and all payments relating to assigned receivables shall be made to the banks which shall be entitled to collect the assigned receivables and exercise all rights with respect to assigned receivables.

Tibah Development has pledged its receivables amounting to TL 17.032 (Group's share: TL 1.383) as at 31 December 2012.

b) Pledge over bank accounts: In case of an event of default, the banks have the right to control the bank accounts of Tibah Development in order to perform its obligations under the loan documents. Upon the occurrence of event of default Tibah Development shall be entitled to set-off and apply the whole or any part of the cash standing to the credit of the accounts and any interests, proceeds and other income that may accrue or arise from the accounts.

Tibah Development has pledge over bank accounts amounting to TL 40.593 (Group's share: TL 3.296) as at 31 December 2012.

c) Assignment of contracts: In case of an event of default, the lenders have the right to step-in and exercise the relevant rights under the assigned contracts (assigned contracts are including but not limited to BOT Agreement, Construction Contract, Guarantee Agreements etc.).

The repayment schedules of the bank loans are as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within 1 year	35.349	127.031	42.087	126.995
1 - 2 years	43.589	100.743	47.807	115.791
2 - 3 years	38.735	67.573	40.753	80.686
3 - 4 years	23.455	74.788	24.606	80.987
5 years and more	118.077	413.739	101.149	373.863
	259.205	783.874	256.402	778.322

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İDO

The breakdown of bank loans of İDO as at 31 December 2012 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	Libor+0,22	2014	7.710	7.730
Secured bank loans ⁽¹⁾	USD	Libor+0,13	2017	17.565	17.632
Secured bank loans ⁽²⁾	USD	Libor+8	2018	26.738	26.746
Secured bank loans ⁽²⁾	USD	Libor+4,9	2023	326.216	319.639
				378.229	371.747

The breakdown of bank loans of İDO as at 31 December 2011 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽³⁾	USD	Libor+1,65	2012	1.319	1.329
Secured bank loans ⁽¹⁾	USD	Libor+0,85	2012	1.085	1.094
Secured bank loans ⁽¹⁾	USD	Libor+0,22	2014	12.255	12.282
Secured bank loans ⁽¹⁾	USD	Libor+0,13	2017	22.335	22.384
Secured bank loans ⁽²⁾	USD	Libor+8	2018	28.334	28.341
Secured bank loans ⁽²⁾	USD	Libor+4,9	2023	368.336	360.808
				433.664	426.238

⁽¹⁾ It is bought against the guarantee of the Istanbul Metropolitan Municipality. In consideration of such guarantee, a guarantee letter of USD 108.000.000 is submitted by TASS to the Istanbul Metropolitan Municipality.

⁽²⁾ The guarantee provided by Akfen for the loan is as follows: the shares held by Akfen Holding in İDO are given to the lenders. Furthermore, Akfen Holding has a completion guarantee up to 70% of USD 25.000.000 (USD 17.500.000) completely with and severally from Tema and Sera, among other shareholders, for purpose of providing a debt service coverage ratio from the beginning of the fiscal year 2012 until completely reimbursement of the loan, provided that it is returned and renewed yearly. The remaining 30% (USD 7.500.000) of the guarantee is of Souter. Souter's liability limit is 30.000.000 USD totally, and if Souter's liability limit is exceeded and the debt service coverage ratio should be completed, Akfen Holding commits a completion guarantee completely with and severally from Tepe, Akfen and Sera, provided that it never exceeds USD 25.000.000 annually. The completion guarantee shall be provided by (i) making a capital investment in İDO; (ii) lending to İDO; or (iii) submitting the lenders a bank guarantee letter, provided that its selection is subject to the provisions under the guarantee agreement. The completion guarantee is committed completely with and severally from Tema and Sera, among other shareholders.

⁽³⁾ Total amount of pledges guaranteed to the banks and relevant suppliers over property, plant and equipment is USD 1.275.000.000 (Group share: USD 382.500.000).

⁽⁴⁾ Total amount of the liens delivered to the banks and relevant suppliers over tangible property, plant and equipment is USD 114.480.618 as at 31 December 2011 (Group share: USD 34.344.185). The related bank loan was closed and loan pledges were released as at 31 December 2012.

The guarantees of the Principal Loan and Successive Loan include share liens, pledges of commercial enterprise, maritime mortgage, insurance receivable, receivable and income assignments of İDO.

The repayment schedules of the bank loans are as follows:

	Nominal Value		Carrying Amount	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within 1 year	39.455	32.878	39.473	33.010
1 - 2 years	44.803	41.808	44.502	41.549
2 - 3 years	46.295	47.474	45.792	47.032
3 - 4 years	24.904	49.056	24.581	48.408
5 years and more	222.772	262.448	217.399	256.239
	378.229	433.664	371.747	426.238

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Finance lease liabilities

Terms and structures of the leasing payables as at 31 December 2012 and 31 December 2011 are as follows:

	2012		2011			
	Future minimum lease payments	Interest lease payments	Present value of minimum lease payments	Future minimum lease payments	Present value of minimum lease payments	Interest lease payments
Within 1 year	1.747	334	1.413	5.126	719	4.407
1-5 years	4.579	724	3.855	9.531	1.833	7.698
5 years or more	1.330	79	1.251	4.272	380	3.892
	7.656	1.137	6.519	18.929	2.932	15.997

As at 31 December 2012, the finance lease liabilities are consisted of lease of fixtures and equipment by the TAV Havalimanları, İDO and Akfen Su as well as lease of two aircrafts by TAV Yatırım (TL 5.249).

9 DERIVATIVE FINANCIAL INSTRUMENTS

Short term derivative financial instruments

As at 31 December, current financial liabilities comprised of TAV Havalimanları and İDO financial instruments.

	2012		
	Assets	Liabilities	Net Amount
Interest rate swap	16	(37.150)	(37.134)
Cross currency swap	42	(1.493)	(1.451)
	58	(38.643)	(38.585)
	2011		
	Assets	Liabilities	Net Amount
Interest rate swap	--	(80.896)	(80.896)
Cross currency swap	2.685	--	2.685
	2.685	(80.896)	(78.211)

Interest rate swap

TAV Esenboğa uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2012, 100% of project finance loan is hedged through Interest Rate Swap ("IRS") contract during the life of the loan with an amortizing schedule depending on repayment of the loan (31 December 2011: 100%).

TAV Tunisia uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2012, 85% of floating senior bank loan is hedged through IRS contract during the life of the loan with an amortizing schedule depending on repayment of the loan (31 December 2011: 85%).

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TAV Istanbul uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2012, 100% of project finance loan is hedged through IRS contract during the life of the loan with an amortizing schedule depending on repayment of the loan (31 December 2011: 100%).

TAV İzmir uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2012, 49% of project finance loan is hedged through IRS contract during the life of the loan with an amortizing schedule depending on repayment of the loan (31 December 2011: 49%).

HAVAŞ uses interest rate derivative to manage its exposure to interest rate fluctuations on its bank borrowings. As at 31 December 2012, 50% of total loan is hedged through IRS contract (31 December 2011: 50%).

TAV Macedonia uses interest derivative instruments in order to secure the interest liabilities caused from bank loans against floating interest rate risk. As at 31 December 2012, 80% of the project financing loan was secured against interest rate risk with interest rate swap (31 December 2011: %100).

TAV Ege uses interest derivative instruments in order to secure the interest liabilities caused from bank loans against floating interest rate risk. As at 31 December 2012, 100% of the project financing loan was secured against interest rate risk with interest rate swap.

Tibah Development uses interest derivative instruments in order to secure the interest liabilities caused from bank loans against floating interest rate risk. As at 31 December 2012, 89% of the project financing loan was secured against interest rate risk with interest rate swap.

TAV Ege uses interest derivative instruments in order to secure the interest liabilities caused from bank loans against floating interest rate risk. As at 31 December 2012, 75% of the project financing loan was secured against interest rate risk with interest rate swap.

Cross currency swap

TAV Istanbul uses cross currency derivatives to manage its exposure to foreign currency exchange rates on its rent installments that will be paid to DHMI.

TAV Istanbul had signed a derivative contract with Dexia Credit Local ("DCL") on 12 March 2008 to manage and fix its exposure to foreign currency exchange rates between USD and EUR on the rent installments that will be paid to DHMI until 2018. TAV Istanbul has terminated the hedge relationship in 2010 and new two cross currency swap contracts have been signed by and between TAV Istanbul, DCL, and ING Bank N.V. on 16 December 2010. The total nominal amount of the contract is USD 25.163 (in exchange of EUR 19.092) as at 31 December 2012 (31 December 2011: USD 94.775 (in exchange of EUR 71.909)).

The fair value of derivatives at 31 December 2012 is estimated at 31.587 TL (31 December 2011: TL 78.211). This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 31 December 2012 changes in the fair value of these interest rate derivatives and cross currency swaps were reflected to other comprehensive income amounting to TL 5.797 (31 December 2011: TL 6.281) net of tax.

In addition, IDO hedges of the the exchange rate risk associated with loans, the principal portion of the 2,564 TL (Group's share: TL 769) Change in fair value recognized in the income statement that the difference attributable to reimbursement of part of the fair value of the interest received 2,564 TL (Group's share: TL 769) has been recognized in shareholders' equity.

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Long term derivative financial instruments

As at 31 December, other long-term derivative financial instruments comprised the following:

	2012		
	Assets	Liabilities	Net Amount
Interest rate swap	--	(81.486)	(81.486)
	--	(81.486)	(81.486)
	2011		
	Assets	Liabilities	Net Amount
Interest rate swap	--	(86.649)	(86.649)
	--	(86.649)	(86.649)

As at 31 December 2012 and 31 December 2011 the long-term financial liabilities comprised of MIP and HEPP Group derivative instruments.

Interest rate swap

MIP uses interest derivative instruments in order to protect the interest liabilities against the floating interest rate risk caused from debt loan from Bayerische Hypo-und Vereinsbank AG and ABN Amro Bank. 81% of the mentioned loans is under protection against interest rate risk with interest rate swap during its use life (31 December 2011: 81%).

HES I-IV-V group companies (Beyobası, İdeal, Çamlıca) use interest rate swap to manage its exposure to Euribor interest rate movements of its bank debts. Mentioned loans are under protection against interest rate risk with interest rate swap during its use life with the rates of 74%, 75% and 69%, respectively. (31 December 2011: 73%).

10 TRADE RECEIVABLES AND PAYABLES

Short term trade receivables

As at 31 December, short term trade receivables of the Group comprised the following:

	2012	2011
Due from related parties (Note 38)	13.687	6.000
Other trade receivables	163.355	300.603
	177.042	306.603

As at 31 December 2012, short term trade receivables are shown by netting off discount effect amounting TL 840.

As at 31 December 2012 trade receivables are secured by guarantees amounting TL 26.492 (31December 2011: TL 76.105) (Note: 39).

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As at 31 December other trade receivables comprised the following:

	2012	2011
Due from customers for contract work (Note 16)	69.813	117.695
Trade receivables	53.726	69.127
Contract receivables	21.444	98.866
Receivables from contractors (Note 16)	20.304	14.798
Guaranteed passenger fee receivable from DHMİ	3.521	12.454
Notes receivables	531	937
Allowance for doubtful receivables (-)	(5.984)	(13.274)
	163.355	300.603

The distribution of the trade receivables according to the companies as at 31 December 2012:

	2012	2011
TAV Havalimanları	16.715	40.278
MIP	8.272	7.663
Akfen İnşaat	8.309	7.724
Akfen GYO	6.321	4.572
HES I-IV-V	5.508	3.164
Other	8.601	5.726
	53.726	69.127

As at 31 December 2012 contract receivable is mainly comprised of receivable from Doha International Airport and Muscat-Umman Airport.

The guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport and İzmir Adnan Menderes Airport as a result of IFRIC 12 application. As at 31 December 2012, the receivable amount from Ankara Esenboğa Airport is TL 1.388 (31 December 2011: TL 6.001) and the receivable amount from İzmir Adnan Menderes Airport is TL 1.650 (31 December 2011: TL 6.453).

The retention receivables from contractors are held from progress payments to specified contractual rates. Such guarantees are collected following the completion of the project. The related retentions consisted of the receivables of TAV İnşaat as at 31 December 2012 and 31 December 2011.

As at 31 December 2012, TL 20.361 (31 December 2011: TL 37.074) represents overdue amount of trade receivables in which any allowance has not been booked. The aging of accounts receivables is as follows:

	31 December 2012	31 December 2011
1-30 days overdue	9.106	3.610
1-3 months overdue	1.614	4.463
3-12 months overdue	8.181	28.485
1-5 years overdue	11.875	12.842
Overdue more than 5 years	802	948
	31.578	50.348
Impairment	(5.984)	(13.274)
Credit risk	25.594	37.074

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As at 31 December 2012, overdue trade receivables are secured by guarantees amounting TL 8.486.

The movement of allowance for doubtful trade receivables as at 31 December is as follows:

	2012	2011
Opening balance	(13.274)	(5.801)
Business combinations' effect	--	(32)
Collections	23	3.666
Allowance during the year	(299)	(10.272)
Effect of change in group structure ^(*)	7.277	--
Currency translation effect	289	(835)
Closing balance	(5.984)	(13.274)

^(*)Stems from the sale of 18% of TAV Havalimanları shares and 20,83% of TAV Yatırım shares.

As at reporting date, the uncertainty about the approved receivables from Marina 101 project has been removed since the project started its operations as at February 2012. The unpaid approved receivable which was the reason for the suspension of project by TAV Gulf, was paid by the contractor of Marina 101 project. Amount of approved receivable with guarantee deductions is AED 21,5 million (Group's share: AED 4,7 million) (31 December 2011: AED 43,7 million (Group's share: AED 18,6 million)). There is no excess billing (31 December 2011: AED 9,7 million (Group's share: AED 4,1 million)). As at 31 December 2012, advance amount is AED 24,6 million (Group's share: AED 5,3 million) (31 December 2011: AED 19 million (Group's share: AED 8 million)).

Because of the political instability in Libya, TAV Libya, TAV İnşaat's branch in Libya, had to stop its operations for the Trablus International Airport Terminal and Sebha International Airport project for an undetermined period of time.

After the reporting date, there has been no collection of contract receivables of TAV Libya amounting TL 53.671 (Group's share: TL 11.633), yet. TL 26.165 (Group's share: TL 5.671) of this amount has not been billed, yet.

Total net assets of TAV Libya included in consolidated financial statements of Akfen Holding as at 31 December 2012 amounting TL 6.504.

TAV Libya	2012	Group's share
Cash and cash equivalents	1.129	245
Due from construction contracts	27.506	5.962
Unbilled contract receivable	26.165	5.671
Other receivables and assets	11.318	2.453
Total assets	66.118	14.331
Trade payables	(2.415)	(523)
Advances received	(33.695)	(7.304)
Total equity	(30.008)	(6.504)
Total equity and liabilities	(66.118)	(14.331)
	2012	Group's share
Loss for the period	(108)	(23)

As at 31 December 2011, total amount of guarantees given for operations in Libya is TL 137.285 (Group's share: TL 29.757).

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Long term trade receivables

As at 31 December, long term trade receivables of the Group are comprised of following:

	2012	2011
Due from related parties (Note 38)	2.391	5.510
Other trade receivables	53.822	159.598
	56.213	165.108

As at 31 December, other long term trade receivables are comprised of following:

	2012	2011
Receivables from Organized Industrial Zone	15.615	16.804
Retention receivables from contractors (Note 16)	13.232	60.778
Guaranteed passenger fee receivable from DHMİ	14.484	60.191
Due from customers for contract work (Note 16)	6.314	13.116
Other trade receivables	4.177	8.709
	53.822	159.598

The retention receivables from contractors as the security is the amount deducted from the progress payment in the proportion determined in the scope of the contract. The mentioned securities shall be collected following the completion of the Project. The related balances as at 31 December 2012 and 31 December 2011 are consisted of the receivables of TAV İnşaat.

The passenger receivables from DHMİ are related to IFRIC 12 application due to the contracts signed between DHMI and TAV Havalimanları for the operation of Ankara Esenboğa Airport and İzmir Adnan Menderes Airport.

Receivable guaranteed by the Organized Industrial Zone arise from the application of IFRIC 12 regarding the scope of Akfen Su Arbiogaz Dilovası BOT agreement related to the amount guaranteed by the Dilovası Organized Industrial Zone Directorate for the minimum wastewater flow and the wastewater treatment price (in EUR).

Short term trade payables

As at 31 December short term trade payables of the Group comprised the following:

	2012	2011
Due to related parties (Note 38)	14.889	25.125
Other trade payables	92.776	184.822
	107.665	209.947

As at 31 Decemes 2012, short term trade payables are shown by netting off effect of discount amounting TL 89.

As at 31 December other short term trade payables comprised the following:

	2012	2011
Trade payables	58.173	173.226
Retentions held by the Group	14.917	8.538
Notes payable	10.783	--
Due to customers for contract work (Note 16)	8.903	3.058
	92.776	184.822

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As at 31 December 2012 TL 15.642 of trade payables consist of payables to subcontractors of TAV İnşaat (31 December 2011: TL 95.177). The currency and liquidity risk of the Group related with trade payables is explained in Note 39.

TAV Yatırım makes certain amount of retentions from the payments that are done for projects as a guarantee. These deductions will be paid by the completion of the projects. As at 31 December 2012 and 31 December 2011, all retentions held by the Group comes from TAV Yatırım.

As at 31 December 2012, amount of checks given by İDO for the oil purchases is TL 33.272 (Group's share: TL 9.982) and their maturity are 90 days.

As at 31 December, the distribution of trade payables per Group companies is as follows:

	2012	2011
TAV Yatırım	15.642	95.177
HES Grubu	13.386	15.415
TAV Havalimanları	9.856	25.134
İDO	5.868	3.173
MIP	4.991	9.386
Akfen GYO	3.266	2.711
Akfen İnşaat	2.947	11.677
Akfen Holding	650	993
Other	1.567	1.178
	58.173	164.844

Long term trade payables

As at 31 December, long term trade payables are comprised of following:

	2012	2011
Due to related parties	621	1.083
Other trade payables	41.695	36.780
	42.316	37.863

As at 31 December other long term trade receivables are comprised of following:

	2012	2011
Retentions held by the Group	8.958	36.706
Other trade payables	32.737	74
	41.695	36.780

TAV Yatırım holds retention in a certain amount as the surety in the payments made for the Project. These retentions shall be paid after the completion of the projects.

As at 31 December, the aging of the trade payables is as follows:

	2012	2011
0-3 months	59.520	161.901
3 months – 1 year	33.256	22.921
More than 1 year	41.695	36.780
	134.471	221.602

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11 OTHER RECEIVABLES AND PAYABLES

Other short term receivables

As at 31 December other short term receivables are comprised of following:

	2012	2011
Due from related parties-non trade (Note 38)	8.789	11.666
Provision for due from related parties-non trade (Note 38)	--	(6.598)
Other non-trade receivables	4.225	11.460
	13.014	16.528

As at 31 December 2012, other short term receivables are shown by netting off effect of discount amounting TL 451.

As at 31 December 2011, capital receivables of Akfen Ticaret from Akfen Karaköy and other shareholders of RHI and RPI amounting TL 4.491 and TL 1.360, respectively, included in other short term receivables. As at 31 December 2012, these receivables are shown in other long term receivables.

As at 31 December 2012, receivables of Akfen İnşaat and HEPP Group from tax offices amounting TL 2.651 are included in other receivables (31 December 2011: TL 2.808).

Other long term receivables

As at 31 December, other short term non trade receivables comprised the following:

	2012	2011
Due from related parties-non trade (Note 38)	43.211	39.225
Other non-trade receivables	11.181	1.556
	54.392	40.781

As at 31 December 2012, other long term receivables are shown by netting off effect of discount amounting TL 2.495.

As at 31 December 2012, capital receivables of Akfen Ticaret from Akfen Karaköy and other shareholders of RHI and RPI amounting TL 5.828 and TL 1.589, respectively, included in other long term receivables.

Other short term payables

As at 31 December, the other short term payables of the Group are as follows:

	2012	2011
Non-trade liabilities to the related parties (Note 38)	30.441	15.564
Other non-trade payables	74.935	150.466
	105.376	166.030

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As at 31 December, other non-trade payables comprised the followings:

	2012	2011
Advances received	42.278	94.637
Taxes and duties payable	10.493	21.595
Deposits and guarantees received	10.085	10.832
Payable to personnel	5.223	8.208
Corporate tax payable	3.349	12.441
Concession rent payable	2.697	1.271
Other payables	810	1.482
	74.935	150.466

As at 31 December 2012, other short term payables are shown by netting off effect of discount amounting TL 31.

TL 33.963 of the advances received are the advance amounts received from the contractors pursuant to the contracts related to the construction projects of TAV Yatırım as at 31 December 2012. (31 December 2011: TL 85.918).

As at 31 December 2012, the deposits and guarantees received consist of the deposits and guarantees received of the energy projects and hotel projects in the amounts of TL 9.058 and TL 186, respectively.

TL 1.636 of the corporate tax payable as at 31 December 2012 is consisted of the obligation of the corporate tax as a result of getting benefit from Law No 6111 (Note 36).

TAV Tunisia, Monastir Airpot and Enfidha Airport have a concession period of 40 years with a concession rent fee that will increase in a linear rate between 11% and 26% of the annual revenues to be paid. As a result of the negotiation made with OACA, the concession rental amount decreased for 2011 to TL 11.352 (Group's share: TL 2.965), for 2012 at least TL 12.210 (Group's share: TL 991), for 2013 TL 13.612 (Group's share: TL 1.105), and the concession rental amount of 2011, 2012 and 2013 was suspended for 3 years as 2014, 2015 and 2016.

According to new agreement with Tunisia Republic Treasury Land and Ministry of Real Estate, concession rate payable of Enfidha International Airport for 2010 which has a maturity of 31 January 2013, has decreased by 65% and payment is suspended to 31 July 2015. As at 31 December 2012, discount on payable amounting TL 9.143 (Group's share: TL 742) is deducted from concession expense and concession rent payable.

The concession rental amount of TAV Macedonia is 15% of annual gross endorsement until the number of the passengers reaches up to 1 million and when the number of the passengers exceeds 1 million, this amount shall change between 4% and 2% due to the number of the passengers.

The concession rental amount of Tibah Development is 54,5% of annual gross sales. Concession amount will be decreased by 50% for two years after the completion of terminal.

Other long term payables

As at 31 December, other long term payables of the Group are as follows:

	2012	2011
Due to related parties- non trade (Note 38)	17.103	9.002
Other non- trade liabilities	42.826	43.832
	59.929	52.834

As at 31 December 2012, other long term payables are shown by netting off effect of discount amounting TL 75.

As at 31 December 2012, TL 32.143 of the other non trade payables are mainly consisted of advances received from contractors for construction projects of TAV İnşaat (31 December 2011: TL 24.395).

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12 RESTRICTED CASH

As at 31 December, short term restricted cash is comprised of time deposits of Akfen Holding and HAVAŞ that are held as a guarantee for bank loans and details are as follows:

	2012	2011
Akfen Holding	133.695	141.668
Havaş	1.347	9.040
	135.042	150.708

13 RECEIVABLES AND PAYABLES FROM FINANCIAL ACTIVITIES

The Group does not have any receivables and payable from financial activities as at 31 December 2012 and 2011.

14 INVENTORIES

As at 31 December, inventories comprised the following:

	2012	2011
Trading property under constructio	99.238	--
Spare parts	6.061	8.946
Raw material and supplies	3.363	6.864
Tax-free shop inventory	2.535	6.906
Trading properties	1.264	--
Other inventories	2.990	3.449
	115.451	26.165

As at 31 December 2012, trading property under development is comprised of investment of Akfen İnşaat for İncek project, trading properties are comprised of inventories of TAV İnşaat. As at 31 December 2012, TL 1.461 of the spare parts is the inventory of TAV Havalimanları (31 December 2011: TL 3.951) and TL 4.600 of the spare parts is the inventory of İDO (31 December 2011: TL 4.995) and the tax-free shop inventory is the inventory of TAV Havalimanları and the raw material and supplies are the inventories of TAV Yatırım.

15 BIOLOGICAL ASSETS

The Group does not have any biological assets as at 31 December 2012 and 2011.

16 DUE FROM/DUE TO CUSTOMERS FOR CONTRACT WORK

As at 31 December the details of uncompleted contracts are as follows:

	2012	2011
Total costs incurred on uncompleted contracts	985.578	1.732.736
Estimated earnings/(costs)	56.680	91.291
Total estimated revenue on uncompleted contracts	1.042.258	1.824.027
Less: Billings to date	(975.034)	(1.696.274)
Net amounts due from customers for contract work	67.224	127.753

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Due from customers for contract work and due to customers for contract work were included in the accompanying consolidated balance sheets under the following captions:

	2012	2011
Due from customers for contract work (Note 10)	76.127	130.811
Due to customers for contract work (Note 10)	(8.903)	(3.058)
	67.224	127.753

The amount of the retentions held by the contractors is TL 33.536 as at 31 December 2012 (31 December 2011: TL 75.576) (Note 10).

The distribution of the receivables and payables of the Group as at 31 December is as follows:

	2012	2011
<i>Receivables from ongoing construction contracts</i>		
Construction projects abroad	67.617	129.478
Local construction projects	8.510	1.333
	76.127	130.811
<i>Liabilities of ongoing construction contracts</i>		
Construction projects abroad	8.903	2.134
Local construction projects	--	924
	8.903	3.058

As at 31 December 2012, whole amount of due to customers for contract work is comprises of the payables of projects operated in Saudi Arabia (31 December 2011: Turkey local TL 924 and Dubai TL 2.134).

The distribution of the receivables related to the construction contracts based on projects as at 31 December is as follows:

	2012	2011
Muscat	47.870	57.929
DOHA	12.503	57.632
Turkey	8.510	1.333
Libya	5.671	11.783
Other	1.573	2.134
	76.127	130.811

As at 31 December 2012 the amount of the advance received by the Group for the construction projects is TL 33.963 and shown in the short and long term other non-trade liabilities items (31 December 2011: TL 110.313).

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17 INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The investments of the Group which is accounted with equity method consists of Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. ("Zeyport") in which IDO has 20% share as at 31 December 2012.

Zeyport was established in 1998 in Istanbul and provides warp and accomodation services for the ships included in the suitcase trading, internal coasters and agency boats and it also deals with the warehouse operation. As at 31 December 2012, the investment of the Group in Zeyport was recognized according to the equity method and reflected in the consolidated financial statements.

The summary financial information related to the investment of the Group is given below:

	2012	2011
Total assets	12.125	7.941
Valuation surplus of business combination	--	3.810
Total liabilities	(4.019)	(4.569)
Net assets	8.106	7.182
Group's share in net assets of the investment	1.621	1.436
	1 January- 31 December 2012	7 June- 31 December 2011
Revenue	2.127	1.243
Profit for the period	924	2
Group's share in the period profit of the investment	185	--

18 INVESTMENT PROPERTY

As at 31 December, investment property comprised the following:

	2012	2011
Operating investment properties	872.850	763.678
Investment property under development	225.911	316.414
	1.098.761	1.080.092

Operating investment properties

	2012	2011
Balance at 1 January	763.678	556.022
Transfer from investment property under development	167.843	51.276
Additions	1.106	83
Change in fair value (Note 32)	(43.809)	156.297
Foreign currency translation difference	(925)	--
Disposals	(15.043)	--
Balance at 31 December	872.850	763.678

As at 31 December 2012, the transfer from investment property under development is composed of the completed projects which are Adana Ibis Hotel, Esenyurt Ibis Hotel, Samara Ibis Hotel and Samara Ofis Project. As at 31 December 2011, Yaroslavl Ibis Hotel transferred to investment property.

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As at 31 December 2012 and 31 December 2011, change in fair value is calculated through fair values of investment properties. Fair values of the Akfen GYO's investment properties located in Turkey and the TRNC are calculated by a real estate appraisal company included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation. Fair values of the Akfen GYO's investment properties located in Russia are calculated jointly by a real estate appraisal company included in the list of authorized to offer appraisal services within the framework of the CMB legislation and the Akfen GYO management. The fair values of the investment properties are determined as the present value of aggregate of the estimated cash flows expected to be received from renting out the property. In the valuation process, a projection period which covers the lease term for right of tenancy of each hotel is taken into consideration. The fair value is calculated by discounting the estimated cash flows at a rate which is appropriate for the risk level of the economy, market and the business to determine its present value.

As at 31 December 2012, disposal stems from the sale of Akfen İnşaat's land located in Beynam.

As at 31 December 2012 and 31 December 2011, the fair values of operating investment properties in Turkey and Northern Cyprus are as follows:

Name of investment property	2012		2011	
	Date of appraisal report	Fair value	Date of appraisal report	Fair value
Zeytinburnu Novotel and Ibis Hotel	31 December 2012	211.310	30 September 2011	207.640
KKTC Hotel – Girne	31 December 2012	180.100	30 September 2011	204.810
Trabzon Novotel	31 December 2012	78.470	30 September 2011	77.180
Kayseri Novotel and Ibis Hotel	31 December 2012	56.234	30 September 2011	59.843
Gaziantep Novotel and Ibis Hotel	31 December 2012	52.080	30 September 2011	52.800
Bursa Ibis Hotel	31 December 2012	48.200	30 September 2011	47.840
Eskişehir Ibis Hotel and Fitness Center	31 December 2012	16.169	30 September 2011	20.326
Adana Ibis Hotel	31 December 2012	37.030	--	--
Esenyurt Ibis Hotel	31 December 2012	46.140	--	--
Total		725.733		670.439

The fair value of investment properties of RHI and RPI, which are owned by Akfen Ticaret by 95%, is determined by the joint calculation of Akfen GYO and a real estate valuation company which is registered on CMB and in approved list of "Real Estate Valuation Companies" of CMB. As at 31 December 2012 the fair value of Yaroslavl Hotel and Samara Hotel that belong to RHI and started to operate are TL 57.785 and TL 66.817, respectively (31 December 2011: TL 78.544 for Yaroslavl Hotel and TL 65.769 for Samara Hotel) and discount rates used for valuation are 12,5% and 12,5 % respectively (2011: 12,5% and 13,5%). As at 31 December 2012 the fair value of Samara office project that belongs to RPI and started to operate is TL 22.515 (31 December 2011: TL 19.393) and discount rate used for valuation is 13% (2011: 12,5%).

As at 31 December 2012, total insurance amount on investment properties is TL 823.955 (31 December 2011: TL 497.313).

As at 31 December 2012, total pledge amount on operating investment properties is TL 521.489 (31 December 2011: TL 612.757).

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According to the assumptions that Accor S.A. is the operator of hotels and the Company is the operator of the hotels, discount rates used for fair value calculation of operating investment properties in Turkey and Northern Cyprus, are shown as below, respectively:

Name of investment property	Discount rates 31 December 2012	Discount rates 31 December 2011
Zeytinburnu Novotel and Ibis Hotel	%6,50 and %9,00	%6,50 and %9,13
KKTC Otel – Girne	%6,50 and %9,00	%6,50 and %9,13
Trabzon Novotel	%6,50 and %9,00	%6,50 and %9,13
Kayseri Novotel and Ibis Hotel	%6,50 and %9,00	%6,50 and %9,13
Gaziantep Novotel and Ibis Hotel	%6,50 and %9,00	%6,50 and %9,13
Bursa Ibis Hotel	%6,50 and %9,00	%6,50 and %9,13
Eskişehir Ibis Hotel and Fitness Center	%6,50 and %9,00	%6,50 and %9,13
Adana Ibis Hotel	%6,50 and %9,00	%6,50 and %9,13
Esenyurt Ibis Hotel	%6,50 and %9,00	%6,50 and %9,13

Investment properties under development

	2012	2011
Balance at 01 January	316.414	102.736
Additions	37.384	75.364
Transfers to operating investment properties	(167.843)	(51.276)
Business combinations of entities under common control ⁽¹⁾	--	63.748
Change in fair value (Note 32)	45.817	125.842
Effect of change in group structure	(4.638)	--
Foreign currency translation difference	(1.223)	--
Balance at 31 December	225.911	316.414

⁽¹⁾ As at 29 July 2011, 45 % shares of RHI and RPI were acquired from Kasa BV.

As at 31 December 2012 and 31 December 2011, the fair values of investment properties under development in Turkey and Northern Cyprus are as follows:

Investment property	31 December 2012			31 December 2011		
	Date of appraisal report	Appraisal value	Fair value	Date of appraisal report	Appraisal value	Fair value
Karaköy Hotel Project	31 December 2012	92.120	92.120	30 September 2011	89.640	89.754
İzmir Ibis Hotel Project	31 December 2012	46.720	46.720	30 September 2011	27.450	27.879
Ankara Ibis Hotel Project	31 December 2012	23.328	23.328	30 September 2011	5.200	5.200
Northern Cyprus Bafra Hotel Project	31 December 2012	6.800	6.800	--	--	945
Esenyurt Ibis Hotel Project	--	--	--	30 September 2011	34.460	35.908
Adana Ibis Hotel Project	--	--	--	30 September 2011	27.080	32.677
Total		168.968	168.968		183.830	192.363

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As at 31 December 2011, fair values of investment properties in Turkey are composed of appraisal values of related projects as at 31 December 2011 and expenditures at amount of TL 8.533 for investment properties incurred from appraisal date to 30 September 2011.

Fair values of the Akfen GYO's investment properties under development comes from RHI and RPI, located in Russia are calculated jointly by a real estate appraisal company included in the list of authorized to offer appraisal services within the framework of the CMB legislation and the Akfen GYO management. As at 31 December 2012 the fair value of Kaliningrad Hotel project of RHI is TL 45.118 (31 December 2011: TL 26.183) and the discount rate used in the calculation is 14% (2011:18%). Investment property under development of HDI of which Akfen GYO has 100% of shares are comprised of costs incurred for the planned project in Moscow and as at 31 December 2012, its fair value is TL 3.408 (31 December 2011: TL 2.783).

According to the assumptions that Accor S.A. is the operator of hotels and the Company is the operator of the hotels, discount rates used for fair value calculation of investment properties under development are shown as below, respectively:

Name of investment property	Discount Rates	
	31 December 2012	31 December 2011
Karaköy Hotel Project	7.5% and 9.25%	7.5% and 9.13%
İzmir Ibis Hotel Project	7.5% and 9.75%	8.5% and 11%
Ankara Ibis Hotel Project	7.5% and 10%	Peer comparison
Northern Cyprus Bafra Hotel Project	Peer comparison	Peer comparison

As at 31 December 2012, total insurance amount on investment properties under development is TL 88.162 (31 December 2011: TL 51.913).

As at 31 December 2012 there is no pledge on investment property under development (31 December 2011: TL 44.599).

During 2012, directly attributable operating costs incurred for operating investment properties and investment properties under development are TL 2.491 and TL 2.003, respectively. Directly attributable operating costs mainly comprise operating lease, insurance, maintenance, tax and duties expenses.

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19 PROPERTY, PLANT AND EQUIPMENT

The movements of the property, plant and equipment and related accumulated depreciation during the year ended 31 December 2012 are as follows:

Cost	Land and buildings	Machinery, facility and equipment	Vessels	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
Balance at 1 January 2012	59,452	477,134	154,980	46,783	36,013	62	204,258	93,068	1,071,750
Changes in ownership rate of jointly controlled entities ^(*)	(4,291)	(46,504)	..	(24,141)	(13,229)	..	(11,063)	(55,628)	(154,856)
Additions ^(**)	885	8,288	1,009	1,655	6,462	..	239,071	2,972	260,342
Transfers ^(**)	18,873	87,191	..	(199)	145	..	(137,046)	1,901	(29,135)
Translation difference	(280)	(3,039)	..	(2,250)	(697)	..	(870)	(2,740)	(9,876)
Disposals	(210)	(1,268)	..	(1,502)	(430)	..	(821)	(21)	(4,252)
Balance at 31 December 2012	74,429	521,802	155,989	20,346	28,264	62	293,529	39,552	1,133,973
Less: Accumulated depreciation									
Balance at 1 January 2012	(922)	(61,299)	(3,247)	(21,870)	(25,261)	(62)	..	(21,058)	(133,719)
Changes in ownership rate of jointly controlled entities ^(*)	70	28,409	..	11,840	8,510	..	..	15,479	64,308
Provision for impairment of tangible fixed assets	..	..	..	(616)	..	..	..	..	(616)
Depreciation charge for the period	(1,776)	(15,430)	(6,479)	(2,230)	(3,323)	..	..	(6,536)	(35,774)
Transfers	..	2,121	..	67	231	..	..	..	2,419
Translation difference	10	2,362	..	1,037	661	..	..	1,029	5,099
Disposals	9	844	..	1,318	280	..	..	2	2,453
Balance at 31 December 2012	(2,609)	(42,993)	(9,726)	(10,454)	(18,902)	(62)	..	(11,084)	(95,830)
Net book value									
Net book value as at 31 December 2011	58,530	415,835	151,733	24,913	10,752	..	204,258	72,010	938,031
Net book value as at 31 December 2012	71,820	478,809	146,263	9,891	9,362	..	293,530	28,468	1,038,143

^(*) Sale of shares of TAV Havalimanlan which corresponds to 18% of TAV Havalimanlan's total shares and sale of shares of TAV Yatırım which corresponds to 20.83% TAV Yatırım's total shares.

^(**) As at 31 December 2012, 81.43% of total additions amounting to TL 211,990 is resulted from construction in progress additions related with HES Projects.

^(***) As at 31 December 2012, the major part of the transfers comes from the capitalisations of HES projects. TL 27,870 of transfers are made to intangible fixed assets and TL 1,265 is made to inventories.

In 2012, amount of borrowing costs capitalised on property, plant and equipment is TL 9,009 (2011: TL 20,716)

As at 31 December 2012, net book value of property, plant and equipment acquired by financial leasing is TL 8,142.

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As at 31 December 2011, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vessels	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
Cost									
Balance at 1 January 2011	16,453	89,340	--	36,103	28,309	62	407,223	50,460	627,950
Effect of business combination (*)	143	1,414	154,686	437	1,047	--	--	3,049	160,776
Additions (**)	--	7,836	294	3,791	4,823	--	239,042	4,130	259,916
Transfers (***)	46,850	367,014	--	(34)	25	--	(441,761)	27,645	(261)
Translation difference	1,019	15,395	--	7,554	2,434	--	4,980	8,502	39,884
Changes in ownership rate of subsidiaries	--	1,917	--	86	93	--	--	66	2,162
Disposal	(5,013)	(5,782)	--	(1,154)	(718)	--	(5,226)	(784)	(18,677)
Balance at 31 December 2011	59,452	477,134	154,980	46,783	36,013	62	204,258	93,068	1,071,750
Less: Accumulated depreciation									
Balance at 1 January 2011	(403)	(42,193)	--	(15,643)	(19,784)	(55)	--	(11,419)	(89,497)
Provision for impairment of tangible fixed assets	--	--	--	425	--	--	--	--	425
Depreciation charge for the period	(661)	(13,434)	(3,247)	(3,749)	(3,738)	(4)	--	(7,808)	(32,641)
Translation difference	92	(7,583)	--	(3,498)	(2,161)	(3)	--	(2,213)	(15,366)
Change in ownership rate of subsidiaries	--	(271)	--	(21)	(42)	--	--	(13)	(347)
Disposals	50	2,182	--	616	464	--	--	395	3,707
Balance at 31 December 2011	(922)	(61,299)	(3,247)	(21,870)	(25,261)	(62)	--	(21,058)	(133,719)
Net book value									
Net book value as at 31 December 2010	16,050	471,47	--	20,460	8,525	7	407,223	39,041	538,453
Net book value as at 31 December 2011	58,530	415,835	151,733	24,913	10,752	--	204,258	72,010	938,031

(*)The tangible fixed assets acquired as a result of acquisition of IDO.

(**)TL 213,813 corresponds to 82.26% of the additions is made for the investments in the scope of HES projects as at 31 December 2011.

(***)TL 413,831 corresponds to 96.38% of the transfers is the capitalization of the investments made in the scope of HES I projects as at 31 December 2011.

(****)TL 87,264 of the leasehold improvements consists of the balance of TAV Haravallanları as at 31 December 2011.

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20 INTANGIBLE FIXED ASSETS

As at 31 December 2012, movements of intangible fixed assets and related accumulated amortization is as follows:

Cost	Development costs	Licenses	Usufruct right of Ambarlı Port ^(*)	Usufruct right of Terminals ^(*)	Rental agreement for vessels	Other intangible assets	Customer relations	Water service operation right	Port operation right	Airport operation right	Total
Balance at 1 January 2011	3.032	78.140	--	--	--	1.738	17.847	6.105	601.524	447.609	1.155.995
Effect of change in group structure	--	1.243	--	--	--	--	--	(17)	--	--	1.226
Additions ^(**)	--	1.623	--	--	--	86	--	154	4.456	40.607	46.926
Transfers	(2.873)	2.873	--	--	--	--	--	--	--	--	--
Transfers from tangible fixed assets	--	261	--	--	--	--	--	--	--	--	261
Translation difference ^(***)	--	2.399	--	--	--	397	3.438	--	133.418	90.885	230.537
Effect of business combination ^(****)	--	1.038	20.990	223.433	39.554	--	--	--	--	--	285.015
Disposals	--	(2.112)	--	--	--	--	--	--	--	--	(2.112)
Balance at 31 December 2011	159	85.465	20.990	223.433	39.554	2.221	21.285	6.242	739.398	579.101	1.717.848
Balance at 1 January 2012	159	84.325	20.990	223.433	39.554	2.221	22.424	6.242	739.398	579.101	1.717.847
Change in ownership rate of jointly controlled entities ^(****)	--	(12.063)	--	--	--	(190)	(14.179)	--	--	(385.549)	(411.981)
Acquisition of new companies	--	6.653	--	--	--	--	--	--	--	--	6.653
Additions	--	1.402	--	--	--	221	--	435	16.911	16.910	35.879
Transfers ^(*****)	--	326	--	--	--	--	--	--	27.544	--	27.870
Translation difference ^(***)	--	208	--	--	--	--	(1.539)	--	(42.441)	(20.010)	(63.782)
Disposals	(159)	--	--	--	--	(198)	--	--	--	(47)	(404)
Balance at 31 December 2012	--	80.851	20.990	223.433	39.554	2.054	6.706	6.677	741.412	190.405	1.312.082

^(*)The usufruct rights of Ambarlı Port and terminals, lines and vessels of İBB.

^(**)As at 31 December 2011, 87% of additions comes from the additions of Enfidha, Gazipaşa and Skopje International Airports amounting TL 2.751, TL 460 and TL 37.396, respectively.

^(***)TL 230.216 of translation differences comes from TAV Havalimanları and MIP.

^(****)The effect of intangible assets acquired as a result of IDO acquisition.

^(*****)Consists of TAV Havalimanları shares of which corresponds to 18% of TAV Havalimanları and total shares of TAV Yatırım which corresponds to 20,83% TAV Yatırım's total shares.

^(*****)Transfers come from property, plant and equipment.

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Amortisation	Development costs	Licenses	Usufruct right of Ambarlı Port	Usufruct right of Terminals	Rental agreement for vessels	Other intangible assets	Customer relations	Water service operation right	Port operation right	Airport operation right (*)	Total
Balance at 1 January 2011	..	(9.864)	..	..	..	(1.283)	(5.700)	(417)	(60.356)	(54.621)	(132.241)
Effect of change in group structure	..	(21)	..	..	..	..	..	3	..	..	(18)
Amortisation for the period	..	(3.093)	(350)	(3.724)	(659)	(177)	(1.878)	(195)	(18.287)	(22.299)	(50.662)
Translation differences	..	(1.309)	..	..	..	(131)	(1.202)	..	(15.665)	(12.993)	(31.300)
Disposals	..	238	..	..	..	..	..	..	..	..	238
Balance at 31 December 2011	..	(14.049)	(350)	(3.724)	(659)	(1.591)	(8.780)	(609)	(94.308)	(89.913)	(213.983)
Balance at 1 January 2012	..	(14.049)	(350)	(3.724)	(659)	(1.591)	(8.780)	(609)	(94.308)	(89.913)	(213.983)
Change in ownership rate of jointly controlled entities (**)	..	5.062	..	..	..	190	6.216	..	..	64.002	75.470
Transfers	..	29	..	..	..	..	..	..	(2.476)	..	(2.447)
Amortisation for the period	..	(2.504)	(700)	(7.449)	(1.319)	(190)	(1.174)	(221)	(23.501)	(13.864)	(50.922)
Translation differences	..	488	..	..	..	..	464	..	5.449	5.258	11.659
Disposals	203	..	..	..	..	203
Balance at 31 December 2012	..	(10.974)	(1.050)	(11.173)	(1.978)	(1.388)	(3.274)	(830)	(114.836)	(34.517)	(180.020)
Net book value											
Net Book Value As At 31 December 2011	159	70.421	20.640	219.709	38.895	630	13.651	5.633	644.941	489.188	1.503.865
Net Book Value As At 31 December 2012	..	69.877	19.940	212.260	37.576	666	3.432	5.847	626.576	155.888	1.132.062

(*) As at 31 December 2012 the operation right of airports is the operation right of the airports of TAV Havalimanları. The group shares related to the airport operation rights are Ankara Esenboğa Airport TL 13.328, Izmir Adnan Menderes Airport TL 11.046, Tbilisi International Airport TL 11.495 TL, Entfidha International Airport TL 90.991, Gazipaşa Airport TL 3.737, Skopje International Airport TL 15.356 and Medina International Airport TL 9.933.

(**) Consists of sale of TAV Havalimanları shares of which corresponds to 18% of TAV Havalimanları's total shares and sale of shares of TAV Yatırım which corresponds to 20.83% TAV Yatırım's total shares.

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21 GOODWILL

Cost	
Net book value as at 1 January 2011	113.781
Translation effect	15.879
Effect of change in group structure	(1.208)
Net book value as at 31 December 2011	128.452
Net book value as at 1 January 2012	128.452
Translation effect	(5.782)
Effect of change in group structure	(81.598)
Net book value as at 31 December 2012	41.072

As at 31 December 2012, effect of change in group structure is arising from sale of 18% TAV Havalimanları's share which corresponds 69% of shares that the Company held.

The income and market approaches were used in the determination of the fair value of the equities of the companies of which goodwill is calculated. The analysis is mostly done by income approach (discounted cash flow method). As a result of impairment test carried out on cash generating unit basis, the no impairment loss was recorded as at 31 December 2012. Evaluation of goodwill of Akfen Holding for further purchase of shares of TAV Havalimanları is carried out by using a market value method.

Assessment of actual values of equities of HAVAŞ, TGS and TAV Tbilisi, as three different NYBs, is carried out by an independent assessment company. Income and market approaches are used for purposes of determining actual values of equities of HAVAŞ and TAV Tbilisi. While this analysis is conducted mainly by using the income approach (discounted cash flow method), lower weight applies to value of HAVAŞ and TAV Tbilisi arisen from Similar Procedures and In-house methods. The income approach method is used in assessment of TGS.

In assessment of the companies, 5-years, 7-years (31 December 2011: 10 -years) and 14 -years business schedules prepared by the Administration for HAVAŞ, and for TGS and TAV Tbilisi respectively are used. Growth in business schedules of HAVAŞ, TGS and TAV Tbilisi have resulted from business opportunities in sectors, where the companies act, and new customer acquisitions.

Key estimations used in projection of discounted cash flow

The key estimations used for calculation of recoverable amounts are discount rates and terminal growth rates. These estimations are as follows:

	Discount rate before tax	Terminal growth rate
HAVAŞ	14,4%	2%
TGS	13%	2%
TAV Tbilisi	18,7%	-

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Discount rate

Discount rates used for discounted cash flows are weighted average cost of capitals of the companies.

Terminal growth rates for HAVAŞ and TGS are determined as 2%. Since TAV Tbilisi has a limited life, terminal growth rate is not used for valuation.

Market Approach

The Guideline Transaction Method utilises valuation multiples based on actual transactions that have occurred in the subject company's industry. These derived multiples are then applied to the appropriate operating data of the subject company to arrive at an indication of fair market value. The Guideline Company Method focuses on comparing the subject company to guideline publicly-traded companies.

22 GOVERNMENT GRANTS

According to the Investment Incentive Code No.47/2000 Akfen GYO, among the affiliated partners of the Group, has a 100% investment incentive on any investments made by Akfen GYO until 31st December, 2008 in the Turkish Republic of Northern Cyprus.

Based on the decree dated 01.07.2003 and numbered 2003/5868 of the Cabinet, it is resolved that ratio of the private consumption tax of the fuel oil supplied to any vessels, commercial yachts, service and fishing vessels, which are registered in the Turkish International Ship Registry and National Ship Registry and carry cargo and passengers exclusively in coastal routes, to be reduced to zero as of the beginning of the year 2004, provided that quantity of the fuel oil is determined with regards to technical specifications of and registered in journal of the vessel to consume such fuel oil. The Group utilizes discount in the private consumption tax to this extent since 2004.

According to the decree dated 02.12.2004 and numbered 2004/5266 of the Cabinet, any revenues obtained from operation and transfer of any vessels and yachts registered in the Turkish International Ship Registry are exempted from income and corporate taxes and funds. Purchase and sales, mortgage, registration, loan and freight agreements for any vessels and yachts registered in the Turkish International Ship Registry are not subject to stamp tax, duties, taxes and funds of bank and insurance procedures. The Group makes use of discounts of corporate tax and income tax in this scope.

As at 31 December 2012 and 2011, TAV Esenboğa and TAV İzmir have investment grants (Note: 36).

As at 31 December 2012, there is a government grant obtained from Tunisia within the scope of Trigeneration Project. Therefore, TL 585 (Group's share: TL 47) has been shown as a disposal on airport operation rights.

There are VAT and customs duty exemptions for the investments done for HES projects through various investment incentive certificates.

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23 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term debt provisions

As at 31 December, the short term debt provisions are as follows:

	2012	2011
Provision for litigations	2.748	3.429
Vacation pay liability	6.039	8.627
Other provisions	4.993	615
	13.780	12.671

The movement of the provisions as at 31 December is as follows:

2012	Provision for litigations	Vacation pay liability	Other provisions	Total
Balance at the beginning of the period	3.429	8.627	615	12.671
Provision expense for the period	718	953	4.821	6.492
Translation differences	(93)	(37)	(267)	(397)
Transfers to long term provisions	(509)	--	--	(509)
Effect of change in Group structure	--	(3.380)	(176)	(3.556)
Provisions released during the period	(797)	(124)	--	(921)
Balance at the end of the period	2.748	6.039	4.993	13.780

2011	Provision for litigations	Vacation pay liability	Other provisions	Total
Balance at the beginning of the period	2.381	6.053	231	8.665
Provision expense for the period	1.393	1.230	406	3.029
Translation differences	--	751	--	751
Business combinations	--	698	--	698
Effect of change in Group structure	--	66	--	66
Provisions released during the period	(345)	(171)	(22)	(538)
Balance at the end of the period	3.429	8.627	615	12.671

Provision for litigations

As at 31 December 2012, major part of the provisions for litigations arises from the continuing legal cases of employees and customers.

Vacation pay liability

For the periods ended 31 December 2012 and 31 December 2011, the Group has provided vacation pay liability accrual amounting to TL 6.039 and TL 8.627, respectively. Provision is calculated by the remaining vacation days multiplied by one days' pay. Provisions provided during the year have been reflected under cost of sales and administrative expenses in the accompanying consolidated financial statements.

Other provisions

As at 31 December 2012, other provisions are comprised of provisions provided for sales discounts, premiums payable and other provisions.

Long term debt provisions

Provision for litigations

As at 31 December 2012, Group's long term provisions are comprised of provision for litigations of Akfen İnşaat and İDO amounting TL 509 and TL 1.985 (Group's share: TL 596), respectively. These provisions are determined by taking into account professional advices and sample cases.

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24 COMMITMENTS AND CONTINGENCIES

(a) Commitments, Pledges and Mortgages

As at 31 December, the Group's position related to letter of guarantees given, pledges and mortgages were as follows:

Commitments, Pledges, Mortgages ("CPM") given by the Group	2012	2011
A. Total amount of CPM given on behalf of own legal personality	1.753.649	1.697.397
B. Total amount of CPM given in favor of subsidiaries which are fully consolidated	1.022.598	1.326.177
C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities	--	--
D. Total Amount of other CPM	27.368	46.445
i. Total amount of CPM is given in favor of parent company	--	--
ii. Total amount of CPM is given in favor of other group companies, which B and C doesn't include	27.368	46.445
ii. Total amount of CPM given to the third parties not included in the Article C	--	--
Total	2.803.615	3.070.019

As at 31 December 2012 the ratio of total amount of other CPM given by the group to its equity is 1 % (31 December 2011: 4%).

As at 31 December the currency distribution of foreign currency based CPM given by the Group is as follows:

	2012 (*)			2011(*)		
	EUR	USD	Other	EUR	USD	Other
Total amount of CPM is given on behalf of own legal personality	580.926	961.062	--	641.353	922.323	--
Total amount of CPM is given in favor of subsidiaries which are fully consolidated	651.356	75.809	213.322	766.288	159.635	347.120
Other CPMs given	--	17.024	--	--	45.240	--
	1.232.282	1.053.895	213.322	1.407.641	1.127.198	347.120

(*) All amounts are expressed as TL equivalent.

As at 31 December, Group's share on CPM given by entities under common control is as follows:

	2012	2011
İDO	826.272	774.377
TAV İnşaat	327.590	458.818
TAV Havalimanları	95.398	179.910
MIP	7.446	33.518
Akfen Su	630	2.135
	1.257.336	1.448.758

(b) Letter of Guarantees Received

As at 31 December 2012, Akfen Holding and its subsidiaries received cheques, notes and letter of guarantees which have nature of letter of guarantees amounting TL 105.273 (31 December 2011: TL 167.168) from subcontractors. As at 31 December 2012 TL 28.501 (31 December 2011: TL 15.960) of notes were given to constructions companies of Akfen Holding and its subsidiaries, TL 3.160 (31 December 2011: TL 33.319) were given to hydro electrical power plants of the Group. As at 31 December 2012, amount of letter of guarantees received by entities under common control is TL 134.156 (Group's share: TL 31.371) (31 December 2011: TL 99.827 (Group's share: TL 37.296)).

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(c) Contractual obligations

TAV İstanbul

TAV İstanbul is bound by the terms of the Concession Agreement made with DHMİ. If TAV İstanbul does not follow the rules and regulations set forth in the Rent Agreement, this might lead to the forced cessation of TAV İstanbul's operation.

At the end of the contract period, TAV İstanbul will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made, and the cost will be charged to TAV İstanbul.

Pursuant to the provisions of this agreement, the contractual obligations of TAV İstanbul include the rental of the above mentioned facilities for a period of fifteen and a half years beginning on 3 July 2005; the operation of the facilities in compliance with international norms and standards within the rental (operation) period; the performance of periodic repair and maintenance activities on the facilities and the transfer of the facilities in question including the supporting systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ upon the expiry of the rental period.

In the case where TAV İstanbul as the lessee performs a delayed and/or incomplete rent payment to DHMİ, TAV İstanbul is charged a penalty of 10% of the rent amount to be paid. TAV İstanbul is then obliged to perform the payment latest within five days. Otherwise, DHMİ shall be entitled to terminate the rent agreement. TAV İstanbul is not entitled to claim the rent payments performed to DHMİ prior to the termination of the contract.

TAV Esenboğa and TAV İzmir

TAV Esenboğa and TAV İzmir are bound by the terms of the BOT Agreements made with DHMİ. If these companies do not follow the rules and regulations set forth in the concession agreement, this might lead to the forced cessation of these companies' operations according to the BOT Agreements.

According to the BOT agreements:

- The share capital of the TAV Esenboğa and TAV İzmir cannot be less than 20% of fixed investment amount.
- The companies have a commitment to make additional investment up to 20% of the initial BOT investment upon request of DHMİ.

DHMİ has requested an extension of EUR 13.900 (Group's share: EUR 1.129) (13% of the initial investment) from TAV İzmir on 21 August 2006 which extended the construction period by 2 months and 20 days, and operation period by 8 months and 27 days. TAV İzmir completed the construction for this extension on 10 May 2007. After granting of temporary acceptance by DHMİ in year 2007, final acceptance was granted by DHMİ at 21 March 2008.

TAV Esenboğa and TAV İzmir

Final acceptance for BOT investments of TAV Esenboğa was granted by DHMİ on 5 June 2008.

At the end of the contract period, the companies will be responsible for one year for the maintenance and repair of the devices, system and equipment supplied for the contractual facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repair made and the cost will be charged to TAV İzmir and TAV Esenboğa.

All equipment used by TAV Esenboğa and TAV İzmir must be in a good condition and under warranty and need to meet the international standards and Turkish Standards as well.

If the need shall arise to replace fixed assets subject to depreciation, which become unusable within the rent period and the depreciation rates of which are not delineated in the Tax Application Law, the operator is obliged to perform the replacement.

All fixed assets covered by the implementation contract will be transferred to DHMİ free of charge. Transferred items must be in working conditions and should not be damaged. TAV Esenboğa and TAV İzmir have the responsibility of repair and maintenance of all fixed assets under the investment period.

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HAVAŞ and TGS

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ, HAVAŞ and TGS undertake the liability of all losses incurred by their personnel to DHMİ or to third parties. In this context, HAVAŞ and TGS had these losses insured with the insurance policy in the amount of USD 50.000 and USD 100.000, respectively. They also take the responsibility of the training facilities given to the personnel and the quality of the service provided by its personnel together with the repair and maintenance of the ground handling vehicles and equipment. HAVAŞ and TGS are required to provide DHMİ with letters of guarantee each amounting to USD 1.000.000 (Group's share: USD 261.200). Fines received from losses incurred by the ground handling personnel or fines arising from the violation of the related agreement will be charged to HAVAŞ and TGS. Fines which are overdue in accordance with the appointed agreement/period declared by DHMİ will be settled by the liquidation of the letter of guarantee. If DHMİ liquidates the collateral, HAVAŞ and TGS are obliged to complete the collateral at its original amount which is USD 1.000.000 (Group's share: USD 261.200) within 15 days.

In accordance with the rental agreements signed with DHMİ regarding several parking areas, land, buildings, offices at the İstanbul Atatürk, İzmir, Dalaman, Milas-Bodrum, Antalya, Adana, Trabzon, Ankara, Kayseri, Nevşehir, Gaziantep, Şanlıurfa, Batman, Adıyaman, Elazığ, Muş, Sivas, Samsun, Malatya, Hatay, Konya, Çorlu, Sinop, Amasya and Ağrı airports; when the rent period ends, DHMİ will have the right to retain the immovables in the area free of charge.

TAV Tbilisi

TAV Tbilisi is bounded by the terms of the BOT Agreement. In case TAV Tbilisi fails to comply with the rules and regulations set forth in the agreement, it may be forced to cease its operations. With regards to the BOT Agreement, TAV Tbilisi is required to:

- Comply with all applicable safety standards and ensure that the airport and all other ancillary equipment are operated in a manner safe to passengers, workers and general public, as well as to comply with the technical and operational requirements of Tbilisi International Airport and environmental standards of Georgia;
- Maintain and operate the new terminal and infrastructure at Tbilisi International Airport in accordance with the applicable requirements of the BOT Agreement and International Air Transport Association, International Civil Aviation Organization or European Civil Aviation Conference or the project;
- Ensure that its subcontractors and TAV Tbilisi itself obtain and maintain relevant insurance policies from financially strong and internationally reputable insurance companies;
- Remedy accidents that might occur upon mechanical damage inflicted by TAV Tbilisi to existing communication networks or inappropriate use or operation thereof.

The Final Acceptance Protocol was completed in May 2011.

Tax laws and risks

Georgian commercial legislation and tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result TAV Tbilisi may be assessed additional taxes, penalties and interest. Tax periods remain open to review by the tax authorities for six years. Management believe that their interpretation of the relevant legislation is appropriate and TAV Tbilisi's profit, currency and customs positions will be sustained.

TAV Batumi

TAV Batumi is obliged to perform the terms agreed under the Agreement for Management of 100 percent of Shares in "Batumi Airport LLC" (the "Agreement") together with its Schedules annexed to the Agreement.

In the event that TAV Batumi fails to fulfill its material obligations under the Agreement and its Schedules, it may be forced to cease the management of the Batumi International Airport and all operation rights generated at the Airport.

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With regards to the Agreement, TAV Batumi is required to:

- comply with all requirements of the relevant statutes and the Applicable Laws of Georgia;
- prevent repatriation and transfer of the dividends distributable by Batumi Airport LLC from Georgia;
- comply with the terms of Permits that materially adversely affect the performance of TAV Batumi's obligations under the Agreement or achievement of the Revenues by Batumi Airport LLC and/or achievement of dividends by the TAV Batumi from Batumi Airport LLC;
- protect, promote, develop and extend the business interests and reputation of Batumi Airport in connection with the Services (reasonable effort basis);
- maintain and operate Batumi Airport in accordance with the international standards applicable to similar international airports, and any other local standards that will be applicable to the operations of an international airport;
- recruit and train sufficient number of staff for the operation of Batumi Airport in accordance with standard, accepted operational standards;
- perform regular, periodic and emergency maintenance and repair works of all the fixed assets, as well as the annexations and accessories related thereto located on the territory of Batumi Airport; and
- procure and maintain insurance policies listed under the Agreement during the term of the operation.

The Final Acceptance Protocol was completed on March 2012.

TAV Tunus

TAV Tunisia is bound by the terms of the Concession Agreements related to the building and operation of Enfidha Airport and to the operation of Monastir Airport. In case TAV Tunisia fails to comply with the provisions of these Concession Agreements as well as the Terms and Specifications annexed thereto, it may be forced to cease the operation of the said airports.

According to Enfidha Concession Agreement, TAV Tunisia is required to:

- design, construct, maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Enfidha Airport;
- complete the construction of the Airport and start operating it at the latest on 1 October 2009 which is then extended to 1 December 2009 through a notice from the Authority, unless the requirements by the Terms and Specifications of the Agreement fails. The operation of the Airport was started in the specified date in 2009.
- finance up to 30% of the Project by Equity.

According to Monastir Concession Agreement, TAV Tunisia is required to maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Monastir Airport.

TAV Tunisia

Pursuant to both Concession Agreements, TAV Tunisia is required to:

- market and promote the activities operated in the Airports and perform the public service related with these activities;
- provide with and maintain the bank guarantees in accordance with the Agreements;
- pay the Concession Royalties to the Conceding Authorities (Tunisian State and OACA);
- comply particularly with provisions of Appendix 2 to the Terms and Specifications annexed to the Agreements related to the ownership of the shares by TAV Tunisia's shareholders;
- require the approval of the Conceding Authority prior to the transfer of its rights under the Concession Agreements to any third party or to the conclusion of any sub-contract during the operation phase of the Airports;
- comply with its obligations under the Agreements and with all applicable Tunisian Laws and International rules related particularly but not limited to safety, security, technical, operational and environmental requirements;
- comply with its obligations related to insurance as provided for by the Agreements.

TAV Tunisia may also be obliged to cease the operation of the said airports if (i) it is declared insolvent or is subject to judicial liquidation proceedings or (ii) it is forced to cease the operation of one of the Airports.

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Within the scope of general ground services agreement, Company is responsible for the all possible damages of employees to third parties. TAV Tunisia is protected against all possible damages mentioned above by insurance policy made by other parties amounting USD 500.000 for all its operations.

The Conceding Authority and TAV Tunisie shall, seven years prior to the expiry of the Concession Agreement, negotiate and agree on a repair, maintenance and renewal program, with the assistance of specialists if applicable, which program includes the detailed pricing of the works for the final five years of the concession which are necessary in order to ensure that the movable and immovable concession property is transferred in good condition to the Conceding Authority, as well as the schedule of the tasks to be completed prior to the transfer. In this context, TAV Tunisie annually performs repair and maintenance procedures for the operation of the concession property according to the requirements set in the Concession Agreement.

TAV Gazipaşa

TAV Gazipaşa is bound by the terms of the Concession Agreement made with DHMİ for Antalya Gazipaşa Airport.

If TAV Gazipaşa violates the agreement and does not remedy the violation within the period granted by DHMİ, DHMİ may terminate the Agreement.

The share transfers of the shareholders of TAV Gazipaşa are subject to the approval of DHMİ.

The Agreement is made for a period of twenty-five years effective from the date TAV Gazipaşa obtains the operation authorisation from the Ministry of Transportation. The contractual obligations of TAV Gazipaşa include the operation of the facilities in compliance with the international norms and standards subject to the supervision of the Ministry of Transportation Civil Aviation General Directorate and DHMİ; obtaining maintenance and periodic maintenance and repairs of all systems and equipment requisite for the operation and the transfer of the facilities together with the systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ, without any debt or liabilities, upon the expiry of the Agreement (if the economic lives of the systems, equipment, furniture and fixtures have come to an end, they should be renewed before the transfer to DHMİ). Upon the expiry of the Agreement, TAV Gazipaşa will be responsible for one year for the maintenance and repair of the systems and equipment in the facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repairs made and the cost will be charged to TAV Gazipaşa.

If expropriation of land is required for construction of additional facilities or systems during the term of the Agreement, TAV Gazipaşa will be responsible for the compensation for expropriation and will not demand any compensation and/or additional rent period from DHMİ and the owner of the subject land will be DHMİ.

In the event that TAV Gazipaşa is delayed in paying the rent and/or the rent is not fully paid to DHMİ, TAV Gazipaşa will be charged a monthly penalty in the amount of 10% of the outstanding amount. Facility usage amount represents the USD 50 fixed payment that is paid as a usage amount of the airport facility, subsequent to rent period starting, within the last month of each rent payment year.

TAV Macedonia

TAV Macedonia is bound by the terms of the Concession Agreement made with Macedonian Ministry of Transport and Communication ("MOTC").

If TAV Macedonia violates the agreement and does not remedy the violation within the period granted by MOTC, MOTC may terminate the Agreement.

All equipment used by TAV Macedonia must need to meet the Concession Agreement's standards.

All fixed assets covered by the implementation contract will be transferred to MOTC free of charge. Transferred items must be in working conditions and should not be damaged. TAV Macedonia has the responsibility of repair and maintenance of all fixed assets under the investment period.

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TAV Ege

During the contract period, TAV Ege should keep all the equipment it uses in a good condition at all times. If the equipment's useful life is expired according to the relevant tax regulations, TAV Ege should replace them in one year. At the end of the contract period, all fixed assets covered by the concession agreement will be transferred to DHMİ free of charge. Transferred items must be in working conditions and should not be damaged. TAV Ege have the responsibility of repair and maintenance of all fixed assets during the contract period.

Tibah Development

Tibah Development is bound by the terms of the BOT Agreement made with GACA for Medinah International Airport. If Tibah Development violates the agreement and does not remedy the violation within the period granted by GACA, GACA may terminate the Agreement.

Pursuant to the provisions of the Agreement, the contractual obligations of Tibah Development include the financing, designing and building of a new passenger terminal and related infrastructure works and operation of the existing and above mentioned facilities; the operation of the facilities in compliance with international norms and standards within the concession period; the performance of periodic repair and maintenance activities on the facilities and the transfer of the facilities in question including the supporting systems, equipment, furniture and fixtures in a proper and usable condition to GACA upon the expiry of the concession period. Tibah Development is entitled to collect all regulated and non regulated revenues in exchange of a 54.5% concession payment to be paid on its gross revenues to GACA on quarterly basis. The concession fee will be reduced by 50% for the first two years after the completion of the new terminal.

Tibah Operation

Tibah Operation is bound by the terms of the Operation and Maintenance Agreement made with Tibah Development. Tibah Operation is responsible for operating the airport in accordance with international norms and standards within the concession period, which is defined back to back with the BOT Agreement between GACA and Tibah Development.

Management believes that as at 31 December 2012, the Group has complied with the terms of the contractual obligations mentioned above.

Contingent liability

TAV Security has undergone a tax inspection by the Tax Inspectors of the Ministry of Finance on the value added tax returns for the periods between January 2007 and December 2011. The tax inspector claimed that the staff should have been in the payroll of TAV Security and TAV Security could not render such a service without having its own personnel. Since the staff is in the payroll of the terminal companies, the terminal companies should have been issued labor force invoices to TAV Security and TAV Security should have been issued security service invoices to terminal companies including the payroll cost invoiced by the terminal companies. As a result of the tax inspection, the withholding value added tax treatments of the TAV Security in relation to the security and the labor services rendered have been criticised and based on the criticism, tax and tax penalty has been assessed and notified to the TAV Security. As per the notification, outstanding value added taxes amounting to TL 6.201, TL 6.839, TL 7.883, TL 8.345, TL 9.409 and tax penalties at the equivalent amounts have been assessed for the years 2007, 2008, 2009, 2010 and 2011, respectively. Furthermore, outstanding corporate income taxes amounting to TL 745, TL 688, TL 823, TL 800, TL 1,011 and tax penalties of TL 1.326, TL 1.242, TL 1.496, TL 1.423, TL 2.358 have been assessed for the years 2007, 2008, 2009, 2010 and 2011, respectively.

In addition, Special Irregularity Penalty is assessed due to the fact that TAV Security has not issued security service invoices to the terminals including the payroll invoices. Special Irregularity Penalty amounting to TL 365 have been assessed for the years 2007, 2008, 2009, 2010 and 2011. A lawsuit will be filed on the grounds that the criticism do not have any justifications. The management, lawyers and tax auditors of TAV Security are in the opinion that the lawsuit will result in TAV Security's favor, no provision is recorded in the accompanying consolidated financial statements.

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MIP

MIP is subject to any terms and conditions of the Concession Agreement and its appendices entered into by MIP, OIB and TCDD on 11 May 2007 for transfer of operating rights of the TCDD Mersin Port for 36 years. Under the Concession Agreement, MIP is obliged to fulfill the following obligations:

- to operate the port in accordance with the effective codes, legislation, regulations and any international agreements, guidelines and bilateral agreements recognized by Turkey, and to continue its activities in accordance with the instructions of the Maritime Undersecretariat and Mersin Port Directorate and resolution of other public bodies and authorities on port services,
- to supply and maintain any necessary bank guarantees in consideration any liabilities hereunder,
- to observe any reporting obligations,
- to ensure that any agreements signed in time of TCDD remain effective until their expiry date, provided that it is free to renew these agreements,
- to maintain any spaces allocated to public authorities in the body of the port exactly in current conditions, and if such spaces hinder any port activities as a result of investments, to move these spaces to any other place at the Operator's cost upon mutual consent of the parties and by notifying TCDD of this,
- to cover all necessary investments for purposes of keeping the port administration in said standards and to fulfill its obligations toward increase of capacity of the Port within 5 years following the signing date,
- to fulfill any obligations on obtaining any necessary licenses, permissions, etc. to perform any port services and activities,
- to determine any fee tariffs of the port services in a competitive understanding and under the current legislation and to avoid of any excessive pricing,
- to fulfill any obligations timely and completely on all taxes and duties of the Port, SSI Premiums of employees, Incomes, etc,
- to allow any public inspection under the provisions of the Agreement,
- to observe any restriction on use of the plants,
- to fulfill any insurance obligations,
- to keep and report any accounting accounts and records to TCDD based on the cost separation principle,
- to maintain sustainability of public services and service standards,
- to implement maintenance and repairs of the plants,
- to accept responsibility for any damages, costs and losses incurred by third parties or caused by third parties again the Port; and,
- to have any resolution on legal structure of the Company to be approved by TCDD.

MIP fulfilled its obligation for capacity increase mentioned above (1,4 million TEU/year container and 4,5 million tonnes/year with the combination of general load) as at May 2012, and completed any official notification application for approval by the TCDD.

HES I, II, III, IV, V

Obligations subject to license

Pursuant to the Electricity Market License Regulation, plant completion periods are allowed by the Authority for production license as 16 months for pre-construction preparation phase and 24-46 months for construction phase as determined according to the project (this period is 54 months for the Laleli Dam and HES project). Any plant completion dates and periods are added to licenses. The plant consideration period considered in determining a plant completion date consists of total of periods of permissions needed to be obtained under other legislation, pre-construction period including periods for provision of settlements including expropriation, establishment of easement or lease procedures and construction period determined according to nature of the production plant under the license. If any time extension requirements arise for cogent reasons such as non-performance of administrative procedures in time such as approval, permission, etc. and non-completion of expropriation, establishment of easement or lease procedures, a time extension may be required, provided that they are not caused by force majeure events or licensee judicial entity. Moreover, if any time extension is required by the licensee due to any events that affect and may affect investment process of the project such geological and/or technical problems and/or regional features and any national or international adverse financial developments in relation to the project, and such alleged reasons are seen fit by the Authority and it is determined investment of the production plant reaches an irrevocable point, a time extension is allowed by the Authority and added to the license.

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Pursuant to the 'Reporting' section of the same Regulation, the licensee judicial entities are obliged to prepare and submit an annual activity report for previous year to the Authority until the end of April of each year in accordance with the provisions of the relevant legislation. In this report, the licensee gives any information about applications and their results of any permission, approval, license and other administrative procedures conducted by the legal entities before the related bodies, authorities and/or institutions to perform its business activities under the license in the previous year. The judicial entities, who obtain a license to perform any production activities, are obliged to submit any information about any activities implemented until completion date of the plant in first and second semi-years to the Authority in its progress report in an appropriate form determined by the Authority within July and January months of each year respectively. Such obligation commences within the current period if there is a period more than 90 days between the license date and period of first progress report following that period, or within subsequent period.

Obligations subject to Water Use Right Agreement

Pursuant to the Water Use Right Agreements entered into with the State Hydraulic Works ("DSİ"), a Hydraulic Source Allowance is paid for the following stations. The allowance is found by multiplying the amount per electrical kilowatt-hour committed to be paid to DSİ by annual power consumption of the station. Annual power generation of the station is informed to the company "Türkiye Elektrik İletişim A.Ş. ("TEİAŞ") or relevant distribution company until 15th January of subsequent year. The determined amount of the Hydroelectric Source Allowance needs to be updated at ration of the increase in Turkish Average Electricity Wholesale Price determined by EPDK from the tender year until the generation year based on payment and paid by the company to DSİ until the end of subsequent January during the period of the license given by EPDK to record as revenue.

Hydroelectric Source Allowance determined under the Water Use Right Agreement is 0,02 kurus/kWh, 0,05 kurus/kWh, 0,02 kurus/kWh and 0,07 kurus/kWh, 0,11 kurus/kWh, 0,05 kurus/kWh for Gelinkaya HES, Kavakçalı HES, Dogañay HES, Laleli Dam and HES, Çiçekli HES, Çalıkobası HES, respectively.

Joint plant price is paid to DSİ, since they are used jointly with Hydroelectrical Plants that are made within the scope of code 4628. First payment will start 5 years after the plant start to operate and payment will be done through 10 installements. Amount to be paid is calculated according to benefit that Hydroelectrical Plant obtained and cost of joint plant. Value of the joint plants determined by Water Use Right Agreement for Gelinkaya HES as at 2009 is TL 886, for Sırma HES as at 1990 TL 6.348 (There is a joint plant usage for Sekiyaka II HES but value has not determined on Water Use Right Agreement, yet).

Liabilities due to Share Transfer Agreement

In the Beyobası and İdeal projects located under Akfen HES I and in the Pak and Elen projects located under Akfen HES II, pursuant to the Article 'Variable Share Value' of the share transfer agreements, USD 0.5 per kWh should be paid to the Bağcı Group based on annual power generation in January yearly including the period between 1st January and 31st December and following this period since the date, when above-mentioned four companies and twelve stations under these companies located in the HES project.

Akfen Su Güllük

Akfen Su Güllük is subject to the terms and provisions of the Drinking and Potable Water Supply Plant and Waste Water Treatment Plant Construction and Operation License Agreement and its appendices entered into with the Güllük Municipality on 29 August 2006. Term of the license agreement is 35 years as total of investment and operating terms. As a licensee, Akfen Su Güllük completed the final acceptance process for construction works under the agreement on 13 January 2011.

Akfen Su Arbiogaz Dilovası

Akfen Su Arbiogaz Dilovası is subject to the terms and provisions of the Dilovası Organized Industrial Zone Waste Water Treatment Plant Construction and Main Collector Line Construction and Operation Project agreement and its appendices entered into with the Dilovası Organized Industrial Zone Directorate on 3 August 2007. Term of the agreement is 29 years totally including construction period and operation period of the plants. Under the agreement, the Administration has a price guarantee in Euro for minimum waste water flow rate by years waste water treatment during operating period of the plant. In consideration of this guarantee, the Administration gives Akfen Su Arbiogaz Dilovası a guarantee letter per operational year.

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Group as a Lessee

Group has recognized expenses arising from operating leases amounting TL 15.029 on its consolidated financial statements. The major part of the lease agreements that Group is a lessee, is related with Akfen GYO.

Operating lease agreements

Akfen GYO

As at 31 December 2012, Akfen GYO concluded 11 Operating Lease agreements in capacity of the Lessee;

- The Group signed a rent agreement with Finance Ministry of Turkish Republic of Northern Cyprus to lease a land for constructing a hotel in Girne and establishing right of tenancy on 15 July 2003. The lease payments started in 2003 and the payments are made annually. The lease term is 49 years starting from agreement date. Rent amount for the year 2012 is USD 10.400 and it will increase by 3% every year. Rents are paid yearly.
- Akfen GYO signed a rent agreement with the Ministry of Treasury and Finance, on 4 December 2003 to lease a land and for constructing a hotel in Zeytinburnu, Istanbul. The term of the servitude right obtained with this agreement is 49 years starting from 18 November 2012. The lease payment composed of yearly fixed lease payments determined by Ministry of Treasury and Finance and 1% of the total yearly revenue generated by the hotel constructed on the land.
- Akfen GYO signed a rent agreement with Municipality of Eskişehir on 8 August 2005 to lease an incomplete hotel construction site located at Eskişehir for 22 years starting from 30 March 2007. Related lease agreement is expounded in land registry office. The hotel started to be operated in 2007 after the construction was completed. The lease payment is the yearly fixed lease amount determined by the agreement and 5% of the total yearly revenue generated by the hotel constructed on the land.
- Akfen GYO signed a rent agreement with Trabzon Dünya Ticaret Merkezi AS ("TDTM") on 30 October 2006 to lease a land and to construct a hotel in Trabzon. The term of the servitude right obtained with this agreement is 49 years starting from 19 September 2008. The lease payments will start after a five year rent free period subsequent to acquisition of the operational permissions from the Ministry of Culture and Tourism. Akfen GYO has priority over the companies which submit equivalent proposals for the extension of the lease term.
- Akfen GYO signed a rent agreement with Kayseri Chamber of IndusTL on 4 November 2006 to lease a land and to construct a hotel in Kayseri. The term of the servitude right obtained with this agreement is 49 years starting from 3 March 2010. Lease payments will start after a five year rent free period. Akfen GYO has priority over the companies which submit equivalent proposals for the extension of the lease term.
- Akfen GYO signed a rent agreement with Municipality of Gaziantep on 31 May 2007 to lease a land and to construct a hotel in Gaziantep. The term of the servitude right obtained with this agreement is 30 years starting from 3 December 2009. The lease payment for the first 5 years is paid in advance after obtaining building permit.
- Akfen GYO signed a rent agreement with Bursa International Textile Trading Centre Business Cooperative ("BUTTİM") on 9 May 2008 to lease a land and to construct and operate an Ibis Hotel. The term of the servitude right obtained with this agreement is 30 years starting from 6 October 2010. Lease payments will start after a five year rent free period.
- Akfen GYO signed a rent agreement with Prime Ministry General Directorate of Foundations on 16 September 2010 to lease a land and to construct a hotel in İzmir for 49 years starting from the agreement date. The lease payments made for the first three years are TL 2.340 per month and TL 25.155 for the fourth year per month. After the fourth year, the previous year rent increases at the beginning of the period as the average of annual Producer Price Index ("PPI").
- Akfen GYO signed lease agreement on 18.02.2009 for land of Kaliningrad projects with Kaliningrad Municipality amounting to TL 37.714 per year till 31 December 2013. Akfen GYO has right to purchase the land over a percentage to be specified on its cadastral value or to extend the lease period for utmost 49 years.
- The Group took over the 224.524 m2, tourism zoning land in Bafra, Northern Cyprus which is owned by Northern Cyprus Ministry of Agriculture and Natural Resources and assigned to Akfen İnşaat for 49 years Northern Cyprus with the approval of Northern Cyprus Cabinet on 23 February 2011. Yearly rent amount is USD 53.609 and it will increase by 3% every year.
- Akfen GYO took over the lease agreement for a period of 49 years starting from the agreement date on 22 June 2011, which was signed between the 1. Regional Directorate of Foundations and Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret A.Ş. for the land in Beyoğlu district of Istanbul under the build-operate-transfer model. Monthly rent amount is TL 115.000 starting 3rd year of transfer of the agreement by yearly increase in ratio of PPI and shall continue till the end of 49th year.

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All operating lease contracts contain clauses on review of market conditions in the event that the Akfen GYO exercises its option to renew.

Payments recognised as an expense at Akfen GYO

	31 December 2012	31 December 2011
Lease payments	4.066	3.104
	4.066	3.104

Non-cancellable operating lease commitments of Akfen GYO

	31 December 2012	31 December 2011
Less than one year	800	714
Between one and five years	9.978	8.038
More than five years	128.471	129.502
	139.249	138.254

In respect of non-cancellable operating leases of Akfen GYO, the following liabilities have been recognized:

	31 December 2012	31 December 2011
Accrued rent expense		
Current	725	477
Non-current	2.768	2.104
	3.493	2.581

Group as a Lessor

The major part of the lease agreements that Group is a party to as at 31 December 2012, is related with Akfen GYO.

Operating lease agreements

As at 31 December 2012, the Group has undergone 18 operating lease arrangements as;

- Akfen GYO has signed a rent agreement with Accor on 18 November 2005 to lease a hotel which was completed in 2007 and started operations in Eskişehir.
- Akfen GYO has signed a rent agreement with Accor on 12 December 2005 to lease two hotels which were completed in 2007 and started operations in Istanbul.
- Akfen GYO has signed a rent agreement with Accor on 26 July 2006 to lease a hotel which was completed and started operations in 2008 in Trabzon.
- Akfen GYO has signed a rent agreement with Accor on 24 March 2008 to lease two hotels which was completed and started operations in 2010 in Kayseri.
- Akfen GYO has signed a rent agreement with Accor on 24 March 2008 to lease two hotels which was completed and started operations in 2010 in Gaziantep.
- Akfen GYO has signed a rent agreement with Accor on 31 July 2009 to lease a hotel which is completed and started operations in 2010 in Bursa.

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- Akfen GYO has signed a rent agreement with Accor on 7 September 2010 to lease a hotel which is completed and start its operations in 2012 in Adana.
- Akfen GYO has signed a rent agreement with Accor on 16 August 2010 to lease a hotel which was completed at the end of 2012 and is planned to start its operations in beginning of 2012 in Esenyurt.
- Akfen GYO has signed a rent agreement with Accor on 2 February 2011 to lease a hotel which is planned to complete and starts its operations in 2013 in Izmir.
- Akfen GYO has signed a rent agreement with Accor on 19 December 2012 to lease a hotel which is planned to complete and starts its operations in 2015 in Karaköy.

All of the ten agreements have similar clauses described below;

The agreements are signed with Tamaris operating in Turkey and owned 100% by Accor and Accor has 100% guarantee over these agreements.

The lease term is sum of the period between the opening date and the end of that calendar year plus, twenty five full calendar years with an optional extension of ten years. Accor has the right to terminate the agreement at the end of the fifteenth full fiscal year upon by their mutual agreement. Accor has the right to terminate the agreement, if the Akfen GYO fails to meet the defined completion date (after 6 months additional period over the completion date). In this case, the parties shall be freed of all mutual obligations, and Accor will receive immediate payment of any due amounts upon the date of termination and liquidated damages up to EUR 750.000.

According to the "Amendment to Memorandum of Understanding" signed on 12 April 2010, annual lease payment:

As of 1 January 2010;

- In Kayseri Ibis, Gaziantep Ibis, Bursa Ibis and all Ibis Hotels to be started in operations after 1 January 2010, 25% of gross revenue or the higher of 65% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.

- In Kayseri Novotel, Gaziantep Novotel and all Ibis Hotels to be started in operations after 1 January 2010, 22% of gross revenue or the higher of 65% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.

According to the "Amendment to Memorandum of Understanding" signed on December 2012, annual lease payment:

As of 1 January 2013;

- In Zeytinburnu Ibis, Eskişehir Ibis, Kayseri Ibis, Gaziantep Ibis, Bursa Ibis, Adana Ibis, Esenyurt Ibis Otel, 25% of gross revenue or the higher of 70% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.

- In Zeytinburnu Novotel, Trabzon Novotel, Kayseri Novotel ve Gaziantep Novotel, 25% of gross revenue or the higher of 70% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.

- In Karaköy Novotel and Ankara Esenboğa Ibis Hotel, 22% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.

AGOP is calculated as deduction of 4% of the Gross Operating Profit ("GOP") corresponding to operational costs borne by ACCOR S.A. and 4% of GOP corresponding to furniture, fixture and equipment (FF&E) reserve fund from GOP.

Each time that a total of new 500 rooms in Turkey, Russia and Ukraine will be open to the public by Akfen GYO, AGOP ratios in agreements of the hotels in Turkey, except Karaköy and Ankara shall be increased by 2,5%. In any case, rent to be calculated based on AGOP for these hotels shall not exceed 80%.

Annual rent is paid quarterly (January, April, July and October) based on the higher of AGOP ratio for each hotel or gross revenue ratio actualized in related quarter of each hotel .

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Akfen GYO has undergone eight operating lease arrangements as lessor other than operating lease agreements signed with Accor in Turkey:

- Akfen GYO has signed a rent agreement with Voyager Kıbrıs Limited (“Voyager”) on 15 March 2007 to lease a casino. Lease period has started on 1 July 2007 with the opening of casino. The lease term is 5 years. According to the additional rent agreement signed on 1 May 2010, the annual lease payment is Euro 3.059.840 which is effective for the period between 1 July 2009 and 30 September 2010. The annual rent is paid quarterly (March, June, September and December). At 1 July 2010 annual lease payment amounting to Euro 3.209.840 will be effective, after discount of Euro 150.000 determined by the amendment is cancelled. The parties mutually agree that rent increase at the beginning of the period depending on annual Euribor rate is ceased and any rent increase will not be applied during the period when the main rent agreement is effective.
- Akfen GYO has signed a rent agreement with Serenas Turizm Kongre ve Organizasyon Hizmetleri Limited Şirketi (“Serenas Turizm”) to lease KKTC Hotel for five full calendar years started from 1 January 2008 with an optional extension of 5 years. Annual rent amount is Euro 1.500.000 for 2011 and Euro 2.000.000 for 2012. Letter of guarantees amounting Euro 3.000.000 is provided by Serenas Turizm. An annual rent will be paid quarterly (February, May, August and November). The agreement with Serenas Turizm has been terminated on 1 October 2012.
- Voyager has been operating the casino of 5 star KKTC Hotel placed in Kyrenia, Northern Cyprus within the portfolio of Akfen GT since year 2007. An agreement related to rental of KKTC Hotel with its casino and all equipment for 20 years has been signed between the parties in 15 May 2012 and first year rent amount is Euro 4.750.000. The start date of the agreement is set as January 2013. The operations of Voyager related to the casino is still continuing and new lease term will start by transfer of the hotel. In first 5 year, the rent amount will not increase, since 6th year, the rent will increase if yearly Euribor is less than 2%, in ratio of Euribor, if yearly Euribor is higher than 2%, in ratio of 2%, additional to previous year’s rent amount.
- The Group has signed rent agreement with Sportif Makine AŞ for Eskişehir İbis Hotel Fitness Center on 1 September 2006. The rent payments begin after two months from 1 January 2007 which the fitness centre is delivered. The monthly rent is Euro 6.500 and the length of rent the agreement is 7 years. The rent increases at the beginning of the period depending on Euribor rate. The Group has signed an additional agreement with Sportif Makine AŞ for the rent payments of 2012 at December 2011. Based on the agreement, the monthly VAT excluded rent amount is decreased to Euro 5.000 for June, July and August and Euro 6.000 for the remaining.
- Akfen GYO has signed rent agreement with Seven Turizm İnşaat ve Reklam Sanayi Ticaret Limited Şirketi for the bar/café in Eskişehir İbis Hotel on at 11 May 2007. The rent payments begin after two months after the bar/café is delivered. The monthly rent is TL 3.000 and the rent term is 10 years. The rent increases at the beginning of the period as the average of annual PPI and CPI.
- Russian Hotel through its subsidiary LLC Samstroykom signed a lease agreement for IBIS Hotel building located in Samara, Russia, with Russian Management Hotel Company, a company which Accor operates in Russia. It was signed on 11 July 2008 in Moscow. Hotel has been delivered to Accor in 1st quarter of 2012. The operation of the hotel has been started in March 2012. In addition to first agreement related to Samara Hotel, the Company has signed a long term agreement with Accor in 10 January 2012. The lease shall be for the period of 25 years with right of 10 years’ of prolongation of Accor. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. The Parties agreed that the Minimum Annual Guaranteed Rent for first year is Euro 2.500 per a room, for second year Euro 5.000 per a room, from third year Euro 6.000 per room and from fourth year to fifteenth year Euro 7.000 per a room. According to the Minimum Annual Guaranteed Rent the highest price is Euro 14.000 per a room. Accor has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement.
- Russian Hotel through its subsidiary LLC YaroslavlOtelInvest signed a lease agreement for IBIS Hotel building located in Yaroslavl, Russia, with Russian Management Hotel Company, a company which Accor operates in Russia. It was signed on 15 October 2009 in Moscow. The building has been delivered to Accor in the third quarter of 2011. In addition to first agreement related to Yaroslavl Hotel, the Company has signed a long term agreement with Accor in 1 July 2011. The main lease agreement shall be signed and registered in the in the 3rd quarter 2011. The lease shall be for the period of 25 years with right of 10 years’ of prolongation of Accor. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. The Parties agreed that the Minimum Annual Guaranteed Rent for first year is Euro 2.500 per a room, for second year Euro 5.000 per a room, for third year 6.000 Euro per a room and from fourth year to fifteenth year Euro 7.000 per a room. According to the Minimum Annual Guaranteed Rent the highest price is Euro 14.000 per a room. Accor has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement.

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- Russian Hotel through its subsidiary LLC KaliningradInvest signed a lease agreement for IBIS Hotel building located in Kaliningrad, Russia Russian Management Hotel Company, a company which Accor operates in Russia. It was signed on 8 September 2010 in Moscow. The building shall be delivered to Accor in the first quarter of 2013. The main lease agreement shall be signed and registered in the 1st quarter 2013. The lease shall be for the period of 25 years with right of 10 years' of prolongtion of Accor. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. The Parties agreed that the Minimum Annual Guaranteed Rent for first year is Euro 4.000 per a room, for second year Euro 5.000 per a room, from third year to fifteenth year Euro 6.000 per a room. According to the Minimum Annual Guaranteed Rent the highest price is Eruo 12.000 per a room. Accor has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement.

Non-cancellable operating lease receivables of Akfen GYO

	31 December 2012	31 December 2011
Less than 1 year	18.534	13.265
Between 1 and 5 years	77.321	32.322
More than 5 years	248.249	87.361
	344.104	132.948

Memorandum of Understanding signed between Akfen Holding and Accor

Akfen Holding signed a Memorandum of Understanding with a 100% owned subsidiary of Accor, one of the world's leading hotel groups. Based on the MoU, the entities will join their efforts to establish a partnership to develop hotel projects in Turkey. The Company will build and lease number of hotels.

According to the Development Program stated in the "Amendment to Memorandum of Understanding" signed on 12 April 2010 in the following five years period starting from 1 January 2011 to 31 December 2015, minimum 8 hotels shall be developed and leased to Accor by the Company in Turkey. Two of these hotels should be constructed in İstanbul, the other hotels should be constructed in Esenyurt, Ankara, İzmir, Adana and in two other cities which should be mutually determined by the parties. The parties may reduce the number of hotels to be developed under the Development Program by their mutual agreement writing during the first year of the relevant five year period, provided that the reduced number of hotels to be developed under the Development Program shall not be less than 6 hotels.

According to Memorandum of Understanding amendment signed in December 2012, the obligations stated above is cancelled. Instead of this enforcement; not necessarily, each time that a total of new 500 rooms in Turkey, Russia and Ukraine will be open to the public by Akfen GYO, AGOP ratios in agreements of the hotels in Turkey, except Karaköy and Ankara shall be increased by 2,5%. In any case, rent to be calculated based on AGOP for these hotels shall not exceed 80%.

All of the operating lease agreements that the Company is lessor are based on Memorandum of Understanding.

According to Memorandum of Understanding:

- Any sale of a controlling shareholding of the Akfen GYO by Akfen Holding to a third party, not a member of its shareholder's and/or family group shall be submitted to a first refusal right agreement of Accor under the same terms and conditions proposed by the third party offer or, except in case that the Akfen GYO becomes a publicly listed entity.
- For securitisation of further investments, Akfen Holding and Accor agree that the share capital of the Akfen GYO be increased by the enTL of new shareholders but at all times while Accor and Akfen Holding are partners, Akfen Holding should directly or indirectly keep control of the shareholding and the outside investor permitted by the above mention terms will not be another national or international hotel operator.
- Accor can terminate the agreement if Accor does not use its refusal right or this right is not the case and does not want to continue with the new shareholder under the same terms and conditions. If the agreement is terminated by Accor, the ongoing lease agreements will continue until their maturity terms.

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According to Memorandum of Understanding amendment signed in December 2012 which will be valid as of 1 January 2013, the issues related to exclusivity and first right of refusal are stated as below:

- As from 1 January 2013 to 31 December 2017, Accor will consent to Akfen GYO a right of refusal for hotel projects which Accor or any of its subsidiaries may develop and so long as the proposal is not refused, Accor will not be free to achieve the aforesaid project with any investors. During the term of present agreement period, Akfen GYO will offer the hotel projects to develop in Turkey, Moscow and Russia to Accor at first.
- From 1 January 2013 to 31 December 2014, in cities in which projects exists except İstanbul, Accor shall not make any lease agreement and besides any agreement related to operate, manage or franchise hotels under the existing brand with third parties. During the term of present agreement, Accor shall not make lease agreements with third parties offering conditions of rent better than those proposed to Akfen GYO.

IDO

IDO concluded operating lease agreements with Istanbul Metropolitan Municipality ("IBB") for operating the terminals, lines and sea vessels belonging to IBB. Lease fees introducing the definition of conditional lease are calculated over the sales revenues of the IDO. Thus, the lease agreement does not include payment of any minimum amount of lease in following periods.

As at 31 December 2012, IDO has to pay conditional lease fees for operating the terminals, lines and sea vessels. According to the conditions of the lease agreement, IDO has taken over rights of use of these lines together with the terminals and sea vessels and pays a particular rate of the gross revenue collected from these lines to IBB as conditional lease fee. Receiver party of the payment and the rate of lease costs in the gross revenue was determined in a protocol concluded between IBB and the Group. IDO and IBB concluded a lease protocol on 1 August 2010 and the rate applicable is 5,1 % over the vessel revenues.

On May 2006, IDO purchased ten sea busses rented from IBB and the conditions of the lease agreement concluded between the parties terminated. IDO and IBB concluded a new agreement for Sea Bus and Fast Ferry Lines.

Lease agreement concluded between IDO and IBB for operating two fast ferries and five sea buses for 10 years against monthly lease fee TL 2.178 (Group's share is TL 653) (including 18 % VAT) was terminated as at 1 August 2010 which was expiry date for the lease protocol for operating terminals, lines and sea vessels of IBB. Pursuant to the agreement concluded between IDO and IBB on 30 July 2010, IDO has been authorized to operate 28 passenger ferries (liner), 13 ferryboats, 5 sea buses, 2 fast ferries and 1 tugboat belonging to IBB for 30 years against usufruct price. Monthly usufruct price that IDO is liable to pay to IBB is determined as 5,1 % of the gross revenue. Upon establishment of Istanbul Şehirhatları Turizm San Tic A.Ş., operation of city ferry lines passed to Istanbul Şehirhatları Turizm San Tic A.Ş as at 30 September 2010 and lease fee would be paid by calculating as 5,1 % over the ships operated by the Operator (IDO). At the end of barter transaction concluded on 1 March 2011, 13 ferryboats were purchased by IDO and the lease burden was eliminated for related ships.

Usufruct right of 27 docks and terminal areas remaining under the authorization of IBB were taken through tendering for 30 years period against TL 590 (Group's share is TL 177) + VAT starting from 1 November 2010.

With an agreement concluded on 8 December 2010, IDO obtained public transport licence for 6 sea bus lines and 1 ferryboat line. According to the agreement, IDO is liable to pay 1 % of the annual gross revenue provided that it is not less than TL 201 (Group's share is TL 60).

With the agreement concluded on 23 February 2011, IDO took usufruct right of miscellaneous docks, terminals, maintenance yards and premises in Istanbul, Balıkesir, Bursa and Yalova provinces for 10- 30 years period against annual TL 2.500 (Group's share is TL 750) + VAT lease fee.

Usufruct right of sea surface under the possession of Istanbul Internal Revenues Office was taken through tendering for 30 years period against TL 2.665 (Group's share is TL 800) starting from 1 April 2011. Usufruct right taken with this tender covers sea part of 2nd plot of Ambarlı land. Pursuant to the conditions of the agreement, 20 % of the lease fee will be paid until starting the operations and complete annual lease fee will be paid after start of the operations. Contract price will be subject to increase in proportion to Producer's Prices Index.

Usufruct right of 14 docks remaining under the possession of Istanbul Internal Revenue Office was taken through tendering for 30 years period against TL 463 (Group's share is TL 139) starting from 5 July 2011.

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25 EMPLOYEE BENEFITS

For the years ended 31 December, the movements in the reserve for severance payments are as follows:

	2012	2011
Balance at the beginning of the period	17.873	9.672
Interest cost	405	1.423
Service cost	4.704	3.710
Paid during the year, reversal	(4.016)	(3.365)
Effects of change in foreign exchange rate	525	761
Effect of business combination (*)	--	4.498
Effect of change in ownership rates (**)	(6.778)	--
Actuarial difference	2.653	1.174
Balance at the end of the period	15.366	17.873

(*) Resulting from IDO acquisition carried out on 16 June 2011.

(**) Effect of sale of shares of TAV Havalimanı and TAV Yatırım.

According to laws in force, Group is liable to make a certain amount of lump sum payment to its employees whose employments are terminated because of retirement or any other reasons except for behaviors explained in resignation and labor law. This liability is calculated per year of employment based on the gross salary and other rights for 30 days which cannot exceed full TL 3.034 as at 31 December 2012 (31 December 2011: full TL 2.732). While calculating the total liability, key assumption is that for each year service is rendered, maximum liability will increase once in every six months by the inflation rate.

As it is not mandatory, no funds are allocated for employee termination indemnity.

In accordance with IAS 19 "Employee Benefits", it is required to use actuarial valuation methods in estimating the liability related with current retirement plans of the Group. The Group has calculated the provision for employee termination indemnity using the "Projected Unit Cost Method" based on its experience in the personnel service period completion and obtaining the termination indemnity right and reflected in the financial statements. Provision for employee termination indemnity is calculated by taking into account the net present value of the total amount of the liability arising due to retirement of all employees.

As at 31 December the liability is calculated by using the following assumptions:

	2012	2011
Wage increase rate	%5,00	%5,00
Discount rate	%8,00	%9,7
Net discount rate	%2,86	%4,48
Anticipated retirement turnover rate	81,00-99,00	78,00-99,00

Anticipated retirement turnover rate varies between Group companies.

Reserve for employee termination indemnity is calculated according to the net present value of liability to occur in the future due to retirement of all employees and it is reflected in accompanying consolidated financial statements.

26 RETIREMENT PLANS

The Group does not have any retirement plans as at 31 December 2012 and 31 December 2011.

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27 OTHER ASSETS AND LIABILITIES

Other current assets

As at 31 December, other current assets comprised the following:

	2012	2011
Prepaid concession and rent expenses	26.277	78.798
VAT carried forward	25.991	53.268
Order advances given	19.861	42.487
Advances given to sub-contractors	18.379	40.360
Prepaid expenses	14.006	12.126
Prepaid taxes and funds	12.180	8.028
Accrued income	11.574	16.358
Job advances	1.114	3.734
Other	4.206	9.588
	133.588	264.747

TAV Istanbul paid 23% of the total amount in advance in accordance with the rental agreement. After the first year, 5,5% of the total rent amount shall be paid within the first 5 days of each year. As at 31 December 2012, the short term proportion of prepaid rent is TL 26.277 (31 December 2010: TL 78.798).

As at 31 December 2012, order advances given are comprised of advances given by TAV İnşaat and Akfen İnşaat amounting TL 11.232 and TL 6.788, respectively.

As at 31 December 2012, advances given to sub-contractors are comprised of advances given by TAV İnşaat for Muscat and Local (Turkey) projects amounting TL 11.411, advances given by HES I and HES II companies for energy projects amounting TL 5.275 and advances given by Akfen GYO for hotel projects amounting TL 1.692. As at 31 December 2011, advances given to subcontractors are comprised of TL 16.829 of advances given by TAV İnşaat related to the projects in Doha, Muscat and Central (Turkey) and TL 10.757 of advances given represents the energy projects of HES I and HES II companies and TL 4.093 of advances given represents the hotel projects of Akfen GYO.

Other non-current assets

As at 31 December, other non-current assets comprised the following:

	2012	2011
VAT carried forward	131.633	96.482
Income accruals	13.762	14.627
Prepaid concession and rent expenses	10.908	41.791
Prepaid expenses	10.358	12.706
Advances given	6.812	9.342
Taxes and funds to be refunded through progress billings	5.744	9.825
Other	170	571
Other non-current assets	179.387	185.344

As at 31 December 2012, prepaid rent expense amounting to TL 10.908 is related with TAV Havalimanları (31 December 2011: TL 41.791).

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As at 31 December 2012, VAT carried forward is mainly related to the VAT incurred from capital expenditures amounted to TL 72.494 (31 December 2011: TL 65.273) especially made for the hydroelectric plant projects. Since these plants are in construction progress for hydroelectric plant projects, the Group does not have adequate VAT payable in order to net-off these VAT receivables. VAT carried forward belongs to Akfen GYO is TL 29.350 (31 December 2011: TL 27.798). According to the new Corporate Tax Law, Revenues of real estate investment companies exempt from corporate tax. However, these companies are subjected to 18% VAT for construction contracts.

As at 31 December 2011 income accruals belongs to Aliğa project is TL 13.762 (2011: TL 14.627).

Akfen Karaköy took over the "Conditional Construction Lease Agreement" on 22 June 2011, that was signed between 1. Regional Directorate of Foundations and 'Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret A.Ş ("Hakan Madencilik") under the build-operate-transfer model for a period of 49 years on 01 September 2009 for the land in Istanbul, Beyoglu, Kemankes district, Rihtim Street, 121-77 map section, 28-60 parcels. Transfer payment which also includes the 5 years of rent prepaid by Hakan Madencilik, is recognized under the prepaid expenses and recorded as profit or loss by the straight-line basis over the lease term. As at 31 December 2012 the amount of expenses paid in advance for short and long-term is TL 1.562 (31 December 2011: TL 1.562) and TL 6.515 (31 December 2011: TL 10.617), respectively.

As at 31 December 2012, advances given amounting to TL 4.198 of TL 5.855 is related with fixed asset advances of HES I and HES II projects (31 December 2011: TL 9.247).

Other current liabilities

As at 31 December, other short term liabilities are as follows:

	2012	2011
Expense accruals	32.175	54.165
Deferred income	5.520	7.093
Damage and discount provisions	45	2.436
Nondeductable VAT	--	4.786
Other	4.320	5.731
	42.060	74.211

As at 31 December 2012 and 31 December 2011, other current liabilities mainly include expense accruals and TL 28.644 expense accruals related to Doha, Muscat, Dubai, Abu Dhabi and Central (Turkey) projects of Tav Yatırım and TL 878 expense accruals of TAV Havalimanları and TL 2.389 expense accruals for HES projects of Akfen İnşaat.

Other long term liabilities

As at 31 December, the other long term liabilities are as follows:

	2012	2011
Deferred income	3.549	12.719
Advertisement income for future years	1.518	1.161
Other	--	591
	5.067	14.471

As at 31 December 2012, TL 3.549 (2011: TL 12.719) of the other long term liabilities is the rental income paid in cash by ATÜ to TAV Havalimanları and TL 1.518 (31 December 2011: TL 1.161) is the advertisement income of IDO for future years.

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28 EQUITY

As at 31 December 2012, Akfen Holding had 145.500.000 shares, each has TL 1 of nominal value. As at 31 December 2012, the whole of TL 145.500 capital was paid.

	31 December 2012	31 December 2011
Registered equity ceiling	1.000.000	1.000.000
Paid capital	145.500	145.500

28.729.368 shares of Hamdi Akın, the shareholder of the company, are the registered shares in Group A and 116.770.632 B Group shares are wholly bearer shares.

	2012		2011	
	Share Amount	Ownership Rate %	Share Amount	Ownership Rate %
Hamdi Akın ^(*)	99.250	68,21	99.209	68,18
Akfen İnşaat ^(**)	3.995	2,75	3.995	2,75
Other shareholders	1.139	0,78	1.180	0,81
Publicly traded shares ^(***)	41.116	28,26	41.116	28,26
Paid in capital (nominal)	145.500	100	145.500	100

^(*) 54.537 public in nature belonging to Hamdi Akın.

^(**) Public in nature

^(***) There are 2,254,827 shares of Akfen İnşaat which are public in nature.

As at 31 December 2012, as a result of buy back program 1,589,794 shares were purchased by Akfen Holding.

As at 31 December 2012 and 2011, there is no pledge on shares of Akfen Holding.

The concessions of the Company related to 28.729.368 (A) group shares are as follows:

There are three voting rights for each share in Group A in the General Assembly and these have also voting concession.

One of the auditors to who would be assigned within the company shall be elected among the candidates proposed by the majority of the A Group shareholders and the other auditor shall be elected among the candidates proposed by the majority of the B Group shareholders in the General Assembly.

In the frame of the Repurchase Programme approved in the General Assembly of the Company on 12 September 2011, 1,589,794 and 2.254.827 Akfen Holding A.Ş. shares were purchased by Akfen Holding and Akfen İnşaat amounting TL 13.885 and TL 20.157, respectively.

Translation reserve

As at 31 December 2012 the translation reserve amounting TL 37.187 (31 December 2011: TL 101.443) comprise of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım and TAV Havalimanları from their functional currency of USD and EUR to the presentation currency TL which is recognized in equity.

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Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instrument related to hedged transaction that have not yet occurred. As at 31 December 2012 the hedging reserve amounting to, TL 84.473 (HES I-IV-V: TL 7.763, MIP: TL 53.188, IDO TL 6.229 ve TAV Havalimanları: TL 17.293) is recognized in equity which is related to the interest rate swap contracts made by HES I-IV-V, MIP, IDO and TAV Havalimanları (31 December 2011: TL 104.992).

Revaluation surplus

The customer relationship and DHMİ licence were remeasured to their fair values by TAV Havalimanları in 2007. The change in fair value is reflected as revaluation surplus in the consolidated financial statements of TAV Havalimanları.

The accompanying consolidated financial statements include the Group's share of the revaluation surplus as at 31 December 2012 and 2011.

Capital adjustments due to cross ownership (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net off any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Business combination of entities under common control

Business combinations of entities that are under common control are accounted for at book values. The net amount of consideration paid over the book value of the net assets acquired is recognized directly in equity. These negative valued funds are evaluated under retained earnings for profit distribution purposes.

Legal reserves

Retained earnings as per statutory financial statements, other than legal reserve requirements, are available for distribution subject to legal reserve requirement referred to below:

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other use unless they exceed 50% of paid-in share capital.

Other reserves

Other reserve comprises all gain or loss realized on sale and purchase of non-controlling interest in a subsidiary. Akfen GYO increased its capital as TL 46.000 upon the decision of the Board of Directors dated 24 January 2011. 46,000,000 shares corresponding to this increase and total 54.117.500 Akfen GYO shares with TL 54.118 nominal value and 8.117.500 shares of Akfen GYO held by Akfen Holding corresponding to TL 8.118 were offered to public on 11 May 2011. In the following days, Akfen Holding repurchased total 8.040.787 shares in order to provide price stability of Akfen GYO shares. These transaction, of which ownership was changed without losing control, were recognized under the other reserves item after the transaction costs were finalized.

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As at 3 October 2012, TAV Holding acquired 35% of HAVAŞ's shares from İş Private Equity and HSBC Principal Investments in return for EUR 80,000 (TL 184.328) (Group's share: EUR 6.495, TL 14.966). As a result, TAV Holding's share in HAVAŞ increased to 100% and HAVAS is fully consolidated without any non-controlling interest ownership. The effect of this transaction is recognized as an equity transaction as other reserves in the consolidated financial statements.

As at 30 November 2012, the Company sold 40% of its shares on HES IV to Aquila, amounting TL 52.936, equivalent of EUR 22.908. Since the control did not change, related transaction was recognized in other reserves under equity.

Unrecognized profits or losses, which represent the changes in fair value of available for sale financial assets and arise from the difference between redeemed cost of financial assets through effective interest method and its fair value, are recognized in other reserves under equity.

Share premium

During the public offerings carried out on 14 May 2010 and special sales made to corporate investor at ISE Wholesale Market on 24 November 2010, because of sale of company shares in a higher price than the nominal value, TL 90.505 and TL 364.277 differences were recognized as the share premium respectively. These premiums are presented in the equity and cannot be distributed, however, these may be used in the capital increase in the future.

Non-controlling interests

The shares excluded from direct and/or indirect control of the main partnership of net assets of the subsidiaries are classified under the 'non-controlling interest' item in the consolidated financial statement.

As at 31 December 2012 and 31 December 2011, the amounts classified under the 'non-controlling interest' item in the statement of financial position are TL 396.401 (Akfen Holding and its subsidiaries: TL 388.680 and entities under common control: TL 7.721 (TAV Yatırım TL (884), TAV Havalimanları TL 6.192 and Akfen Su TL 2.413)) and TL 392.965, respectively. Again, the shares excluded from direct and/or indirect control of the main partnership of net assets of the subsidiaries are classified under the 'non-controlling interest' in the consolidated statement of comprehensive income. The profit of the non-controlling interest for the year ended 31 December 2012 and 2011 are TL 8.015 and TL 104.112, respectively.

Since as at 1 January 2013 proportionate consolidation will be forbidden, non-controlling interests included in financial statements of entities under common control will not be included in consolidated financial statements.

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29 REVENUE AND COST OF SALES

29.1 Revenue

For the years ended 31 December, revenue comprised the following:

	2012	2011
Contract revenue	275.731	486.573
Revenue from port operations	251.453	183.099
Revenue from marine transportation	139.660	71.461
Revenue from sales of tax free goods	80.540	123.044
Revenue from aviation services	77.254	107.770
Revenue from ground services	68.985	116.486
Revenue from electric power	57.976	29.571
Commission from sales of duty free goods	34.123	52.951
Rent income from investment property	31.506	27.621
Revenue from catering services	24.907	32.642
Construction revenues arising from IFRIC 12	23.353	43.480
Field allocation income	10.538	16.066
Revenue from Parking services	10.384	14.362
Revenue from salon services	5.342	10.084
Revenue from bus services	4.596	12.343
Other	28.357	26.030
	1.124.705	1.353.583

29.2 Cost of sales

For the years ended 31 December, cost of sales comprised the following:

	2012	2011
Contract cost (*)	195.581	474.808
Personnel expense	150.026	131.760
Cost of ship side operations	108.988	85.582
Depreciation and amortisation	83.308	54.263
Rent expense	63.462	83.405
Fuel oil cost of vessels	42.494	19.918
Cost of trading goods sold	34.997	46.949
Cost of services rendered	24.840	36.249
Construction costs arising from IFRIC 12	19.138	43.456
Outsourcing expenses	15.018	4.355
Cost of catering services	10.185	11.185
Others	37.371	16.796
	785.408	1.008.726

(*) As at 31 December 2012, depreciation and amortisation expenses related with contract expenses amounting TL 3.533 is included in depreciation and amortisation expenses.

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30 SALES, MARKETING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

30.1 General administrative expenses

For the years ended 31 December, general administrative expenses comprised the following:

	2012	2011
Personnel expenses	62.959	53.388
General office expenses	15.444	21.952
Consultancy expenses	13.807	9.382
Rent expenses	6.394	7.146
Advertisement expenses	5.721	1.282
Insurance expenses	5.577	8.079
Nondeductable VAT	4.711	7.488
Travel expenses	4.272	4.245
Depreciation and amortisation expenses	3.390	4.836
Taxes and duties	2.981	5.245
Office supplies expenses	2.061	2.593
Representation expenses	1.483	1.923
Outsourcing expenses	1.095	1.260
Grant and charities	918	1.335
Litigation expenses	841	1.262
Other	18.205	26.766
	149.859	158.182

31 EXPENSES BY NATURE

As at 31 December 2012 and 2011, The Group's expenses are presented on a functional basis and details are given in Note 30 and Note 32.

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32 OTHER INCOME/EXPENSE

For the years ended 31 December, other income comprised the following:

	2012	2011
Gain on sale of affiliate ^(*)	562.935	4.714
Gain on fair value of investment properties (Not 18)	45.817	282.139
Gain on sale of investment property ^(**)	10.326	--
Advertisement income	6.361	8.300
Rent income	5.326	7.180
Income from return of employer's premium	2.054	--
Insurance income	1.813	--
Reversal of litigation provision	1.338	--
Gain on sale of property, plant and equipment	304	1.128
Gain on bargain purchase ^(***)	--	20.409
Other	27.408	10.914
	663.682	334.784

^(*) As at 31 December 2012, gain on sale of affiliates arises from the sale of shares of TAV Havalimanları and TAV Yatırım.

^(**) Represents the gain obtained from sale of land located in Beynam, belonging to Akfen İnşaat.

^(***) As at 31 December 2011, gain on sale of investments comprised of purchase of %45 shares of RHI and RPI in an amount less than the fair value and the purchase of IDO in an amount less than the fair value by Akfen GYO in the scope of privatization.

For the years ended 31 December, other expenses comprised the following:

	2012	2011
Loss on fair value of investment properties ^(*)	43.809	--
Provision expenses ^(**)	2.826	13.412
Insurance damage expenses	1.211	--
Tax amnesty expenses ^(***)	--	12.089
Cost of cancelled projects ^(****)	--	7.316
Nondeductable VAT	--	4.770
Other	5.864	2.094
	53.710	39.681

^(*) As at 31 December 2012, loss on fair value of investment properties arises from revaluation of operating investment properties that are held by Akfen GYO.

^(**) As at 31 December 2011, TL 6.814 of provision expenses represents the amount allocated for all receivables in TAV Körfez Sulafa Tower project of TAV Yatırım. There is also an ongoing lawsuit process between the employer and TAV Körfez. TL 6.598 of the provision expenses is the provision allocated for receivable of Akfen Holding from TASK Water B.V.

^(***) As at 31 December 2011, Akfen Holding and subsidiaries took advantages of tax base increase no 6111 (Note 36) and TL 12.089 of tax amnesty expense related to the VAT and stamp duty was recognized under the other operation expenses item.

^(****) The costs of the projects cancelled occurred as a result of cancellation of Yuvarlakçay and Tepe HES projects depending on the decision that the various expenses could not be able to capitalized within the body of Akfen Enerji Yatırımları Holding as at 31 December 2011.

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33 FINANCE INCOME

For the years ended 31 December, finance income comprised the following:

	2012	2011
Foreign exchange gain	196.095	79.926
Interest income	39.775	34.378
Gain on sale of marketable securities	11.058	--
Discount income related to IFRIC 12 ^(*)	5.961	8.826
Unearned interest income, net	--	211
Others	331	32
	253.220	123.373

^(*)Discount income related to IFRIC 12 includes discount on guaranteed passenger fee receivables from DHMI (concession receivables) and discount income guaranteed by Dilovası Organised Industrial Zone.

For the years ended 31 December, finance income/(expenses) accounted in other comprehensive income as a result of hedging agreements signed by the Group and its subsidiaries and the functional reporting currency differences are as follows:

	2012	2011
Foreign currency translation differences	(30.544)	91.478
Hedging reserve	(9.513)	(41.257)
Tax income/expense related with other comprehensive income items	3.180	5.257
	(36.877)	55.478

As at 31 December 2012, the hedging reserve amounting TL (9.513) (31 December 2011: TL (41.257)) is recognized in equity which is related to the interest rate and cross currency swap contracts made by HES I-IV-V, MIP, IDO and TAV Havalimanları.

The translation reserve amounting TL (30.544) comprises of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım, RPI, RHI, Hyper Foreign Trade Holland N.V ("Hyper Foreign") and TAV Havalimanları, from their functional currency of USD and Euro to the presentation currency TL which is recognized in equity for the year ended 31 December 2012 (31 December 2011: TL 91.478 from TAV Yatırım, MIP, Hyper Foreign, RPI, RHI and TAV Havalimanları).

34 FINANCE EXPENSES

For the years ended 31 December, finance expenses comprised the following:

	2012	2011
Interest expenses	236.395	199.712
Foreign exchange loss	90.739	313.892
Others	11.768	6.618
	338.902	520.222

35 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

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36 TAXATION

Corporate tax:

In Turkey, corporate income tax is levied at the rate of 20% on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes.

As at 31 December 2012, the tax rates (%) used in the deferred tax calculation by taking into account the tax regulations in force in each counTL are as follows:

Country	Tax rate
Tunisia	30%
Georgia	15%
Egypt	20%
Macedonia	10%
Latvia	15%
Libya (*)	15-40%
Qatari	10%
Oman	12%
Cyprus	24%
Saudi Arabia	20 %
Russia	20%

The corporate tax is not applied in Dubai and Abu Dhabi.

(*)The corporate tax is changed gradually according to the net profit for the period in Libya.

In Northern Cyprus, corporate income tax is levied at the rate of 23.5%, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes for the related year. Thus, the operations of the branch of Akfen Ticaret and Akfen İnşaat are subject to this tax rate.

As at 1 January 2008 corporate income tax is decreased from 20% to 15% according to Georgia laws. Deferred tax is calculated for relevant assets and liabilities with 15% rate as at 31 December 2009.

Tunisian corporate income tax is levied at a rate of 30% on income less deductible expenses. According to concession agreement, TAV Tunisia is exempt from corporate tax for a period of 5 years starting from the concession agreement date.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15 percent. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

According to the Corporate Tax Law, 75% of the capital gains arising from the sale of tangible assets and investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilised in a share capital increase within five years from the date of the sale. The remaining 25% of such capital gains are subject to corporate tax.

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The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets details about implementation. If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm’s length basis, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

According to Article 5/1(d) (4) of the New Corporate Tax Law 5220, the income of Real Estate Investment Trusts (“REIT”) is exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax. However, the Tax Inspectors’ Board challenges this exemption for the Real Estate Investment Trusts (“REIT”) which are not publicly traded and imposes tax penalties to these REITs. On the other hand, the Capital Markets Board is of the opinion that REIT status is obtained by companies instantaneously founded or transformed to the REIT after the Board’s approval of the amendments in the Articles of Association in case of transformation, and approval of establishment in case of immediate establishment. Therefore, the management and the legal advisors of the Group do not expect to be exposed to any tax exposure related with this penalty and expects the Tax Authorities to settle the tax assessments in due course.

Benefits from Tax Law 6111:

Law on Social Securities and General Health Insurance on restructuring of Some Receivables and Law on Amendment on Other Laws and Decree Law No 6111 (law No 6111) entered into force after being published on the Official Gazette on 25 February 2011. In accordance with this Law, any tax revision and an additional assessment related to the corporate tax and value added tax of the mentioned years (2006 – 2009) of the tax holders who increased the tax base of the corporate tax and value added tax shall not be made.

In accordance with this Law, Akfen Holding and some subsidiaries benefit from tax base increase related to the corporate tax, value added tax and stamp duty for 2006 – 2009 period and because of this reason there was total TL 6.158 of additional corporate tax expense, TL 12.089 of additional VAT and stamp duty to be paid. The mentioned corporate tax expense was reflected in the attached consolidated financial statements as the current period corporate tax expense. TL12.089 of VAT and stamp duty expenses were recognized under the other operation costs item (Note 32).

As at 31 December 2012, there is tax liability of the Group as TL 1.636 in short term other non-trade liabilities in this regard.

Investment allowance:

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no.26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as at 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three years time was not allowed to be carried forward to the following years and became unavailable as at 31 December 2008. On the other side, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as at 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no.5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

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However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of "2006, 2007, 2008" in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as at 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

On the contrary, Constitutional Court has cancelled Law No:6009 Article 5, the law that restricts investment allowance to 25% of tax base, since it is contrary to the Constitution on 9 February 2012. Related cancellation was published in the Official Gazette numbered 28208 and dated 18 February 2012. Thus, tax payers can benefit from investment allowances of the years before Law No:5479 takes effect without any restriction. This change is valid including the financial year ending 31 December 2011. Accordingly, tax payers can benefit from investment allowance without any restriction.

As a result of the above mentioned cancellation decision by the Constitutional Court, TAV Esenboğa and TAV İzmir have become able to reduce corporate income by making taxable the unused portion of investment incentives. In this context, as at 31 December 2012, deferred tax amount of TL 69.631(Group's share: TL 5.653) (31 December 2011: TL 72.802 (Group's share: TL 5.911)) have been calculated in the accompanying consolidated financial statements for TAV Esenboğa and TAV İzmir by considering the discountable portion of investment incentives after the deduction of previous years losses for the taxable portion of profit that can be used until the end of the remaining concession period.

Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 September 2006. After the resolution, declared in Official Gazette on 23 July 2006, this rate was changed to 15% thereafter. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Transfer pricing regulations:

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

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36.1 Taxation income/(expense)

The taxation charge for the years ended 31 December comprised the following items:

	2012	2011
Corporate tax expense	(27.476)	(31.871)
Deferred tax benefits/loss	(15.383)	(13.670)
Tax expense recognized in profit/loss	(42.859)	(45.541)
Deferred tax income recognized in comprehensive income	3.180	5.257
Total	(39.679)	(40.284)

As at 31 December 2012 and 2011, whole amount of deferred tax income recognized in comprehensive income is related with hedging reserve.

The movement of deferred tax income/(expense) by years is as follows:

	1 January 2011	Effect of foreign currency translation	Deferred tax income of current period	Amount recognized in statement of comprehensive income	Effect of business combination	31 December 2011
Trade and other receivables	416	(115)	1.396	--	--	1.697
Depreciation, amortisation and capitalisation differences of tangible and intangible fixed assets and airport operation right	(14.604)	(264)	335	--	(155)	(14.688)
Effect of IAS 11	7.482	--	(1.756)	--	--	5.726
Effect of IFRIC 12	(673)	--	(168)	--	--	(841)
Derivative financial instruments	20.641	2.492	(248)	11.241	--	34.126
Prepaid rent expenses	(2.346)	(441)	215	--	--	(2.572)
Investment incentives	24.813	2.112	8.102	--	--	35.027
Investment properties	(18.077)	--	(39.655)	--	--	(57.732)
Tax losses carried forward	28.159	3.436	14.156	--	--	45.751
Loans and borrowings	(2.099)	263	361	--	--	(1.475)
Other temporary differences	1.819	437	3.592	--	--	5.848
	45.531	7.920	(13.670)	11.241	(155)	50.867

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	1 January 2012	Effect of foreign currency translation	Deferred tax income of current period	Amount recognized in statement of comprehensive income	Effect of change in ownership rate of jointly controlled entities ^(*)	31 December 2012
Trade and other receivables	1.697	11	3.157	--	(803)	4.062
Depreciation, amortisation and capitalisation differences of tangible and intangible fixed assets and airport operation right	(14.688)	60	(1.177)	--	2.467	(13.338)
Effect of IAS 11	5.726	--	(6.323)	--	4.953	4.356
Effect of IFRIC 12	(841)	--	74	--	--	(767)
Derivative financial instruments	34.126	2.998	(43)	3.180	(16.515)	23.746
Prepaid rent expenses	(2.572)	26	(617)	--	2.180	(983)
Investment incentives	35.027	(223)	(1.643)	--	(12.533)	20.628
Investment properties	(57.732)	--	924	--	--	(56.808)
Tax losses carried forward	45.751	(191)	(14.251)	--	(16.692)	14.617
Loans and borrowings	(1.475)	(10)	2.048	--	(2.148)	(1.585)
Other temporary differences	5.848	(25)	2.468	--	(3.990)	4.300
	50.867	2.646	(15.383)	3.180	(43.081)	(1.772)

^(*) Arises from sale of 18% of TAV Havalimanları shares and 20,83% of TAV Yatırım shares.

Reconciliation of effective tax rate

The reported taxation charge for the years ended 31 December 2012 and 2011 are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

Reconciliation of tax provision:	2012		2011	
	Amount	%	Amount	%
Profit for the period	670.869		39.388	
Total income tax expense	(42.859)		(45.541)	
Profit before tax	713.728		84.929	
Income tax using the Company's statutory tax rate	(142.746)	(20,0)	(16.986)	(20,0)
Effect of tax rates in foreign jurisdictions	1.543	0,2	1.245	1,5
Disallowable expenses	(8.369)	(1,2)	(7.798)	(9,2)
Tax exempt income (*)	103.873	14,6	5.481	6,5
Translation differences of non-monetary items	2.710	0,4	(8.032)	(9,5)
Prior year losses which no deferred tax asset was recognized	5.611	0,9	(11.798)	(13,9)
Translation effect on previous years' losses	424	0,1	(1.334)	(1,6)
Tax effect of investment allowance	10	0,0	8.102	9,5
Previous period adjustments	(17)	0,0	(5.981)	(7,0)
Change in temporary differences which are not subject to deferred tax	(581)	(0,1)	(222)	(0,3)
Effect of other adjustments	(5.317)	(0,7)	(8.218)	(9,7)
Taxation charge	(42.859)	(5,8)	(45.541)	(53,6)

^(*) Arises from gain on sale of affiliates and tax exempted incomes of Akfen GYO and IDO.

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36.2 Deferred tax assets and liabilities

Deferred tax is provided, using the balance sheet method, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Recognised deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as at 31 December were attributable to the items detailed in the table below:

	Assets		Liabilities		Net	
	2012	2011	2012	2011	2012	2011
Trade and other receivables	4.062	1.979	--	(282)	4.062	1.697
Depreciation, amortisation and capitalisation differences of tangible and intangible fixed assets and airport operation right	19.376	20.338	(32.714)	(35.026)	(13.338)	(14.688)
Effect of IAS 11	9.511	10.910	(5.155)	(5.184)	4.356	5.726
Effect of IFRIC 12	--	--	(767)	(841)	(767)	(841)
Derivative financial instruments	23.747	34.126	(1)	--	23.746	34.126
Prepaid rent expenses	--	--	(983)	(2.572)	(983)	(2.572)
Investment incentives	20.628	35.027	--	--	20.628	35.027
Investment property	--	2.926	(56.808)	(60.658)	(56.808)	(57.732)
Tax losses carried forward	14.617	45.751	--	--	14.617	45.751
Loans and borrowings	1.493	2.470	(3.078)	(3.945)	(1.585)	(1.475)
Other temporary differences	5.012	7.981	(712)	(2.133)	4.300	5.848
Subtotal	98.446	161.508	(100.218)	(110.641)	(1.772)	50.867
Net-off tax	(43.981)	(51.825)	43.981	51.825	--	--
Total deferred tax assets/(liabilities)	54.465	109.683	(56.237)	(58.816)	(1.772)	50.867

According to the Tax Procedural Law, statutory losses can be carried forward maximum for five years. Consequently, 2017 is the latest year for recovering the deferred tax assets arising from carried forward tax losses. Group management has assessed that with regards to the expected performance improvements (start of operation in HES companies, increase in passenger numbers, etc.) that it is possible for the Company to have enough taxable profit in the years ahead and has reflected TL 14.617(31 December 2011: TL 45.751) of deferred tax assets arising from tax losses to its consolidated financial statements.

Unrecognized deferred tax assets and liabilities

At the balance sheet date, the Group has statutory tax losses of TL 90.119 (2011: TL 141.562) available for offset against future profits that is unused. TL 18.024 deferred tax asset (31 December 2011: TL 28.312) was not recorded since the profit for the future cannot be estimated. The due date of previous years losses not recorded in the determination of deferred tax active shall expire as follows.

	2012	2011
Expire in 2012	--	5.884
Expire in 2013	21.196	43.489
Expire in 2014	9.555	8.182
Expire in 2015	39.684	1.952
Expire in 2016	12.452	82.055
Expire in 2017	7.232	--
	90.119	141.562

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

As at 31 December 2012, total amount of taxable temporary differences that are not subject to deferred tax liability through Akfen Holding's shares on its subsidiaries and jointly controlled entities is TL 716.057.

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37 EARNINGS PER SHARE

For the periods ended 31 December amounts of earning per share as TL 662.854 TL and TL (64.724), respectively is calculated by dividing the consolidated statement of comprehensive income/(loss) on attributable to main shareholders by the weighted average number of ordinary shares outstanding during the period.

	2012	2011
Income/(loss) on attributable to main shareholders of the Company	662.854	(64.724)
The weighted average number of shares outstanding during the period ^(*)	140.889.472	141.504.867
Profit/ (Loss) per share from operations (full TL)	4,705	(0,457)

^(*)Earnings per share calculation is done by excluding shares of Akfen İnşaat and Akfen Holding at the beginning of the period; 3,994,903 and 42,000, respectively and share purchases of Akfen İnşaat and Akfen Holding:within the period 2,254,827 and 1,547,794, respectively.

38 RELATED PARTY DISCLOSURES

For the purpose of the consolidated financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and associates, investments and jointly controlled entities are considered and referred to as the related parties. A number of transactions are entered into with the related parties in the normal course of business. Most of the related party activity is eliminated at consolidation and the remaining activity is not material to the Group. These transactions were carried out on an arm's-length basis during the normal course of business.

38.1 Related party balances

At 31 December, the Group had the following short term receivables and payables balances from its related parties:

	2012	2011
Trade receivables	13.687	6.000
Non-trade receivables	8.789	5.068
	22.476	11.068
Trade payables	14.889	25.125
Non-trade payables	30.441	15.564
	45.330	40.689

At 31 December, the Group had the following long term receivables and payables balances from its related parties:

	2012	2011
Trade receivables	2.391	5.510
Non-trade receivables	43.211	39.225
	45.602	44.735
Trade payables	621	1.083
Non-trade payables	17.103	9.002
	17.724	10.085

All transactions between Company, subsidiaries and jointly ventures not explained in related party disclosures are eliminated during consolidation. Related party balances between the Group and other related parties are explained in the following pages.

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At 31 December, the Group had the following short term trade receivables from its related parties:

<i>Due from related parties (short term-trade):</i>	2012	2011
Tibah Development	6.558	--
Medinah Airport Joint Venture ("MAJV")	3.623	--
BTA Deniz Yolları ve Limanları Yiyecek ve İçecek Hizmetleri Turizm Sanayi ve Ticaret A.Ş. ("BTA")	1.228	--
Sky Oryx Joint Venture	966	4.175
ATÜ	621	1.110
Other	691	715
	13.687	6.000

At 31 December, the Group had the following short term non trade receivables from its related parties:

<i>Due from related parties (short term-nontrade):</i>	2012	2011
Sera Yapı	4.226	932
Tepe İnşaat	2.158	3.670
MAJV	1.064	--
Task Water B.V.	--	6.598
Other	1.341	466
Allowance for doubtful receivable (Note 11)	--	(6.598)
	8.789	5.068

At 31 December, the Group had the following long term trade receivables from its related parties:

<i>Due from related parties (long term- trade):</i>	2012	2011
LCC Sabha International Airport Project	1.145	2.379
Sky Oryx Joint Venture	607	1.909
Other	639	1.222
	2.391	5.510

At 31 December, the Group had the following long term non trade receivables from its related parties:

<i>Due from related parties (long term-non trade):</i>	2012	2011
Akfen Gayrimenkul Yatırımları Ticaret A.Ş. ("Akfen GYT")	38.441	32.421
Hyper Foreign	3.239	2.724
Kirazlı Konutları Adi Ortaklığı	1.239	1.181
Other	292	2.899
	43.211	39.225

Akfen GYT was founded in order to develop real estate projects and developing projects are in its portfolio. Major part of the ownership/usufruct activities for related lands has been completed. Akfen İnşaat has lend to Akfen GYT on condition that Akfen GYT plans to tender their projects to meet Akfen İnşaat's scope of activity and Akfen İnşaat has the first right to reject the construction of projects in development and/or having shares in these projects. The interests of relevant figures are calculated in accordance with the legislation.

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At 31 December, the Group had the following short term trade payables to its related parties:

<i>Due to related parties (short term- trade):</i>	2012	2011
Muscat CCC & TAV Cons.	5.612	4.202
Tepe İnşaat Sanayi A.Ş.	2.424	2.502
Ibs Sigorta Brokerlik Hiz.A.Ş. (IBS Sigorta)	2.228	3.721
Sky Oryx Joint Venture	2.212	11.475
Other	2.413	3.225
	14.889	25.125

IBS Sigorta, gives insurance brokerage service to Group.

Payable to Sky Oryx Jointly Controlled Entity mainly comprised of advances received by the Group for the construction works.

As at 31 December, the Group had the following short term non trade payables to its related parties:

<i>Due to related parties (short term-non trade):</i>	2012	2011
Tav Ege	14.832	--
Tibah Development	11.166	--
TAV Urban Georgia LLC	1.450	--
MAJV	1.159	--
ATÜ	337	1.177
Sky Oryx Joint Venture	136	9.540
TGS	--	2.785
Other	1.361	2.062
	30.441	15.564

As at 31 December, the Group had the following long term non trade payables to its related parties:

<i>Due to related parties (long term-non trade):</i>	2012	2011
Tibah Development	8.869	--
Tav Yatırım	5.873	3.740
ATÜ	1.228	4.927
Tav Ege	1.104	--
Other	29	335
	17.103	9.002

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38.2 Related party transactions

For the years ended 31 December, the transactions with related parties comprised the following:

<i>Services rendered to related parties:</i>		2012		2011	
Company	Amount	Service	Amount	Service	Service
ATÜ (*)	43.177	Sales	55.818	Sales	
TAV Ege	14.366	Construction services	--	--	
MAJV	14.360	Construction services	--	--	
Sky Oryx Joint Venture	9.231	Construction services	15.344	Construction services	
Akfen GYT	6.389	Interest income	--	--	
BTA	3.223	Sales	--	--	
Tibah Development	2.360	Construction services	--	--	
TAV İstanbul.	1.531	Construction services	5.151	Construction services	
TAV Makedonya	156	Construction services	23.024	Construction services	
MIP	1.056	Sales	--	--	
TAV Gazipaşa	--	Construction services	261	Construction services	
TAV Tunus	--	Construction services	215	Construction services	
TAV Havalimaları	--	Interest income	1.035	Interest income	
Diğer	4.279		9.022		

(*) Services rendered to ATÜ are comprised of non-eliminated portion of duty free shop sales through proportionate consolidation.

<i>Services obtained from related parties:</i>		2012		2011	
Company	Amount	Service	Amount	Service	Service
Tepe Servis ve Yönetim Hizmetleri A.Ş.	8.809	Purchases	1.083	Purchases	
MAJV	7.606	Purchases	--	--	
Tepe Savunma ve Güvenlik Sistemleri	2.465	Purchases	--	--	
BTA	2.193	Purchases	538	Purchases	
IBS Sigorta	1.975	Purchases	2.261	Purchases	
Sera Yapı	1.520	Purchases	--	--	
TAV G.	159	Purchases	1.968	Purchases	
TAV Bilişim Hizmetleri A.Ş.	424	Purchases	813	Purchases	
Tepe İnşaat	--	Purchases	1.741	Purchases	
TAV İnşaat	--	Finance expenses	364	Finance expenses	
Alsim Alarko Adi Ortaklığı	--	Other	1.162	Other	
TAV İnşaat	--	Construction services	463	Construction services	
Other	2.657		1.969		

38.3 Key management personnel compensation

As at 31 December, the detail of key management personnel compensation is as follows:

	2012	2011
Akfen Holding and Subsidiaries	7.931	4.961
Jointly controlled entities ("Group's Share")	11.770	10.210
	19.701	15.171

Total salaries provided to key management personnel for jointly controlled entities of Akfen Holding is TL 53.216 (Group's share: TL 11.770) (31 December 2011: TL 35.321 (Group's share: TL 10.210)).

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	Receivables				
	Trade Receivables Related Party	Other Parties	Other Related Party	Other Parties	Derivative Instruments Other ^(*)
31 December 2012					
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	11.510	460.201	44.293	13.016	2.685
- Portion of maximum risk covered any guarantee	--	76.105	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue ⁽²⁾	11.510	423.127	44.293	13.016	2.685
B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired ⁽³⁾	--	--	--	--	--
C. Net carrying value of financial assets which are overdue but not impaired ⁽⁶⁾	--	37.066	--	--	--
- The portion covered by any guarantee	--	3.516	--	--	--
D. Net carrying value of impaired assets ⁽⁶⁾	--	8	--	--	--
- Past due (gross book value)	--	13.282	6.598	--	--
- Impairment (-)	--	(13.274)	(6.598)	--	--
- Not past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--
31 December 2011					
	Trade receivables	Other receivables			
Past due 1-30 days	3.610	--			
Past due 1-3 months	4.463	--			
Past due 3-12 months	28.485	--			
Past due 1-5 years	12.842	--			
More than 5 years	948	6.598			
Total undue receivables	50.348	6.598			
Total allowances	13.274	6.598			
Amount secured by guarantees etc.	37.074	--			

⁽²⁾ As at 31 December 2011, deposit amounting TL 150.708 is shown in restricted cash balances.

^(*) Specified amount of receivables is secured by letter of guarantees, cheques and bonds.

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Impairment

Movements in the allowance for doubtful receivables for the years ended 31 December was as follows:

	2012	2011
Balance at the beginning of the period	(19.872)	(5.801)
Effect of business combinations	--	(32)
Collections	23	3.666
Allowance for the period	(299)	(16.870)
Reversal of provision	6.598	--
Effect of change in group structure ^(*)	7.277	--
Currency translation effect	289	(835)
Balance at the end of the period	(5.984)	(19.872)

^(*)Arises from the sale of 18% of TAV Havalimanları shares and 20,83% of TAV Yatırım shares.

Liquidity risk

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 31 December 2012:

	Note	31 December 2012					
		Carrying Amount	Expected Cash Outflow	3 months or less	3-12 Months	1-5 Years	More than 5 years
Financial liabilities							
Loans and borrowings	8	2.531.220	(2.948.978)	(134.406)	(560.637)	(1.317.131)	(936.804)
Trade payables	10	134.471	(134.605)	(59.523)	(32.669)	(42.414)	--
Due to related parties	10-11-38	63.054	(73.486)	(13.117)	(45.100)	(15.002)	(266)
Other payables ^(*)		32.889	(32.889)	(19.873)	(5.639)	(7.377)	--
Other short term liabilities ^(*)		6.856	(6.856)	(4.467)	(1.632)	(757)	--
Interest rate swap		119.390	(124.945)	(16.456)	(21.548)	(73.026)	(13.915)
Cross currency swap		--	--	--	--	--	--
Cash outflow		723	(44.906)	--	(7.689)	(31.166)	(6.051)
Cash inflow		--	44.091	--	7.677	30.550	5.864
Forward		--	--	--	--	--	--
Cash outflow		--	(4.920)	(1.273)	(3.647)	--	--
Cash inflow		(42)	5.073	1.289	3.784	--	--
Total		2.888.561	(3.322.421)	(247.827)	(667.100)	(1.456.323)	(951.172)

^(*)The non-financial instruments such as deposits guaranteed, advances received and deferred income are not included in the other payables and other short term liabilities items.

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 31 December 2011:

	Note	31 December 2012					
		Carrying Amount	Expected Cash Outflow	3 months or less	3-12 Months	1-5 Years	More than 5 years
Financial liabilities							
Loans and borrowings	8	3.474.146	(4.296.910)	(234.345)	(595.299)	(2.233.612)	(1.233.654)
Trade payables	10	221.602	(221.667)	(161.901)	(22.986)	(36.780)	--
Due to related parties	10-11-38	50.774	(52.092)	(29.239)	(15.598)	(5.423)	(1.832)
Other payables ^(*)		52.125	(52.125)	(30.011)	(6.086)	(16.028)	--
Other short term liabilities ^(*)		58.017	(58.017)	(58.017)	--	--	--
Interest rate swap		167.545	(179.007)	(12.294)	(24.159)	(109.414)	(33.140)
Cash outflow		--	(175.756)	--	(25.638)	(106.197)	(43.921)
Cash inflow		(2.685)	179.048	--	26.118	108.186	44.744
Total		4.021.524	(4.856.526)	(525.807)	(663.648)	(2.399.268)	(1.267.803)

^(*)The non-financial instruments such as deposits guaranteed, advances received and deferred income are not included in the other liabilities and other short term liabilities items.

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Currency risk

Exposure to currency risk

As at 31 December 2012, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below:

31 December 2012	TL Equivalent	USD	EUR	TL	Other (*)
1. Trade receivables	36.245	889	2.837	25.589	2.399
2a. Monetary Financial Assets (including Cash and Cash at Banks)	383.422	173.714	17.087	30.384	3.191
2b. Non-monetary Financial Assets	2.289	3	--	1.740	544
3. Other	33.810	607	7.124	15.335	640
4. Current Assets (1+2+3)	455.766	175.213	27.048	73.048	6.774
5. Trade receivables	294	9	118	--	--
6a. Monetary Financial Assets	7	--	--	--	7
6b. Non-monetary Financial Assets	9	1	--	3	5
7. Other	6.669	2.293	1.097	1	--
8. Non-current Assets (5+6+7)	6.979	2.303	1.215	4	12
9. Total Assets (4+8)	462.745	177.516	28.263	73.052	6.786
10. Trade Payables	25.079	2.651	4.714	8.078	1.188
11. Financial Liabilities	320.908	53.246	94.241	4.241	125
12a. Other Monetary Liabilities	33.908	634	11.047	5.374	1.426
12b. Other Non-monetary Liabilities	8.977	16	3.767	64	27
13. Short Term Liabilities (10+11+12)	388.872	56.547	113.769	17.757	2.766
14. Trade Payables	1	--	0	--	--
15. Financial Liabilities	1.099.270	262.919	268.142	--	--
16a. Other Monetary Liabilities	2.303	1.249	21	27	--
16b. Other Non-monetary Liabilities	3.889	--	1.654	--	--
17. Long Term Liabilities (14+15+16)	1.105.463	264.168	269.817	27	--
18. Total Liabilities (13+17)	1.494.335	320.715	383.586	17.784	2.766
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	5.348	3.000	--	--	--
19a. Total Assets Hedged (**)	5.348	3.000	--	--	--
19b. Total Liabilities Hedged (**)	--	--	--	--	--
20. Net Foreign Currency Assets/ (Liabilities) Position (9-18+19)	(1.026.242)	(140.199)	(355.323)	55.268	4.020
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.061.501)	(146.087)	(358.123)	38.254	2.858
22. Total fair Value of Financial Instruments Used For Currency Hedge (**)	--	--	--	--	--
23. Export (**)	--	--	--	--	--
24. Import (**)	--	--	--	--	--

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As at 31 December 2011, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below:

31 December 2011	TL Equivalent	USD	EUR	TL	Other (*)
1. Trade receivables	23.325	3.963	3.173	3.137	4.949
2a. Monetary Financial Assets (including Cash and Cash at Banks)	262.114	82.525	5.915	74.978	16.801
2b. Non-monetary Financial Assets	7.287	22	--	5.849	1.397
3. Other	26.803	7	7.938	6.486	906
4. Current Assets (1+2+3)	319.529	86.517	17.026	90.450	24.053
5. Trade receivables	--	--	--	--	--
6a. Monetary Financial Assets	7	--	--	--	7
6b. Non-monetary Financial Assets	32	2	--	7	20
7. Other	8.124	46	3.288	--	--
8. Non-current Assets (5+6+7)	8.163	48	3.288	7	27
9. Total Assets (4+8)	327.692	86.565	20.314	90.457	24.080
10. Trade Payables	40.390	2.683	9.963	6.301	4.674
11. Financial Liabilities	451.109	83.881	117.766	3.994	877
12a. Other Monetary Liabilities	17.975	605	658	12.067	3.156
12b. Other Non-monetary Liabilities	470	31	--	331	81
13. Short Term Liabilities (10+11+12)	509.944	87.200	128.387	22.693	8.788
14. Trade Payables	2.077	--	850	--	--
15. Financial Liabilities	1.365.514	368.342	274.061	4	--
16a. Other Monetary Liabilities	1.850	833	113	--	--
16b. Other Non-monetary Liabilities	390	--	160	--	--
17. Long Term Liabilities (14+15+16)	1.369.831	369.175	275.184	4	--
18. Total Liabilities (13+17)	1.879.775	456.375	403.571	22.697	8.788
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	--	--	--	--	--
19a. Total Assets Hedged (**)	--	--	--	--	--
19b. Total Liabilities Hedged (**)	--	--	--	--	--
20. Net Foreign Currency Assets/ (Liabilities) Position (9-18+19)	(1.552.083)	(369.810)	(383.257)	67.760	15.292
21. Net Foreign Currency Asset/(Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.593.469)	(369.856)	(394.323)	55.749	13.050
22. Total fair Value of Financial Instruments Used For Currency Hedge (**)	--	--	--	--	--
23. Export (**)	--	--	--	--	--
24. Import (**)	--	--	--	--	--

(*) Assets and liabilities in other currencies are presented by their TL equivalents.

TAV Istanbul, affiliate of TAV Havalimanları, entered into a cross currency swap fixing the parity between USD and EUR currencies. The contract was concluded for the payments to be affected to General Directorate of State Airports Authority on December each year till year 2018. As at 31 December 2012, the nominal value of the agreement was TL 552.988 (Group's share is TL 44.398) (USD 309.920 (Group's share is USD 25.163), EUR 235.144 (Group's Share is EUR 19.092)) (in 31 December 2011: TL 672.801 (Group's share was TL 175.376). USD 362.858 (Group's Share was USD 94.788), EUR 275.309 (Group's share is EUR 71.911). Since these swap transactions are related with future payments, there is no effect on current currency position.

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Sensitivity analysis

The Group's principal currency rate risk relates to changes in the value of the TL relative to the Euro and the USD.

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, both short-term and long-term purchase contracts. The analysis excludes net foreign currency investments.

Group has realized medium and long term borrowings with the same currency of project revenues. Short term borrowings are realized as balanced portfolio with TL, Euro and USD.

Currency Sensitivity Analysis				
31 December 2012				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of depreciation/appreciation by 10% of USD against TL and EUR				
1- Net USD asset/liability	(21.548)	21.548	3.439	(5.436)
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	(21.548)	21.548	3.439	(5.436)
Assumption of depreciation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(81.478)	81.478	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Net Euro Effect (4+5)	(81.478)	81.478	--	--
Assumption of depreciation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	402	(402)	--	--
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	402	(402)	--	--
TOTAL (3+6+9)	(102.624)	102.624	3.439	(5.436)

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Notes to the Consolidated Financial Statements as at 31 December 2012

(Currency: Thousands of TL)

Currency Sensitivity Analysis				
31 December 2011				
	Profit/Loss	Equity		
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of depreciation/appreciation by 10% of USD against TL				
1- Net USD asset/liability	(69.325)	69.325	19.046	(15.581)
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	(69.325)	69.325	19.046	(15.581)
Assumption of depreciation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(87.412)	87.412	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Avro Net Etki (4+5)	(87.412)	87.412	--	--
Assumption of depreciation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1.529	(1.529)	--	--
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	1.529	(1.529)	--	--
TOTAL (3+6+9)	(155.208)	155.208	19.046	(15.581)

Interest rate risk

Profile

As at reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2012	2011
Fixed rate instruments		
Financial assets	562.725	572.112
Financial liabilities	295.012	558.210
Variable rate instruments		
Financial assets	59.853	12.420
Financial liabilities	2.236.208	2.915.936

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Fair value sensitivity analysis for fixed rate instruments:

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect equity.

Cash flow sensitivity analysis for variable rate instruments:

When the debt profile of the Group is considered, 100 base points increase in Euribor or Libor rate, when the effect of derivative financial instruments is disregarded, would cause to approximately TL 22.362 (31 December 2011: TL 29.159) increase in the annual interest costs of floating interest rate liabilities of the Group. TL 8.231 of this amount (31 December 2011: TL 5.297) was hedged with due interest rate swap (HES I: TL 635 (31 December 2011: TL 194), HES IV: TL 484 (31 December 2011: nil), HES V: TL 731 (2011: nil), TAV Havalimanları: TL 391 (31 December 2011: TL 1.202), MIP: TL 3.560 (31 December 2011: TL 3.901), IDO: TL 2.429 (31 December: nil)). Because of this reason, the net risk on profit and loss is TL 14.131 (31 December 2011: TL 23.862).

Interest rate profile

		31 December 2012	31 December 2011
Fixed Rate Financial Instruments			
Financial Assets	Assets recognized at fair value through profit or loss	--	--
	Financial asset held for sale	--	--
Financial Liabilities		--	--
Variable Rate Financial Instruments		--	--
Financial Assets		599	124
Financial Liabilities		(22.362)	(29.159)

Capital Risk Management

While managing capital, Group's aims are to provide return to its partners, to benefit other shareholders and to protect the continuance of Group's activities to maintain the most suitable capital structure in order to decrease cost of capital.

Group may determine on amount of dividend to be paid, issue new stocks and sell its assets to decrease indebtedness for the purpose of protection or restructuring of capital.

Group monitors the capital by using net financial liabilities/equity ratio. Net financial liability is calculated by subtracting cash and cash equivalents from total financial liabilities.

As at 31 December 2012 and 2011, net financial liabilities/equity ratios are as follows:

	2012	2011
Total financial liabilities	2.531.220	3.474.146
Cash and banks ^(*)	(719.497)	(669.298)
Net financial liabilities	1.811.723	2.804.848
Equity	1.714.607	1.151.881
Net financial liability/equity ratio	1,06	2,44

^(*) As at 31 December, in addition to cash and cash equivalents, restricted cash balances and time deposits with maturity longer than three months which are presented in financial assets, are included in cash and banks.

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Fair values

Fair value and carrying amounts of assets and liabilities are shown in the table below;

	Note	2012		2011	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and cash equivalents	6	426.276	426.276	518.590	518.590
Restricted cash	12	135.042	135.042	150.708	150.708
Derivative financial instruments	9	58	58	2.685	2.685
Financial investments	7	158.270	158.270	151	151
Trade receivables (short term)	10	163.355	164.740	300.603	306.745
Due from related parties (trade)	10 - 38	16.078	16.078	11.510	11.510
Due from related parties (non-trade)	11 - 38	52.000	52.000	44.293	44.293
Other receivables (*)		15.406	15.406	13.016	13.016
Other current assets (*)		15.779	15.779	25.946	25.946
Trade receivables (long term)	10	53.822	64.976	159.598	201.217
Financial liabilities					
Loans and borrowings	8	(2.531.220)	(2.531.220)	(3.474.146)	(3.474.146)
Derivative financial instruments	9	(120.129)	(120.129)	(167.545)	(167.545)
Due to related parties (trade)	10-38	(15.510)	(15.510)	(26.208)	(26.208)
Due to related parties (non-trade)	11-38	(47.544)	(47.544)	(24.566)	(24.566)
Trade payables	10	(134.471)	(134.471)	(221.602)	(221.602)
Other short term payables (**)		(8.731)	(8.731)	(10.961)	(10.961)
Other short term liabilities (**)		(6.856)	(6.856)	(58.017)	(58.017)
Net		(1.828.374)	(1.815.835)	(2.755.945)	(2.708.184)
Unrealised gain			12.539		(47.761)

(*)Non-financial instruments such as advances given, prepaid expenses and VAT carried forward are excluded from other receivables and current assets.

(**)Non-financial instruments such as deferred revenue, advances received, taxes payable and deposits and guarantees received are excluded from other financial liabilities, short term payables and other short term liabilities.

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Financial instruments

Fair value disclosures:

The company has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods.

Since the book values of the foreign exchange denominated monetary items of TAV Havalimanları are approximate to their fair values, these monetary items are translated to TL by using the foreign exchange rates as at year end. Since the financial assets and liabilities are short term in nature, it is accepted that their fair values approximate to their carrying amounts.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that is observable for the asset or liability, either directly (i.e, as prices) or indirectly (i.e, derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2012	Level 1	Level 2	Level 3
Available for sale financial assets	59.853	--	--
Derivatives, (net)	--	(120.071)	--
	59.853	(120.071)	--
31 December 2011	Level 1	Level 2	Level 3
Derivatives, (net)	--	(164.860)	--
	--	(164.860)	--

40 SUBSEQUENT EVENTS

Akfen Holding and its Subsidiaries

Akfen Holding

As at 2 January 2013, Akfen Holding shares were included in ISE 100 index. In addition, as at 1 April 2013, Akfen Holding will be included in ISE-50 index.

According to Company's board decision No: 2013/02 dated 22 January 2013, it is decided that, within the Company's TL 1.000.000 registered equity ceiling, Company's paid in capital will be increased from TL 145.500 to TL 291.000 and increase will be done through internal resources share premiums According to Company's board decision numbered 2013/02 dated 22 January 2013, it is decided unanimously that, within the Company's TL 1.000.000 registered equity ceiling, Company's paid in capital will be increased from TL 145.500 to TL 291.000, the increase will be done through internal resources free of cost on condition that Issue Premium account is used, in return for the capital increase 28.729.368 Group A registered shares and 116.770.632 Group B bearer shares (total of 145.500.000 shares) with TL 1 nominal value will be issued and the necessary approvals and permits from CMB and other relevant institutions will be obtained. With regards to this decision the Company has applied to CMB on 25 January 2013.

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As at 15 January 2013, 50.000 shares of Akfen Holding was purchased and after that transaction total number of shares purchased by Buy Back Program became 1.663.908. The portion of purchased shares to total capital is 1,144%.

Between the dates of 4-22 March 2013, Company purchased 610.941 shares of Akfen GYO amounting TL 974.

Interest payment amounting TL 1.960 for the bonds issued by the Company amounting TL 80.000 was made on 26 March 2013 and interest rate for the 6th coupon payment that will be made on 25 June 2013 became certain as 2,51%.

Share Sale Agreement was signed on 13 March 2013, for the sale of whole 60% of shares that Company has on HES IV to Aquila Capital Wasserkraft Invest GmbH and Aquila for a consideration of EUR 36.550.000. For the closing of transaction, EUR 1.000.000 of break-up fee and 50% of sale price was transferred to the escrow account and the agreement has become valid.

Subsequent to completion of required approvals, it is planned that share transfer will be completed until 25 June 2013.

Within the Company's Board Decision on 19 March 2013 numbered 2013/9, Risk Assessment Committee was founded. Nusret Cömert was elected as the head of Committee, Pelin Akin and Selim Akin were elected as Committee Members unanimously by the attendants.

To make the companies easier to follow for the investors, to have our renewable energy portfolio under one company and be consolidated under one company, to provide convenience and alliance in management, to increase organizational promptness and decrease the burden of overhead cost and to accelerate the transactions with public institutions, the Company has decided to establish a more effective structure for its subsidiaries in hydroelectric plant investments. For this purpose, the Company has decided, in accordance with Turkish Commercial Code numbered 6102 clauses 136 through 138 and Corporate Tax Law numbered 5520 clauses 19 and 20, to combine HES II, HES III and HES V which have the same shareholding structure as HES I under HES I. This combination has been registered on 28 March 2013. With this combination, all HES projects, with the exception of HES IV for which a sales agreement had been signed, have been gathered under HES I.

As a result of this combination, total installed capacity of HES I projects are 343,4 MW and paid in capital of HES I is TL (full) 500.912.053.

In order to ensure compliance with Turkish Commercial Code and Capital Market Law in effect, amendments were made to Akfen Holding article of incorporation clauses 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and application was made to the CMB for the approval of therein amendments on 27 March 2013.

Akfen İnşaat

The reverse auction for the tender concerning the "Construction works and the provision of products and services for Isparta City Hospital through Public Private Partnership Model" of Republic of Turkey Ministry of Health, Department of Public Private Partnership ("Administration") took place on 22.02.2013. The best "all inclusive yearly price" was submitted by Akfen Holding's wholly owned subsidiary Akfen İnşaat Turizm ve Ticaret A.S. with full TL 52.250.000. Prior to the final decision Administration has the right to bargain with the best bidder, meanwhile contract meetings will be carried out after the tender is completed.

Akfen GYO

Esenyurt Ibis Hotel in akfen GYO's portfolio, started to its operations as at 25 January 2013, with 156 bedrooms, 312 beds.

A loan agreement with a limit of EUR 34.000.000 was signed with Türkiye İş Bankası to finance Karaköy Novotel project on 17 January 2013. During the maturity of loan no principal payment will be done for two years and interest rate is %6,35 + Euribor (3 Months).

According to Akfen GYO Board of Directors meeting held on 08 January 2013, TSKB Gayrimenkul Değerleme A.Ş. has been decided as valuation company for the assets in Akfen GYO's portfolio and TSKB Gayrimenkul Değerleme A.Ş. and ELİT Gayrimenkul Değerleme A.Ş. have been decided as valuation companies for assets that may be added to Akfen GYO's portfolio and will need valuation. KPMG-Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. has been decided as independent audit company for 2013 fiscal year with condition of presenting to approval of upcoming general assembly.

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HES I I

Kavakçalı HES Project, located in Muğla-Fethiye province with licence number EÜ/1980-1/1404 given by EPDK and 8,9 MW power capacity, of Pak Enerji, the subsidiary of HES II, started its operations as of 29 March 2012, 24:00 following the substantial completion of Energy Ministry. Expected yearly trading energy production of the plant is 48,2 GWs.

Entities under common control:

Tav Havalimanları

As per the decree issued by the new government of Georgia which came to power in October 2012, it was announced on 8 January 2013 that the runway construction will be administered by the local authority. The financing of the construction will be ensured by the Georgian government with the support of the Finance Ministry and Economy Ministry of Georgia and the agreement signed with TAV Tbilisi in August 2012, when the former government was in power is mutually terminated. The operating rights of TAV Tbilisi based on the present BOT agreement have not changed.

Appeal made to Capital Markets Board on 24 December 2012, to expand the authorisation of the Board of Directors that was given until 2012 previously to 2017 without change in the registered paid in capital ceiling, was approved on 17 January 2013. After obtaining the approval from the T.R. Customs and Trade Ministry, the related article of Company's Articles of Association will be changed accordingly and presented to the General Assembly for approval.

On 23 January 2013 DHMİ announced that a tender will be held on 3 May 2013 for construction of third airport in İstanbul. TAV Holding and TAV İstanbul received a formal letter issued by DHMI dated 22 January 2013, stating that DHMI will fully reimburse the Company for all loss of profit over the remaining period of its existing rent period that may be incurred in case that another airport is opened for operation in Istanbul before the end of the rent period of TAV İstanbul. In addition, it is stated that independent expert companies may be consulted for the computation of the total reimbursement amount.

The Resolutions below have been reached in Board of Directors meeting of TAV Havalimanları dated January 24th 2013:

1. to accept the resignation of Francois Paul Antoine Rubichon from Board Of Directors membership and to appoint Mr. Augustin Pascal Pierre Louis Marie DE ROMANET DE BEAUNE as a member of the Board of Directors in place of Francois Paul Antoine Rubichon, to submit to the approval of the first upcoming General Assembly.
2. Augustin Pascal Pierre Louis Marie de Romanet de Beaune, is elected as the Deputy Chairman of the Board of Directors, and Mr Pierre Georges Denis Graff will continue his duty as a member of Board Of Directors
3. to elect Mr Augustin Pascal Pierre Louis Marie de Romanet de Beaune, the Deputy Chairman and member of the Board of Directors, as the Deputy Chairman and member of Risk Assessment Committee of TAV Havalimanları in replacement of Mr Pierre Georges Denis Graff who has resigned from the Risk Assessment Committee of TAV Havalimanları;

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4. to elect Mr Augustin Pascal Pierre Louis Marie de Romanet de Beaune, the Deputy Chairman and member of the Board of Directors, as the Deputy Chairman and member of the Corporate Governance Committee of TAV Havalimanları in replacement of Mr Francois Paul Antoine Rubichon who has resigned from the Corporate Governance Committee of TAV Havalimanları;

5. to elect Mr Augustin Pascal Pierre Louis Marie de Romanet de Beaune, the Deputy Chairman and member of the Board of Directors, as the Deputy Chairman and member of the Nomination Committee of TAV Havalimanları in replacement of Mr Pierre Georges Denis Graff who has resigned from the Nomination Committee of TAV Havalimanları;

6. the continuance of the memberships of all of the committee members, other than the changes specified above in the Risk Assessment Committee, the Corporate Governance Committee and the Nomination Committee of TAV Havalimanları.

Under normal circumstances our TAV Havalimanları's targets for 2013 are as follows:

- * Growth in total number of passengers served by TAV Airports of 15% to 18%,
- * Passenger growth in Istanbul of 14% to 16%,
- * Revenue growth of 14% to 16%,
- * EBITDA growth of 17% to 19%,
- * Total capex of EUR 330 to 350 million.

Not: All financial targets have been adjusted to reverse the effects of IFRIC 12 and IFRS 11 in 2013 financials. Financial targets are based on the assumption that passenger targets are attained.

According to Board of Directors meeting of TAV Havalimanları dated 22 February 2013 and number 2013/10 decision, TL 142.929 of consolidated profit of 2012 will be distributed as dividend. These resolution will be presented to the General Assembly for approval.

İDO

According to resolution made on 2 January 2013, Turgut Reis vessel will be sold in its current condition, if the sales transaction cannot be held, the vessel will become a scrap and will be sold accordingly.

41 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.

AKFEN HOLDING A.Ő.

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