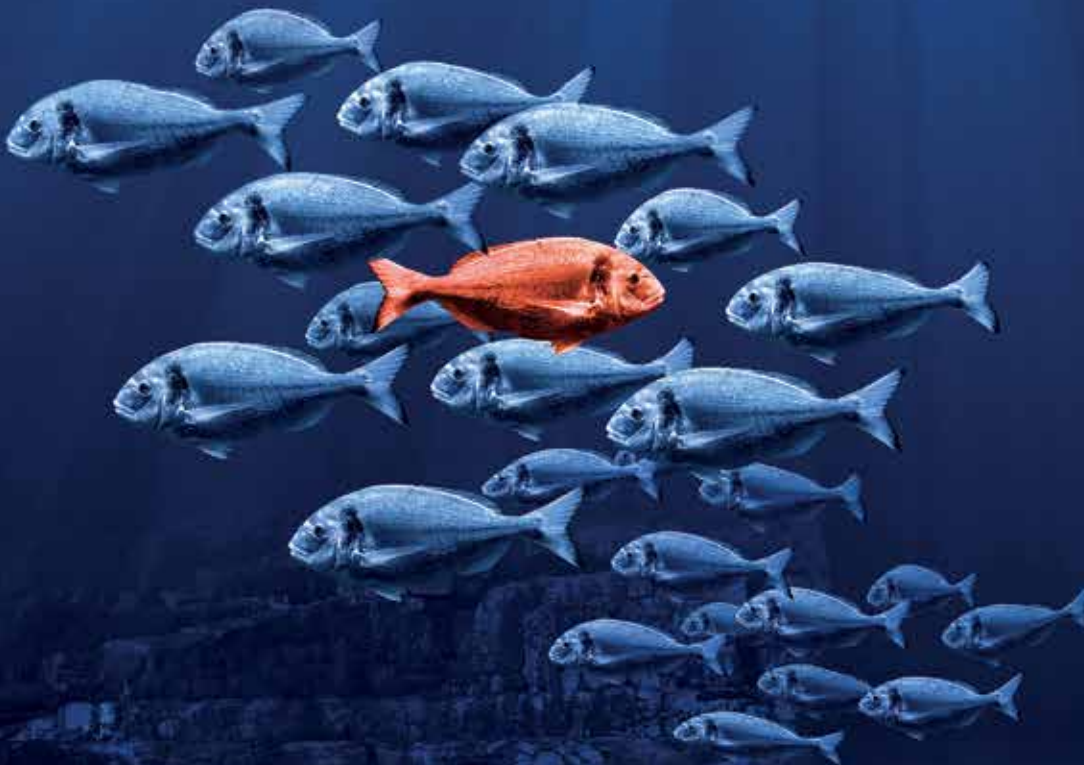




2013 Annual Report

*Creating your own ocean for
sustainable success...*



What is Blue Ocean Strategy?

Today, companies face fierce competition in a cut-throat business environment in order to grow profitably, gain competitive advantage and increase market share. This brutal competition takes place in a red and bloody ocean where profitability is extremely low and enterprises worry about the future.

With their Blue Ocean Strategy created as a result of long term research on 150 strategic moves spanning 30 industries, Chan Kim and Renee Mauborgne, lecturers at the international business school INSEAD, set forth a new method for companies to have permanent success and high profitability: Do not focus on winning the competition. Focus on making the competition irrelevant by creating a leap in value for both the company and its customers.

As a result of this process of value innovation you will have an ocean where you make the rules. A high and sustainable level of profitability will be waiting for you in this blue ocean.

In the process of identifying new potential fields of operations, Akfen Holding has focused on the uncontested markets and thus minimized risk while creating demand and opportunity to grow profitably.



Akfen Holding: Red Fish in the Blue Ocean...

At Akfen Holding we believe that a sustainable future and consistent high profitability is only achievable if you are the one who makes the rules. This is only possible by creating your own blue ocean.



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Operational Performance 2013

Akfen Holding maintains operational efficiency and profitability with its large-scale investment projects.

12



Message from the Chairman

Thanks to sound financial policies, the Turkish economy was least affected by economic fluctuations and maintained its growth during 2013.

16



Message from the CEO

The projects completed by Akfen Construction in the last 20 years amount to approximately US\$ 1.9 billion. In 2013, the Company made significant progress on two major projects.

18



Mersin International Port Operations

Conventional tonnage at Mersin International Port (MIP) increased by 7.1% from 7.1 million tons in 2012 to 7.6 million tons in 2013. Meanwhile, the volume of container-handling increased 9.1% year-over-year/annually.

48

AkfenHEPP Investments

As of year-end 2013, total electricity generation at the power plants (including Karasular) increased 8.9% over the previous year to 451.4 GWh.

56



Akfen REIT

In accordance with its business model, Akfen REIT specializes in developing and contracting out the construction of three to four-star contemporary city hotels.

64



Turkey's Leading Investment Holding Driven by a Unique Business Model: Akfen

Founded in 1976, Akfen Holding [Akfen, Group, the Company, Holding] today serves as a model for steady, sustainable growth together with all the companies under its roof. By making the right investment decisions in sectors with high potential for growth both in Turkey and other countries, Akfen has positioned itself as the business development expert of the global economy. Integrating 37 years of experience with contemporary management strategy, the Holding places a great deal of importance on human capital on the road to leadership. Since its establishment, Akfen has maintained a robust financial structure and strong foundation and continues to grow through successful strategic partnerships with leading companies in the sector.

Akfen Holding operates across a wide range of industries including airport management and operations, construction, port operations, marine transportation, water distribution and wastewater treatment, energy and real estate. The Company reflects an innovative and dynamic approach in all areas of its business and provides vision to the sectors in which it operates with its unique, high-quality projects.

The main elements which help Akfen Holding to lead the pack are its entrepreneurial spirit coupled with an ability to map out risks and opportunities, and create new sectors. The Holding's main business strategy has always been to avoid competition in the red ocean of overcrowded industries, and to create its own blue ocean in new and promising sectors.

This is the strategic perspective that underlies our investments into new industries such as maritime transport and port operation, airport operation, urban hotels, water concessions and energy, which all harbor great growth potential for the country.

The Leading Investment Holding of Turkey: Akfen

[Shareholding Structure](#)

[Fields of Activity](#)

[Global Footprint of Akfen Holding](#)

[Corporate Values and Future Outlook](#)

[Operational Performance 2013](#)

[The Story of the Red Fish in the Blue Ocean](#)

Shareholding Structure

SHAREHOLDER NAME	SHARE CAPITAL (TL)
Hamdi Akın*	198,499,750
Akfen İnşaat Turizm ve Ticaret A.Ş.**	7,989,806
Akınısı Makine Sanayi ve Ticaret A.Ş.	1,058,000
Akfen Turizm Yatırımları ve İşletmecilik A.Ş.	1,058,000
Other	162,224
Free-float***	82,232,220
TOTAL	291,000,000

* Hamdi Akın holds 109,074 free-floating shares [corresponding to 0.04% of paid-in capital].

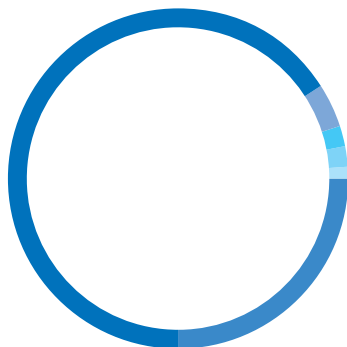
** Free-floating.

*** Akfen İnşaat ve Turizm A.Ş. holds 6,992,099 free-floating shares [corresponding to 2.4% of paid-in capital]. Under the Share Buyback Program, Akfen Holding repurchased 13,230,488 shares [corresponding to 4.5% of paid-in capital].

Share capital consists of Class A [registered] and Class B [bearer] shares. Class A shares have an aggregate nominal value of TL 57,458,736, representing 19.75% of paid-in capital. Class A shares are not traded on the stock exchange. Class A shareholders have three votes for one share at General Assembly meetings. Class A shares are privileged shares that come with voting rights. Class B shares have an aggregate nominal value of TL 233,541,264, representing 80.25% of paid-in capital. Some 82,232,220 of Class B shares are traded on the National Market of Borsa İstanbul A.Ş. [BİAŞ]. Class B shares have no privileges.

As of December 31, 2013, Akfen Holding holds a direct stake in five subsidiaries and controls six others via joint ventures. The Company's consolidated financial statements as of December 31, 2013 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.

Share Ratio [%]



■ Hamdi Akın	68.21%
■ Free Float	28.26%
■ Akfen İnşaat Turizm ve Ticaret A.Ş.	2.75%
■ Akınısı Makine Sanayi ve Ticaret A.Ş.	0.36%
■ Akfen Turizm Yatırımları ve İşletmecilik A.Ş.	0.36%
■ Other	0.06%

Fields of Activity

Having 37 years of in-depth experience as well as a visionary and innovative approach, Akfen Holding continued to make investments with high growth potential in 2013, thereby adding value to the Turkish economy and other countries where it operates.



Airport Concessions

- **TAV Havalimanları Holding A.Ş. (TAV Airports)**
Share **8.12%**
Revenue **(TL Thousand) 293,228**
Adjusted EBITDA **(TL Thousand) 81,469**
Total Assets **(TL Thousand) 539,199**
Number of Employees **24,014**
Partner **ADP, Tepe İnşaat, Sera**

Construction

- **Akfen İnşaat Turizm ve Ticaret A.Ş. (Akfen Construction)**
Share **99.85%**
Revenue **(TL Thousand) 122,994**
Adjusted EBITDA **(TL Thousand) 2,658**
Total Assets **(TL Thousand) 519,468**
Number of Employees **141**
- **TAV Yatırım Holding A.Ş. (TAV Investment)**
Share **21.68%**
Revenue **(TL Thousand) 351,179**
Adjusted EBITDA **(TL Thousand) 25,641**
Total Assets **(TL Thousand) 464,912**
Number of Employees **3,446**
Partner **ADP, Tepe İnşaat, Sera**



Water Concessions

- **Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. (Akfen Water)**
Share **50.00%**
Revenue **(TL Thousand) 5,424**
Adjusted EBITDA **(TL Thousand) 3,011**
Total Assets **(TL Thousand) 35,801**
Number of Employees **42**
Partner **Kardan**

Real Estate Investments

- **Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. (Akfen REIT)**
Share **56.81%**
Revenue **(TL Thousand) 41,262**
Adjusted EBITDA **(TL Thousand) 28,998**
Total Assets **(TL Thousand) 1,518,526**
Number of Employees **31**

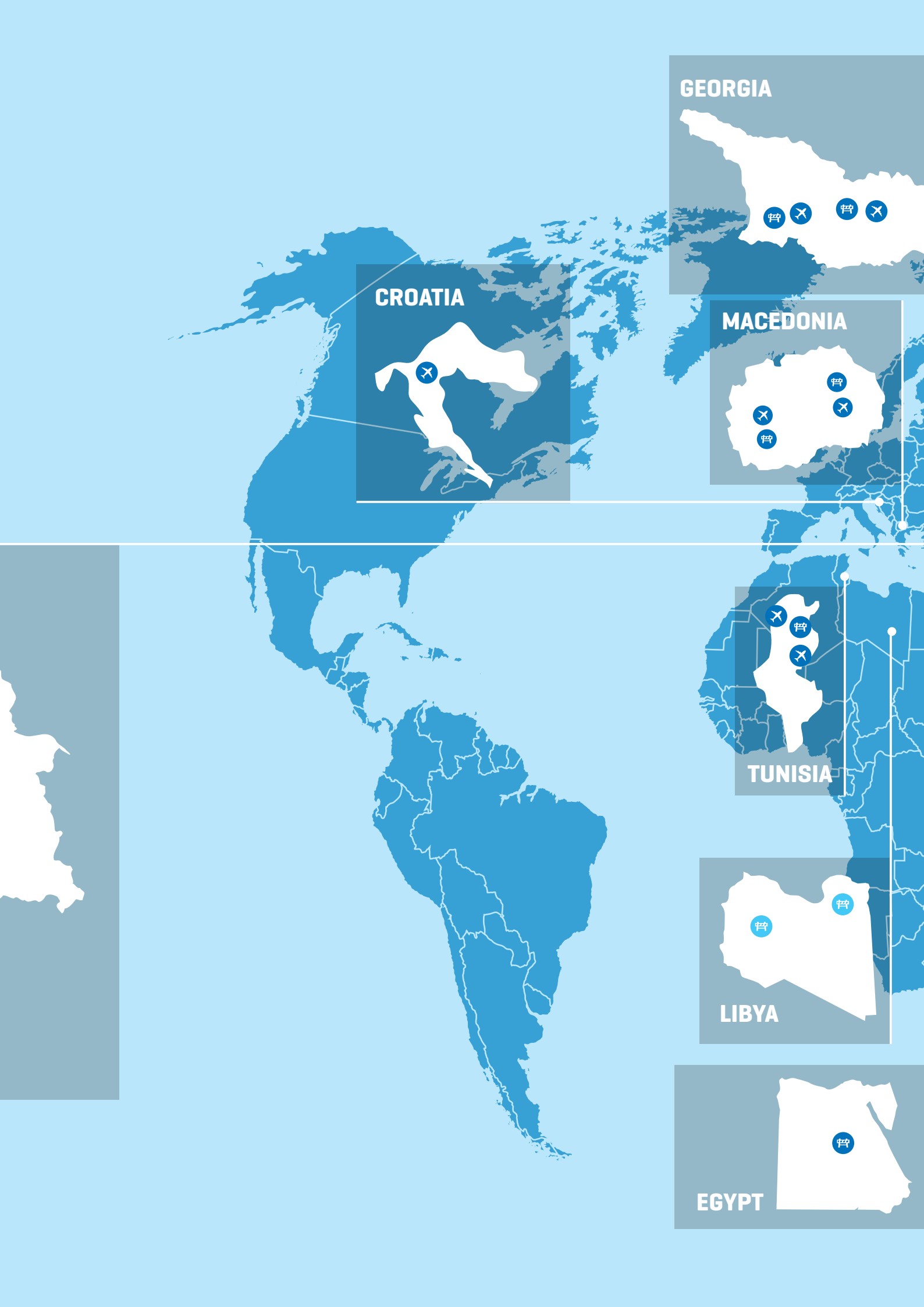
Global Footprint of Akfen Holding

Unique Sectors

In addition to pioneering new infrastructure investments in Turkey and other countries where it operates, Akfen Holding also develops new sectors by creating completely new lines of business in areas such as airport management, drinking water and waste water concessions and vehicle inspection operations.

TURKEY





GEORGIA



CROATIA



MACEDONIA



TUNISIA



LIBYA



EGYPT



QATAR



RUSSIA



**SULTANATE
OF OMAN**



UNITED ARAB EMIRATES



SAUDI ARABIA





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 Izmir
- Ibis Hotel Kayseri
- Ibis Hotel Bursa
- Ibis Hotel Adana

Overseas

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



Hotel Investments [Under construction]

Domestic

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

Overseas

- Ibis Hotel Moscow/Russia



Water and Waste Water Projects [In operation]

- 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/Aydin
- Demirciler HEPP/Denizli
- Çamlıca III HEPP/Kayseri
- Ötluca HEPP / Mersin
- Kavakçalı HEPP/Muğla
- Saraçbendi HEPP/Sivas
- Yağmur HEPP/Trabzon
- Gelinkaya HEPP/Erzurum



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

- Doruk HEPP/Giresun
- Sekiyaka HEPP/Muğla
- Doğançay HEPP/Sakarya
- Çalkobası HEPP/Giresun
- Çiçekli 1-II HEPP/Artvin



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
- Zagreb Airport/Croatia



Port Operations [In operation]

- Mersin International Port/Mersin



Contracting Projects (TAV Construction) [Completed]

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 Trigeneneration 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 Iranian School/UAE
- Emirates Financial Towers/UAE



Contracting Projects TAV TEPE-AKFEN İNŞAAT VE İŞLETME A.Ş. (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
- Damac Towers/UAE
- Doha International Airport Facility Management Works/Qatar



Construction Investment Projects (Akfen Construction) [Under construction]

- Incek Loft/Ankara



Isparta City Hospital Project [At investment stage]



Marine Transportation (İDO) [In operation]

- European Side: 9 terminals
- Anatolian Side: 12 terminals
- Marmara Region:14 terminals



Exited Investments

- TÜVTURK Vehicle Inspection Stations
- Kuşadası Passenger Port
- Karasu-1 HEPP/Erzurum
- Karasu-2 HEPP/Erzurum
- Karasu-4.2 HEPP/Erzincan
- Karasu-4.3 HEPP/Erzincan
- Karasu-5 HEPP/Erzincan
- Piringlik HEPP/Karabük



Port Operations

- **Mersin Uluslararası Liman İşletmeciliği A.Ş. (MIP)**
Share **50.00%**
Revenue **(TL Thousand) 264,970**
Adjusted EBITDA **(TL Thousand) 154,811**
Total Assets **(TL Thousand) 946,992**
Number of Employees **1,427**
Partner **PSA Intenational (PSA)**
- **PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş. (PSA Port)**



Marine Transportation

- **İDO Deniz Otobüsleri Sanayi ve Ticaret A.Ş. (İDO)**
Share **30.00%**
Revenue **(TL Thousand) 157,957**
Adjusted EBITDA **(TL Thousand) 48,761**
Total Assets **(TL Thousand) 482,079**
Number of Employees **1,530**
Partner **Tepe İnşaat, Souter, Sera**



Energy

- **AkfenHES Yatırımları ve Enerji Üretim A.Ş. (AkfenHEPP)**
Share **100.00%**
Revenue **(TL Thousand) 62,451**
Adjusted EBITDA **(TL Thousand) 42,427**
Total Assets **(TL Thousand) 1,217,408**
Number of Employees **125**
- **Akfen Enerji Yatırımları Holding A.Ş. (Akfen Energy)**
Share **69.75%**
Revenue **(TL Thousand) 18,392**
Adjusted EBITDA **(TL Thousand)-1,200**
Total Assets **(TL Thousand) 242,379**
Number of Employees **5**
- **Akfen Elektrik Enerjisi Toptan Satış A.Ş. (Akfen Generation Wholesale)**

Other

- **Sim-Er Enerji Üretim Sanayi Ticaret Ltd. Şti. (Sim-Er)****

* Revenue, adjusted EBITDA and total assets figures were expressed in TL thousand. The effects of TFRS 11 and TFRS Interpretation 12 standards were reversely calculated. Turnover figures include the turnover between departments.

** Sim-Er was transformed to Akfenres Rüzgar Enerjisi Yatırımları A.Ş. as of February 6, 2014.



[The Leading Investment Holding of Turkey: Akfen](#)[Shareholding Structure](#)[Fields of Activity](#)[Global Footprint of Akfen Holding](#)[Corporate Values and Future Outlook](#)[Operational Performance 2013](#)[The Story of the Red Fish in the Blue Ocean](#)

Corporate Values and Future Outlook

Our Goal

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

Our Strategy

- 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 leading 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 maximize this value by establishing strategic partnerships.
- To manage our assets actively.
- To achieve revenue growth, improved profitability, and an optimal capital structure.

Our Corporate Policy

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.

Our Core Values

- We make a difference.
- We are dynamic and flexible.
- We are partners with all stakeholders.
- We are both professionals and shareholders.
- We create value.
- We are respectful of people, the environment and the law.
- We are innovative and entrepreneurial.

Our Principles

- To employ highly qualified, well-skilled employees, who focus 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 safeguard for the interests of stakeholders.
- To adhere to environmental and social responsibility principles.

Operational Performance 2013



Akfen Construction

Ongoing Projects - Total Value of Backlog: EUR 144.2 million

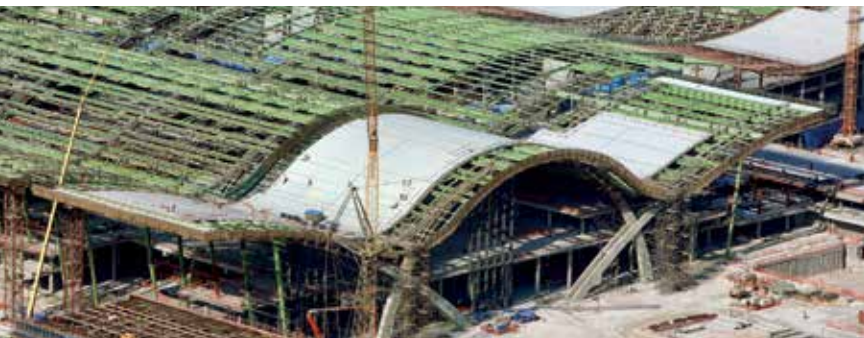
Akfen Construction has added two new projects to its portfolio: İncek Loft real estate development project and Isparta City Hospital Project based on the Public Private Partnership (PPP) model.



TAV Airports

Increase in Number of Passengers: 16.7%

The number of passengers who opted for airports operated by TAV Airports increased by 16.7%, rising to 83.6 million, while commercial flights were up 14.4% over the previous year. TAV Airports controls 48.7% of the air passenger traffic in Turkey.



TAV Investment

Ongoing Projects - Total Value of Backlog: US\$ 2,498 million

As of year-end 2013, the backlog of TAV Investment's ongoing projects stood at US\$ 2,498 million. The Company is the second biggest airport construction company in the world with 13 ongoing projects corresponding to a total contract volume of US\$ 13,481 million.



MIP

Increase in Container Handling Volume: 9.1%

MIP has remained the largest import and export port in Turkey as its container volume grew by 9.1% year-on-year to reach 1.4 million TEU and the conventional volume increased 7.1% to 7.6 million tons.

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İDO

Increase in Total Number of Transported Vehicles: 1.3%

In 2013, İDO transported a total of 50.5 million passengers and 7.9 million vehicles.



Akfen REIT

Increase in Number of Rooms: 20%

The occupancy rate at hotels leased by Akfen REIT was 65% on an annual basis, and the total number of rooms increased by 20% to 2,777. As such, the Company has remained one of the key players in the economy hotel sector in Turkey.



AkfenHEPP

Increase in Electricity Generation 8.9%

AkfenHEPP's total electricity generation (including Karasular) expanded by 8.9% to 451.4 GWh, making it the largest renewable HEPP portfolio in Turkey.



Akfen WATER

Increase in Subscribers in Güllük: 9.8%

In 2013, the number of Akfen Water subscribers in Güllük rose 9.8% to total 6,067. The volume of waste water treated at Akfen Water Dilovası increased 7.4% to 2.6 million m³. As such, the Company is very well positioned to take advantage of any new future opportunities in the sector.

The Story of the Red Fish in the Blue Ocean

1976

- Hamdi Akın and his father Hasan Akın established their first company, Akınısı Makine Sanayi ve Ticaret A.Ş.

1977

- Akfen Mühendislik Müşavirlik Müteahhitlik ve Mümessilik A.Ş. [Akfen Engineering, Consultancy, Contracting and Agency] that firstly mentioned Akfen name, was established; it was also Hamdi Akın's first company.

1980

- Akfen took an important step forward in implementing the Company's growth strategy by winning its first public sector tender. The first successful state tender of Akfen was Iller Bankası Forged Parts & Mold Manufacturing Business.

1990

- A contract for the renovation of Antalya Airport Terminal was signed with the Devlet Hava Meydanları İşletmesi [General Directorate of State Airports Authority (DHMI) as the Company's first project.

1992

- The construction of runways and aprons at DHMI's Isparta Airport started.

1997

- After the build-operate-transfer tender for Istanbul Airport International Terminal was won, TAV Istanbul was set up, laying the foundation for TAV Airports Holding.

- IBS Sigorta Brokerlik Hizmetleri and Akfen Turizm Yatırım ve İşletmeleri were founded.

1999

- All Akfen subsidiaries were reorganized under the umbrella of the Holding.
- The Human Resources Foundation of Turkey (TİKAV) was set up.

2000

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

2003

- TAV Construction was founded.
- The Privatization of the Kuşadası cruise port tender was won together with Royal Caribbean.

2004

- 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.

- Akfen Holding's stake in Kusadası cruise port was sold to Turkish partners.
- In Egypt, TAV Construction was awarded the tender for Cairo Airport Project.

2005

- After the tender for the development and operation of vehicle inspection stations was won, TÜVTURK was founded in equal partnership with Doğu Group [33.3%] and TÜV SÜD [33.3%].
- PSA-Akfen joint venture won the tender for the concession to operate Mersin Port.
- TAV Airports acquired 60% of Havaş.
- TAV Airports assumed the construction and operation of Izmir Adnan Menderes International Terminal.
- TAV Airports won the tender for Georgia's Tbilisi and Batumi International Airports.
- Akfen Holding and Accor signed a framework agreement for cooperation.
- The foundations of Akfen Water were laid.

2006

- Izmir Adnan Menderes Airport International Terminal and Esenboğa Airport Domestic and International Terminals began operations.
- 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.
- In Qatar, TAV Construction was awarded the tender for Doha Airport Project.

2007

- TAV Airports' initial public offering was completed.
- Batumi International Airport commenced operations.
- 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.

- 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.
- HES I was established as a 100% subsidiary of Akfen.
- Mersin Port was taken over.
- THO BV, a subsidiary of global investment bank Goldman Sachs, acquired a stake in Akfen REIT and became a financial partner.
- Novotel and Ibis Hotel commenced operations in Zeytinburnu.
- Ibis Hotel commenced operations in Eskişehir. Mercure Hotel commenced operations in the Turkish Republic of Northern Cyprus.

2008

- Akfen Water was awarded the build-operate-transfer tender for the Waste Water Treatment Project at Dilovası Organized Industrial Zone.
- TÜVTURK İstanbul Taşıt Muayene İstasyonları İşletim A.Ş. [TÜVTURK Istanbul Vehicle Inspection Stations], a 33.3% owned participation of Akfen, commenced operations.
- TAV Airports assumed the operation of Monastir Habib Bourguiba International Airport in Tunisia.
- 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.
- Novotel Trabzon commenced operations.



The Leading Investment Holding of Turkey: Akfen

Shareholding Structure

Fields of Activity

Global Footprint of Akfen Holding

Corporate Values and Future Outlook

Operational Performance 2013

The Story of the Red Fish in the Blue Ocean

2009

- Akfen Holding divested its vehicle inspection (TÜVTÜRK) business by selling its stake to Bridgepoint Capital Limited, a UK international private equity group.
- Akfen's first renewable HEPP project was commissioned.
- TAV Gazipaşa began operations at Antalya Gazipaşa Airport.
- TAV Construction and its partner CCC won the tender for Muscat Airport MC1 package construction in Oman.

2010

- Akfen Holding offered 28.3% of its shares to the public.
- In 2010, Akfen Holding undertook the first bond issue of TL 100 million, achieving the first and the biggest real sector bond issue in Turkey.
- Shares of the Enbatı Company, which would operate the hydroelectric power plant in Piringlik with a 22.5 MW capacity under the Akfen Hidroelektrik Santrali Yatırımları A.Ş. [HEPP II] portfolio, a wholly owned subsidiary of Akfen, were sold.
- 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.
- 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.
- Akfen Water commenced waste water treatment operations at Dilovası Organized Industrial Zone.
- Novotel and Ibis Hotel commenced operations in both Gaziantep and Kayseri.
- Yaroslavl Ibis hotel investment commenced in Russia. Ibis Hotel commenced operations in Bursa.

2011

- TASS Denizcilik ve Ulaştırma Hizmetleri Turizm Sanayi ve Ticaret A.Ş. [TASS] consortium, composed of Akfen Holding, Tepe İnşaat Sanayi A.Ş. [Tepe İnşaat], Souter Investments LLP [Souter] and Sera Gayrimenkul Yatırım ve İşletme A.Ş. [Sera], won the privatization tender for the block sale of the 100% public stake in İDO.
- Some 29.41% of Akfen REIT shares were offered to the public in May.
- Yaroslavl Ibis Hotel commenced operations in Russia.
- Akfen REIT's wholly-owned subsidiary Hotel Development and Investment B.V. acquired the shares of Keramit Financial Company B.V., which is headquartered in Russia.
- Commercial electricity generation began at Otluca, Çamlıca and Saraçbendi hydroelectric power plants as well as at Karasular HEPP, which was later sold to Aquila.
- Akfen Holding successfully issued TL 80,000,000 in bonds to the public in December.

2012

- 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.
- Akfen Holding finalized the sale of 40% of Karasular, the fully owned subsidiary of İdeal Enerji Üretim Sanayi ve Ticaret A.Ş., to Aquila Hydropower INVEST Investments GmbH & Co. [Aquila].
- TAV Airports assumed the operations at Medinah International Airport, which it equally owns with Al Rajhi Holding Group.
- Akfen Holding issued TL 200 million in bonds to the public.
- Demirciler HEPP and Yağmur HEPP became operational in 2012.
- Ibis Hotel Samara commenced operations.
- The 165-room Adana Ibis Hotel commenced operations.



2013

- MIP issued US\$ 450 million in bonds to be listed on the Irish Stock Exchange to qualified institutional investors located abroad.
- Akfen Construction won the tender for "Construction of the Isparta City Hospital and Procurement of Goods and Services via Public Private Partnership [PPP] Model" through a dutch auction.
- Akfen Construction commenced work on the İncek Loft residence and office project to be built on a parcel of approximately 272,000 m² in Ankara's İncek district.
- Akfen Holding finalized the sale of its remaining 60% stake in Karasular HEPP to Aquila Capital Wasserkraft Invest GmbH and Aquila Hydropower Invest Investments GmbH & Co. KG.
- Electricity generation commenced at Kavakçalı and Gelinkaya hydroelectric power plants.
- 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 was signed.
- Akfen Energy acquired a 50% stake in Adana İpekyolu Enerji Üretim Sanayi ve Ticaret A.Ş. [Adana İpekyolu].
- Esenyurt Ibis Hotel and Kaliningrad Ibis Hotel became operational.
- TAV Construction won the tender for the construction of the terminal building at Riyadh King Khaled International Airport in Saudi Arabia. The Company also signed an agreement with Dubai based Damac Properties regarding the construction of Damac Towers by Paramount in Dubai.
- The consortium including TAV Airports took over the operations of Zagreb International Airport.

Message from the Chairman

In 2013, Akfen Holding and its subsidiaries increased their total consolidated investment up to TL 328 million, and made investment decisions that benefited the national economy and all stakeholders, based on an accurate evaluation of the economic environment and current risks.



Dear Shareholders,

2013 will be remembered for the efforts that were aimed at alleviating on-going effects of the 2009 global crisis. We observe that international developments (Fed decisions, developments in European economies, the war in Syria) and domestic developments (rising inflation, economic slowdown) are having a huge impact on Turkish markets. It is possible to say that, for Turkey, two key events marked the year. First was the Fed's decision to taper bond purchases and its impact on emerging markets; the second was that the investment grade was granted to Turkey. A rise in interest rates was proposed to tackle the current account deficit, one of Turkey's largest structural problems, which slowed down our growth rate.

Akfen A Successful Player in Capital Markets

In 2013, Akfen played an efficient role in not only the stock market but also domestic and global bond markets, continuing to craft its own investor groups. Although the supply from market economies created a considerable pressure, Mersin International Port issued US\$ 450 million in Eurobonds at rather low interest rates in the summer of 2013, becoming one of a handful of successful international bond issues and giving MIP a prominent position in the international bond markets.

Additionally, Akfen Holding continues to make efficient use of the domestic bond market: the Company has issued a total of TL 720 million in bonds up to date.

We Will Continue to Create Value in 2014

A general assessment of the year reveals that our robust turnover and profitability have yielded a 23% rise in Akfen's consolidated turnover in 2013 (according to the proportional consolidation method and when in 2012 the shareholding structure was assumed to be parallel with 2013) and EBITDA has grown by 25%. In the coming year, we shall initiate sales at our İncek Loft development project with 1,135 housing units. Akfen Construction will also embark upon the construction of the 755-bed Isparta City Hospital through the PPP model. In 2014, MIP will gear up the new berth investment, TAV Airports will complete the İzmir Adnan Menderes Airport project in early 2014, and investments in Medina will continue at full speed. AkfenHEPP will complete the construction of three out of five ongoing (as of December 31, 2013) power plants in 2014, bringing total installed power capacity up to 207 MW. Akfen REIT will inaugurate its hotel in Ankara Esenboğa in 2014, whereas the ongoing hotel construction in Karaköy, Tuzla and Moscow will be completed by 2015.

[Message from the Chairman](#)[Message from the CEO](#)[Board of Directors](#)[Senior Management](#)[Subsidiaries and Affiliates](#)**Our Priorities: Sustainable Growth, Corporate Governance, Effective Risk Management**

Throughout our 37 year history, our financial structure has always rested on robust foundations and we have managed to adapt ourselves to rapidly changing conditions. From early 2000s onwards, we have acquired many assets for our Holding especially in periods of high liquidity. As borrowing fell with the 2008 crisis, we have radically reinforced the capital structure of Akfen. Through the M&A transactions we have carried out since 2009, we have been able to attract new funds totaling over USD 1 billion into Akfen Holding.

According to our corporate governance approach, Group companies strive to deploy their capital in the most efficient manner via international partnerships and transparency through our stakeholder information policy and ethical and accountable managerial methods.

In order to minimize the adverse impact of risks, the Group takes regular actions based on risk maps covering all processes. We reap the benefits of effective implementation of enterprise risk management principles in order to achieve sustainable profitability and growth, minimization of earning fluctuations, and compatibility of strategies and risks. We take a holistic approach to financial, operational and reputation risks to ensure synergy among companies, and issue reports at the Board of Directors level, which attests to the importance we place on this issue.

Shareholders: Our Lifeline

As a listed company, we show the importance we place on our stakeholders via corporate governance and risk efforts and protect the rights of our investors and shareholders. Our responsibility towards employees and society, tops the list of our ethical values.

In the context of social responsibility, TIKAV is our foundation based on a people-centered philosophy and continues to serve the society by contributing to the education of eco-friendly individuals open to innovation. In this respect, the foundation carries out various projects with university students in Eastern and Southeastern Anatolia and children, young people, women,

village headmen, relatives of individuals and public schools in Mersin. The foundation left its stamp on the year 2013 in Mersin with projects entitled "Hand in Hand with Village Headmen" and "We Renovate So You Can Study." Our international project "The Duke of Edinburgh International Award-Turkey" has expanded its scope day by day, reaching ten thousand young individuals in 2013. As one of the first Turkish companies to have signed the UN Global Compact, we have continued this year, as always, to underscore the importance of society and nature in our in-house activities.

As members of the strong and deep-rooted Akfen Family, our highly skilled and well-trained employees have been the architects of this year's success with their diligence and experience. Our workforce grows and develops continuously, achieving our accomplishments with its dynamic and innovative character. The number of our employees has increased 5% at Akfen Holding, and by 9% if jointly managed companies are included. With new additions to our family, we raised our workforce up to 31,000 individuals and made a growing contribution to national employment.

In line with our corporate culture, which emphasizes the value of each employee and importance of every task, I would like to extend my gratitude to our investors and to my colleagues.

Best regards,



HAMDİ AKIN
Chairman

Message from the CEO

In 2013, Akfen Holding paid its investors for the first time gross dividends totaling TL 25.5 million. The Company's Board of Directors decided that TL 12 million will be paid in dividends in the year 2014.



Esteemed Shareholders,

The year 2013 was a period in which the investments of the Holding started to bear fruit, and we saw our subsidiaries grow and strengthen. Akfen Holding shall continue to contribute to the national economy with its ongoing projects and new investments in all the sectors it operates in.

Akfen Holding continued in 2014 the share buyback program initiated in 2011, and, as such, came to repurchase 10% of its total capital as of April 2014.

In 2013, Akfen Holding paid its investors for the first time gross dividends totaling TL 25.5 million. The Company's Board of Directors decided that TL 12 million will be paid in dividends in

the year 2014. In 2013, Akfen Holding received dividends of TL 64 million from its subsidiaries TAV Airports, TAV Investment and MIP, as well as a cash inflow of TL 41 million from the HEPP Group.

In December 2013 and March 2014, TL 280 million in bonds were redeemed, and to replace these, two new bonds totaling TL 340 million were planned for issue in January and March 2014.

During 2013, we improved the capital structure of the Mersin International Port and our hydroelectric power plants, and enabled their transition from project finance credits with multiple limitations to a borrowing structure with much fewer restrictions. MIP, which now holds an investment grade rating from Moody's and Fitch, issued US\$ 450 million in Eurbonds in August. As a result, we are now collecting dividends from MIP. At AkfenHEPP, we carried out refinancing of US\$ 273 million, which enabled the Company to regain access to the cash in the reserve accounts of project firms.

In 2013, too, Akfen Holding continued its dynamic portfolio management. In 2013, a critical development in energy was the transfer of a 60% stake of the Karasular HEPP to the German hedge fund Aquila, which had already acquired a 40% stake in 2012. As a result of the sales contract signed in March, the sales transaction was completed for a total of EUR 36.9 million. This EUR 59.5 million transaction has reinforced our financial position significantly.

AkfenHEPP prioritizes power plants running on renewables. In 2013, the Company grew by 17.7% over the previous year to generate a total electricity of 396,3 GWh -excluding Karasular. We continued to meet Turkey's rapidly growing energy demand in 2013, by inaugurating the Kavakçalı HEPP and Gelinkaya HEPP with total installed capacity of 18,0 MW. Thus, as of year end-2013, we have eight power plants in operation with an aggregate installed capacity of 142.2 MW and an annual electricity generation capacity of 588.3 GWh. Five more power plants with an aggregate installed capacity of 85.6 MW and an annual electricity generation capacity of 332.5 GWh are currently under construction.

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While our portfolio of hydroelectric power plants expands day by day, we continue to work on the natural gas combined power plant being constructed in Mersin, with an installed capacity license of 1,148.4 MW. Our Holding has taken important steps as regards the project's financing and shareholding structure. For example, under the terms of the mandate letter signed by International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), Akfen Holding and Akfen Energy on October 10, 2013, IFC and EBRD are intent on extending A-type credit totaling US\$ 250 million and IFC shall grant C-type credit amounting to US\$ 25 million.

Having undersigned projects that total around US\$ 1.9 billion over two decades, Akfen Construction made remarkable progress in two key projects in 2013. Akfen Construction acquired the property for the İncek Loft project to be developed in Ankara with 1,135 housing units paying TL 60 million on July 2, 2013. As a result, Akfen Construction came to control 98.6% of the total gross saleable area.

A total investment of around TL 573 million is planned for Isparta City Hospital, Akfen Construction's first construction project based on the public-private partnership model.

In addition, Akfen Construction shall evaluate other opportunities for building city hospitals across Turkey through the public-private partnership model. In the long-term, we plan to bring our total bed capacity to 2,000-2,500 with new hospital investments.

Mersin International Port, which stands out as Turkey's foremost export-import port, capped the year 2013 with huge operational successes. During the year, the total volume of containers handled went up by 9.1% year-over-year to TEU 1.4 million.

In 2013, the total number of passengers to utilize the thirteen domestic and international airports operated by TAV Airports rose 17% over the previous year to 84 million. In December 2013, TAV Airports added Zagreb Airport to its portfolio.

With the addition of Riyad King Khaled Airport terminal project in Saudi Arabia [won via tender] and Damac Towers by Paramount project in Dubai, the total size of TAV Construction's ongoing projects has climbed to US\$ 13,481 million and its backlog totals US\$ 2,498 million.

Making headlines in 2013 by winning prestigious awards, Akfen REIT has continued to lead the real estate sector with its economy city hotel concept. In 2013, the Company inaugurated the 156-room Esenyurt Ibis Hotel, the 140-room Ibis Hotel Alsancak and the 167-room Ibis Hotel Kaliningrad.

Offering maritime transport services at world standards, İDO has transported 50.5 million passengers and 7.9 million vehicles with its modern fleet in 2013.

İDO has focused on the optimization of its fleet and operational costs; the Company has also started work on the initiation of RO-RO transport across the Marmara Sea, and on boosting its non-shipping revenues. Furthermore, İDO strives to establish a leaner senior management structure.

Akfen Holding's consolidated revenue totaled TL 111 million in 2013 and its amounted to EBITDA TL 30 million. Total shareholders' equity, meanwhile, stood at TL 1,763 million, having increased 4% over the previous year.

Our skilled workforce has played a major role in bringing about Akfen Holding's achievements to date. I would like to thank all the members of the Akfen Family for their diligent efforts throughout the year. I also extend my gratitude to all our business partners and social stakeholders for making us stronger.

Building upon a bright track record of thirty seven years, Akfen Holding has continued its profitable investments in 2013 through a forward-looking and innovative approach and has added significant value to the Turkish economy.

Best regards,

İBRAHİM SÜHA GÜÇSAV
General Manager/CEO

Board of Directors



HAMDİ AKIN Chairman

Hamdi Akin 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. 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]. He has served on the Board of Directors of the Turkish Marine Environment Protection Association (TURMEPA) since 2011.

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 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 Akin

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). The Businessperson of the Year Award presented by Mersin Industrialists' and Businessmen's Association (MESİAD) and the Philanthropy Award presented at the 2013 Philanthropy Summit.



İRFAN ERCİYAS 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 Board Member at Akfen Holding and as Chairman of the Board of Directors, Vice Chairman of the Board of Directors and Board Member at many affiliated companies and subsidiaries of Akfen Holding.

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SELİM AKIN

Board Member/ Vice Chairman

In 2006, 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 the Executive 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.



PELİN AKIN

Board Member

Pelin Akin graduated from the Business Administration and 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. Pelin Akin holds positions in different groups of both the Spanish Business Council and British Business Council of DEİK and she is responsible for Tatlıdil Forum. She is also an active member of the Board of Trustees and the Board of Directors at TİKAV (Turkish Human Resources Education and Health Foundation). Pelin Akin is Vice President of the Duke of Edinburgh's Award-Turkey, whose main sponsor is Akfen Holding. She is also Chairwoman of the Advisory Board of the Contemporary Turkish Studies Chair at London School of Economics since 2010. Pelin Akin is a member of the Turkish Industrialists' and Businessmen's Association (TUSİAD), Young Executive Businessman Association (GYİAD), Young Presidents Organization (YPO), and TAV Airports Holding Corporate Governance Committee. She currently serves as a Member of the Corporate Governance Committee and Member of the Board at Akfen Holding and as a member of Akfen REIT's Early Determination of Risk Committee.



ŞABAN ERDİKLER

Independent Board Member

After graduating from Ankara University, Department of Political Science in 1972, 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 the 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. Mr. Cömert is an independent Board Member at Akfen Holding.

Senior Management



İBRAHİM SÛHA GÜÇSAV **General Manager/CEO**

İbrahim Sûha 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. Currently serving as Chairman of the Foreign Economic Relations Board (DEİK) Turkish-Singapore Business Council, Mr. Güçsav was Vice Chairman of the Board of Directors of Akfen Holding from 2003 to March 2010. He served on the Board at Akfen Holding between March 2010 and May 2012 and at TAV Airports Holding from 2000 to 2012. Mr. Güçsav has served as CEO of Akfen Holding since March 2010 and is currently on the Board at several subsidiaries and affiliates of Akfen Holding. Also, he is Chairman of the Board of Directors of Akfen REIT.



SILA CILIZ İNANÇ **Assistant General Manager - Legal**

Sıla Ciliz 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 has worked at every stage of build-operate-transfer projects, transfer of rights/concessions and privatizations, in which Akfen and its subsidiaries have participated, including tender and finalization of transfers. She has also participated in the establishment of project financing structures and signing of credit contacts as well as the initial public offering of Akfen Holding and Akfen REIT. Mrs. İnanç currently serves as Assistant General Manager at Akfen Holding and on the Board at various subsidiaries of Akfen Holding.



HÜSEYİN KADRI SAMSUNLU **Assistant General Manager - Financial Affairs**

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, a member of KOTEDER Board of Directors, serves as Assistant General Manager at Akfen Holding and Board Member at various subsidiaries.

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MERAL ALTINOK
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.



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.

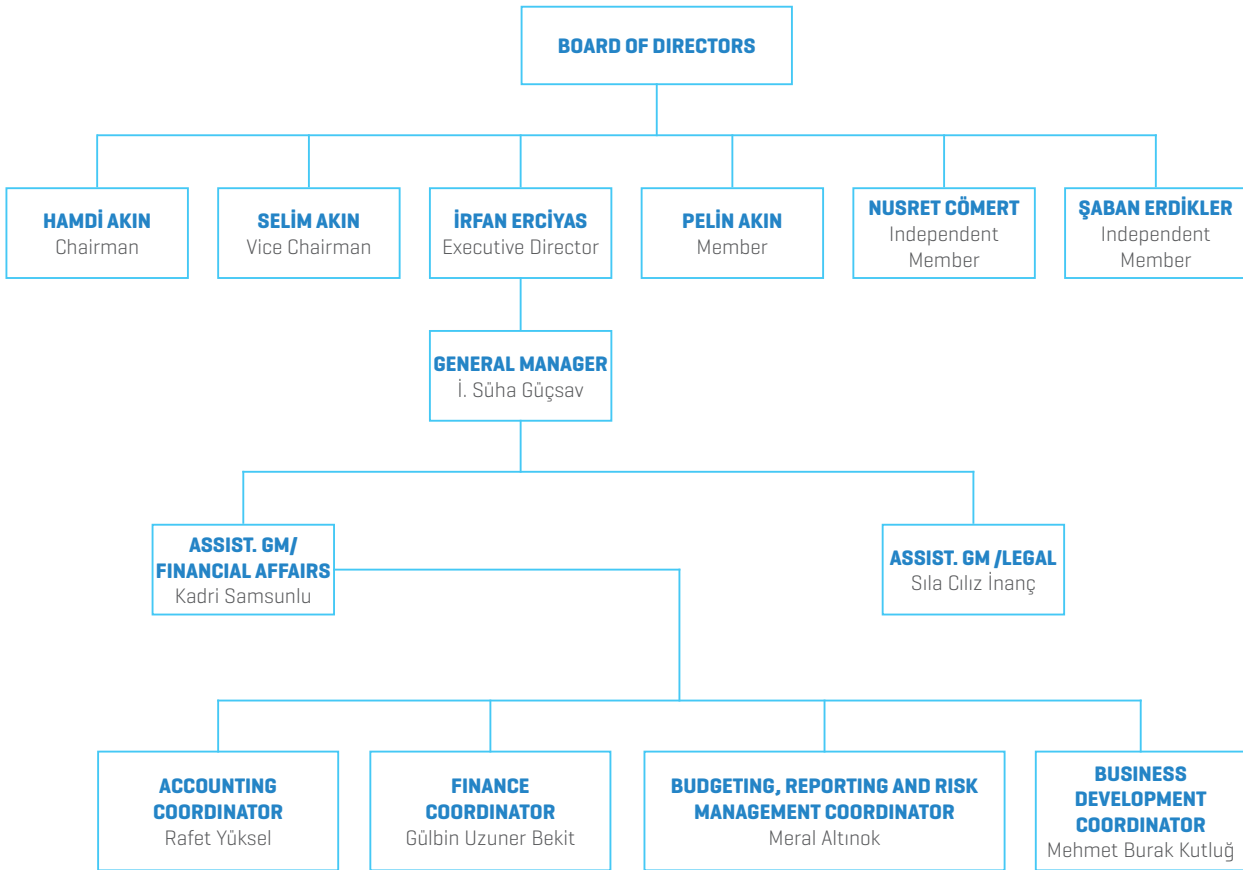


GÜLBİN UZUNER BEKİT
Finance Coordinator
 Gülbîn Uzuner Bekit graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Economics in 1990. She went on to earn her MA in International Finance from Webster University, London in 1992. The same year, she began her 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.



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.

Organizational Structure



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Subsidiaries and Affiliates

MUSTAFA SANİ ŞENER

CEO/Executive President

TAV Airports/TAV Investment

Mustafa Sani Şener graduated from Karadeniz Technical University, Department of Mechanical Engineering in 1977, and earned his Master's 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 RUHİ

General Manager

Akfen Construction

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.

İSMAİL HAKKI TAS

General Manager

MIP

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 September 2012.

SAFFET ATICI

General Manager

AkfenHEPP

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 REIT

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 a 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.

UFUK TUĞÇU

Acting General Manager

İDO

Mr. Ufuk Tuğcu joined İstanbul Deniz Otobüsleri A.Ş. in November 2000, and went on to hold positions such as Assistant General Manager and Director. Mr. Tuğcu continues to serve İstanbul Deniz Otobüsleri A.Ş. as Acting General Manager. He commenced his career as Captain in 1980 at Deniz Nakliyat A.Ş., serving in that position for nine years. He transitioned to the General Directorate of Petrol Ofisi in 1989 and served three years as Captain, before joining the management team on land in 1992 to work as Inspector and Ship Operations Manager between 1992 and 2000. Upon the privatization of Petrol Ofisi in 2000, he was appointed Ships Coordinator in the Türkiye İş Bankası and Doğan Group consortium. Having graduated from the Maritime Academy in 1980, Mr. Tuğcu participated in training programs in 1983 at Southampton Warsash Maritime Academy and received Tanker Safety, Inertgas System and Crude Oil Washing certification. Mr. Tuğcu is also the Vice Chairman of Zeytinburnu Liman İşletmeleri Sanayi ve Ticaret A.Ş. ["Zeyport"].

Financial Results in 2013*

In 2013, cumulative investments by our subsidiaries amounted to TL 1.1 billion, while Akfen Holding invested a total of TL 328 million, in proportion to its stake in subsidiaries.

Akfen Holding's consolidated revenue from 2013 operations including the share of revenue from JV subsidiaries stood at TL 1,126 million in total. In 2013, the shares of both TAV Airports and TAV Investment in total consolidated revenue were 26%, while the share of MIP was 24%. With the progress and completion of ongoing projects in the coming period, the energy and real estate sectors will increasingly contribute to Akfen Holding's total revenue and profits.

Akfen Holding's Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) totaled TL 338 million in 2013. As a result of organic and inorganic growth of most subsidiaries, the EBITDA margin increased to 31.3%.

In 2013, Akfen Holding finalized the sale of its remaining 60% stake in Karasular HEPP gaining TL 33 million profit from this sale.

Following refinancing efforts undertaken at the MIP and HEPP Group, the Holding obtained cash flows of US\$ 25 million from MIP as first dividend and US\$ 21 million from HEPP Group. For the first time in 2013, Akfen Holding paid gross dividends totaling TL 26 million.

Akfen Holding posted a net foreign exchange loss of TL 169 million, due to the depreciation of the Turkish lira in 2013. The Holding paid bank fees with regard to the refinancing of MIP and HEPP Group; a loss occurred due to the termination of MIP's swap contract. All of these developments led to a consolidated loss of TL 19 million in 2013.

In 2013, the subsidiaries with the highest share in Akfen Holding's assets were Akfen REIT with 28% and HEPP Group with 22% which intensively continue with their investments. Meanwhile, shareholders' equity increased 4% from TL 1,715 million in 2012 to TL 1,783 million in 2013.

As of December 31, 2013, Akfen Holding's consolidated gross financial debt increased 15%, up to TL 2.9 billion of which 26% is short-term, 30% is medium-term and 44% is long-term debt. At year-end 2013, the Holding's consolidated net debt stood at TL 2.4 billion. As of December 31, 2013, the Holding's solo net debt rose to TL 242 million, from TL 153 million on December 31, 2012.

It is worthwhile to note that the shares repurchased by the Holding under the Share Buyback Program do not appear as either cash or similar items on the balance sheet and that the Holding invested about US\$ 25 million in the Mersin natural gas-fired power plant, currently in the planning stage and about US\$ 90 million in the İncek Loft project, of which construction commenced in 2014. Further, the Holding realized a bond repayment totaling TL 80 million in 2013.

Following the extension of borrowing terms and the reduction of interest costs in 2013, the Holding achieved a healthier debt structure. In 2013, the net debt-to-equity ratio stood at 1.3x.

Continuing to execute its investment plan apace, Akfen Holding invested a cumulative total of TL 1.1 billion in 2013 together with its subsidiaries, forging ahead with its growth target. A significant portion of investments were related to energy and REIT. More specifically, TL 121.1 million was spent on hydroelectric power plants, of which construction is still underway, while Akfen REIT invested a total of TL 92.8 million. Further, the Holding invested TL 57.8 million, in proportion to its stake in TAV Airports.

The Holding's Share Buyback Program approved at the Extraordinary General Meeting held on September 12, 2011, continued throughout 2013. As of the date of this report, Akfen Holding had repurchased 13,230,488 of its shares, corresponding to 4.55% of the total capital under this Buyback Program. Additionally, Akfen Construction has repurchased 6,922,099 shares, corresponding to 2.40% of the total capital, during the period that ran from November 27, 2012 to November 11, 2013. As of December 31, 2013, the total value of repurchased shares amounted to TL 88 million.

* The 2013 financial figures presented on this page have been adjusted to reverse the effects of IFRIC 12 and IFRS 11 in financials.

[Financial Results in 2013](#)[2013 Operations](#)[Human Resources](#)[Corporate Social Responsibility](#)[Awards in 2013](#)**MAIN FINANCIAL INDICATORS [TL THOUSAND] ***

SUMMARY INCOME STATEMENT	2012**	2013
Revenue	90,878	111,446
Gross Profit	56,106	65,581
Operating Profit	149,983	207,032
Profit/[Loss] from Continuing Operations before Tax	691,051	-17,374
Net Profit/[Loss] for the Period	672,134	-18,913
Non-controlling Interest	9,374	54,260
Equity Holders of the Parent	662,760	-73,173
Adjusted EBITDA	18,220	29,548
SUMMARY CASH FLOW STATEMENT		
Net Cash Flow from/[used in] Operations	-15,278	113,404
Net Cash Provided from/[used in] Investing Activities	377,851	40,789
Net Cash Earned from Financing Activities	-312,910	-196,366
SUMMARY BALANCE SHEET		
FIXED ASSETS	2,528,884	2,968,657
Intangible Fixed Assets	65,624	55,298
Tangible Fixed Assets	809,377	803,133
Investment Property	1,090,345	1,418,899
Investments in Equity Accounted Investees	322,085	437,433
Other	241,453	253,894
CURRENT ASSETS	614,312	423,947
Cash and Cash Equivalents	142,514	147,430
Restricted Bank Balances	133,695	0
Trade Receivables	26,250	16,953
Financial Investments	158,179	5,614
Other	153,674	253,950
TOTAL ASSETS	3,143,196	3,392,604
Total Equity Attributable to Equity Holders of the Parent	1,303,738	1,356,685
Non-controlling Interest	388,680	406,187
Total Shareholders' Equity	1,692,418	1,762,872
Loans and Borrowings	1,292,033	1,444,398
Other Short-term Liabilities	47,180	66,096
Other Long-term Liabilities	111,565	119,238
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,143,196	3,392,604
Gross Profit Margin	61.7%	58.9%
Adjusted EBITDA Margin	20.1%	26.5%
Current Ratio	1.5	0.9
Liquidity Ratio	1.3	0.5
Net Debt/Shareholders' Equity	0.5	0.7
Financial Leverage	0.5	0.5
Net Debt/EBITDA	47.1	43.7

* Following the adoption of the Turkish Financial Reporting Standard (TFRS 11), which came into effect on January 1, 2013, joint ventures have been accounted for by using the equity pick-up method.

** 2012 financial statements were revised in accordance with TFRS 11.

Financial Results in 2013*

In 2013, the highest contributions to consolidated revenue came from TAV Investment, TAV Airports and MIP, while MIP and TAV Airports contributed the most to EBITDA. Akfen REIT, HEPP Group and MIP had the highest shares in the distribution of assets.

Distribution of Consolidated Assets in 2013*	Assets (TL Thousand)	
TAV Investment	464,912	8.6%
TAV Airports	539,199	9.9%
MIP	946,992	17.5%
iDO	482,079	8.9%
HEPP Group	1,217,408	22.4%
Akfen REIT	1,518,526	28.0%
Akfen Water	35,801	0.6%
Akfen Construction	519,468	9.6%
Other&Eliminations**	-300,892	-5.5%
Total Assets	5,423,493	

Distribution of Consolidated Revenues in 2013*	External Revenues (TL Thousand)	
TAV Investment	294,656	26.2%
TAV Airports	293,228	26.0%
MIP	264,970	23.5%
iDO	157,957	14.0%
HEPP Group	52,347	4.6%
Akfen REIT	41,262	3.7%
Akfen Water	5,424	0.5%
Akfen Construction	0	0%
Other	16,199	1.4%
Total Revenues	1,126,044	

* The financials have been adjusted to reverse the effects of IFRIC 12 and IFRS 11.

** Other consists of Akfen Holding, Akfen Energy, PSA Port and Sim-Er.

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2013 Consolidated EBITDA Distribution	Adjusted EBITDA (TL Thousand)
TAV Investment	25,641
TAV Airports	81,469
MIP	154,811
İDO	48,761
HEPP Group	42,427
Akfen REIT	28,998
Akfen Water	3,011
Akfen Construction	2,658
Other	-33,568
Eliminations	-16,335
Total	337,875

FINANCIAL INDICATORS (TL THOUSAND)	2012*	2013*
Sales	1,125,247	1,126,044
Gross Profit	345,424	344,857
Gross Profit Margin	30.7%	30.6%
Adjusted EBITDA	310,782	337,875
Adjusted EBITDA Margin	28.1%	31.3%
Net Debt	1,811,720	2,379,389
Net Debt/EBITDA	5.8	7.0
Investment Expenditures	334,713	328,396
Number of Employees	27,994	30,817

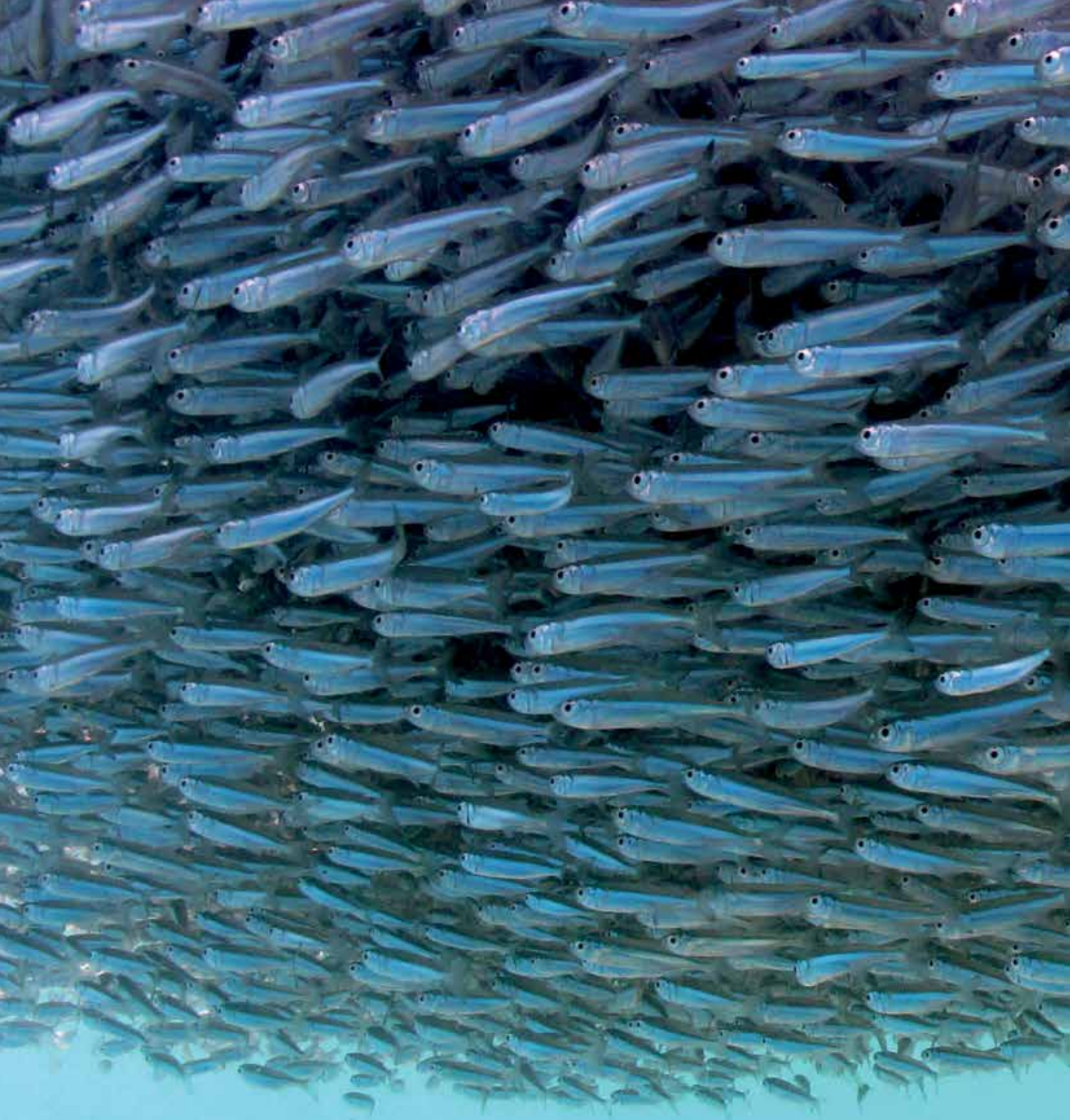
*The financials have been adjusted to reverse the effects of IFRIC 12 and IFRS 11; construction revenue and expenses were not included in the calculation of the Adjusted EBITDA.

Revenues (TL Thousand)

2013	1,126,044
2012	1,125,247

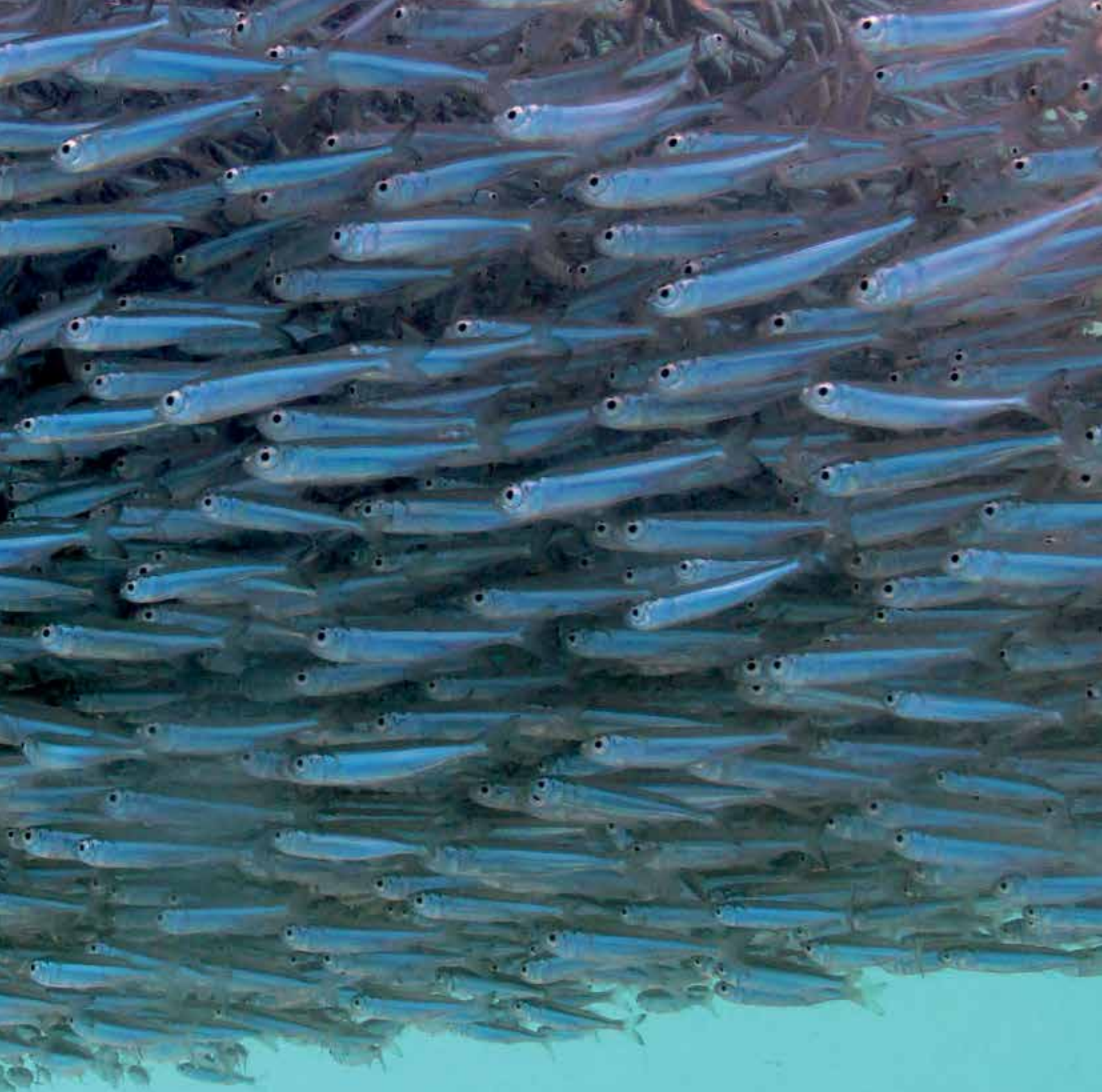
Adjusted EBITDA Margin [%]

2013	31.3%
2012	28.1%



TAV Airports: Red Fish in the Blue Ocean...

Under the Blue Ocean theory, companies create a significant cultural and operational difference in their sectors just like we did in 1997 with the integrated business model of TAV Airports...



With TAV Airports, Akfen Holding has introduced a new business model for the airport management industry in Turkey. TAV Airports achieved an integrated business model, and wrote an unrivaled success story with the innovative steps it has taken in the area of ground services and duty free.

2013 Operations



Financial Results in 2013

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AIRPORT CONCESSIONS

Leading the Turkish airport operations sector with its dynamic and innovative vision, TAV Airports has set an example of sustainable growth with operations spanning three continents and has become a highly sought-after business partner for investors and stakeholders.

An integrated business model for airport operations: TAV Airports

Having positioned itself as Turkey's leading airport operator, TAV Airports carries out services such as duty free, catering, ground handling, IT, security and management via its own companies.



Case Study

TAV Airports

INVESTMENT OPPORTUNITY

In Turkey, economic growth has changed transportation habits, which led air travel to become a more important mode of transport. Since the state did not want to invest in airport operation, it wanted private companies to expand the sector and thus introduced the build-operate-transfer model in Turkey. This in turn allowed TAV Airports to grow through an integrated business model. As such, in addition to airport operations, the Company started delivering at world class standards other airport services such as ground handling and catering previously provided by the state.

OPERATIONS

Today TAV Airports, the world's leading Turkish brand for airport operations, is in service at numerous airports around the world including Istanbul Atatürk, Ankara Esenboğa, Izmir Adnan Menderes and Antalya Gazipaşa Airports in Turkey, Tbilisi and Batumi Airports in Georgia, Monastir and Enfidha Hammamet Airports in Tunisia, Skopje and Ohrid Airports in Macedonia, Medinah Airport in Saudi Arabia, Riga Airport in Latvia and Zagreb Airport in Croatia. TAV Airports offers a wide range of airport operation services, including duty-free, food & beverage, ground handling, IT, security and management.

AIRPORTS IN OPERATION

2000	2004	2005	2007	2008	2009	2010	2011	2012	2013
Istanbul Atatürk Airport	Ankara Esenboğa Airport	Izmir Adnan Menderes Airport	Tbilisi and Batumi Airports	Monastir Airport	Enfidha and Antalya Gazipaşa Airports	Skopje and Ohrid Airports	Riga Airport	Medinah Airport	Zagreb Airport

STRATEGY

The collaboration established between TAV Airports and ADP in March 2012 led to one of the biggest airport partnerships in the world as the two companies merged their experience, know-how and portfolio. In order to make their assets grow through a more systematic approach and create new career opportunities for the employees of both companies, TAV Airports and ADP established cooperation with an immense potential for both organic and synergistic growth.

The strategy of the two companies includes reaching out to a wider region and entering new countries by adding new European and North American markets to the current in Middle East and North Africa portfolio.

In the period ahead, TAV Airports plans to increase earnings through contracts in airport operation consultancy similar to those signed for the Medinah and Zagreb airports which it has recently taken over.

> AIRPORT CONCESSIONS

TAV Airports

Considered one of the first global examples of the build-operate-transfer model in airport operations, the TAV Airports portfolio has expanded to 13 airports in seven countries in 13 years, with the added boost and synergy from its partnership with Aéroports de Paris Group.

84

MILLION PASSENGERS

**TOTAL NUMBER OF PASSENGERS**

TAV Airports increased the number of its passengers by 17% in 2013. Growth of domestic line passengers stands at 18% and that of international passengers at 16%. The overall growth in TAV Turkey airports was 14%.

Important developments in 2013:

- In 2013, TAV Airports Holding's share price reached TL 16.45, its highest level, and market capitalization stood at US\$ 2.85 billion. The nominal rate of return of TAV shares was 75% in 2013, while BİAŞ relative return exceeded 102%.
- According to the letter dated January 22, 2013 and sent by DHMİ to TAV İstanbul and TAV Airports Holding, in the event that the new airport to be built on the European side of İstanbul becomes operational prior to the ending date of TAV İstanbul's Lease Contract, DHMİ will compensate TAV's profit loss for the overlapping period. The same letter also states that independent institutions can be consulted for the calculation of such a loss.
- On February 22, 2013, TAV's Board of Directors agreed to distribute 39.34% of the gross profit, totaling TL 142,929,000.
- TAV paid cash dividends to its shareholders of TL 0.3934 gross per share with a nominal value of TL 1 at the end of May 2013.
- DHMİ plans to finalize its investment to expand aircraft parking capacity at İstanbul Atatürk Airport in 2014. This project is part of the efforts undertaken jointly by DHMİ, THY (Turkish Airlines) and TAV Airports to increase the capacity of İstanbul Atatürk Airport, under a collaborative decision making mechanism. According to an evaluation conducted by NATS Holding Limited (NATS) which considered and determined the straits of capacity to identify capacity bottlenecks, İstanbul Atatürk Airport's most important bottleneck is the aircraft parking area. The investment will solve this problem and will significantly improve hourly take-off and landing performance.
- With a total of 1,245 take-offs and landings during the month of August, Atatürk Airport reached a new record high.
- On July 29, 2013, the consortium composed of TAV, Goldman Sachs and Aéroports de Paris Group received preliminary qualification to place a bid in the tender for the LaGuardia Airport Central Terminal Building Replacement Project (New York City, USA), which includes the design, construction, finance, operations and maintenance.

Financial Results in 2013

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- As a result of steadily improving its compliance with corporate governance principles, ISS Corporate Services upgraded TAV's Corporate Governance Rating Score on August 23, 2013, from 92.44 [9.24 on a 10 point scale] to 93.97 [9.39 on a 10 point scale]. On the date which the score was assigned, TAV ranked first in BIAŞ's Corporate Governance Index.
- On December 5, 2013, the Consortium composed of Aéroports de Paris Management, Bouygues Batiment International, Viadukt, IFC and Marguerite Fund took over the operating rights of Zagreb International Airport.
- TAV submitted a proposal to buy India-based GMR's 40% stake in Istanbul Sabiha Gökçen Airport, and yet the Company's Malaysian partners decided to exercise their pre-emption rights.
- Efforts to extend the runway of Gazipaşa Airport to 2,500 meters were initiated.
- Gazipaşa Airport hosted over 350 thousand passengers.
- The number of passengers who have travelled through Skopje and Ohrid Airports in Macedonia exceeded 1 million.
- Havaş and BTA established companies in Saudi Arabia.
- 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.

NUMBER OF PASSENGERS* (AS OF DECEMBER 31, 2013)	2013	2012	CHANGE [%]
Atatürk Airport	51,320,875	45,091,962	13%
International	34,096,770	29,812,307	14%
Domestic	17,224,105	15,279,655	13%
Esenboğa Airport	10,928,403	9,273,108	18%
International	1,573,943	1,593,737	-1%
Domestic	9,354,460	7,679,371	22%
Izmir Airport	10,208,627	9,355,902	9%
International	2,467,436	2,410,858	2%
Domestic**	7,741,191	6,945,044	11%
TAV Airports TURKEY TOTAL	72,820,929	63,720,972	14%
International	38,381,098	33,816,902	13%
Domestic	34,439,831	29,904,070	15%
Medinah International Airport	4,669,181	4,588,158	2%
Monastır+Enfidha Airports	3,437,849	3,321,244	4%
Tbilisi+Batumi Airports	1,642,597	1,387,946	18%
Macedonia (Skopje and Ohrid)	1,067,467	913,567	17%
TAV Airports TOTAL**	83,638,023	71,654,344	17%
International	47,429,862	40,871,220	16%
Domestic	36,208,161	30,783,124	18%

* Total number of departing and arriving passengers, including transfer passengers.

** 2012 data does not include the first six month data of Medinah and annual data of Gazipaşa.

TAV AIRPORTS HOLDING CO.

AIRPORT OPERATIONS

Atatürk Airport	100%
Esenboğa Airport	100%
Adnan Menderes Airport	100%
Gazipaşa Airport	100%
Medinah Airport	33%
Monastır and Enfidha Hammamet Airport	67%
Batumi and Tbilisi Airport	76%
Skopje and Ohrid Airport	100%
Riga* Airport	100%
Zagreb Airport	15%

SERVICE COMPANIES

ATÜ	50%
BTA	67%
Havaş	100%
TGS	50%
Havaş Europe	67%
TAV Operations Services	100%
TAV IT	99%
TAV Private Security	100%

*Only commercial areas.



The background of the entire page is an underwater scene. The water is a vibrant turquoise blue, with sunlight filtering through from the surface, creating shimmering patterns and ripples. On the left side, several colorful fish are visible, including a large black and yellow striped fish, a smaller yellow and white striped fish, and a green and purple fish. The overall atmosphere is bright and clear.

TAV Investment, Akfen Construction

The capability to work in niche sectors is our biggest value...

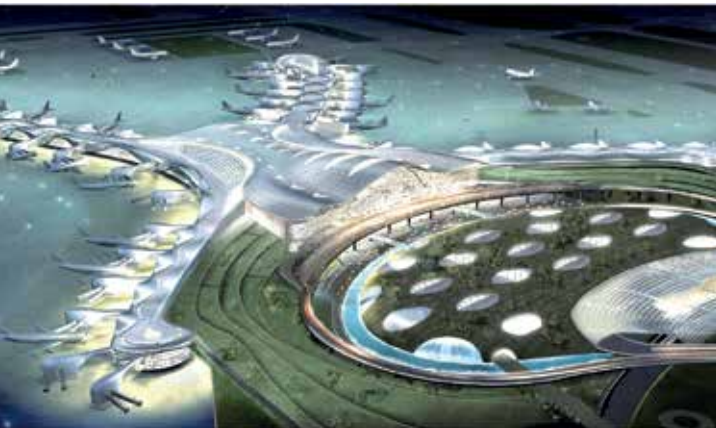
With their pioneering characteristics and unique services, Akfen Construction and TAV Construction, group companies of Akfen Holding, have become key players in the contracting industry where there is intensive competition. TAV Construction owes its second place ranking in the global arena of airport construction to these attributes.

> CONSTRUCTION

TAV Investment

According to Engineering News Records (ENR) magazine, which annually ranks the top 250 international contracting companies, TAV Construction places 2nd in the list of top global airport construction firms and 103rd among all construction companies.

702

 thousand m²


UAE, Abu Dhabi Airport

ABU DHABI AIRPORT MIDFIELD TERMINAL BUILDING

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 Midfield Terminal Building at Abu Dhabi Airport in United Arab Emirates in 2012. The project is one of the biggest expansion initiatives for the Abu Dhabi Airport. With its undulating roof, inclined facade and use of advanced technology, the new terminal building will be one of the world's most impressive architectural buildings, spreading over an area of 702 thousand square meters and having a capacity to serve 27 million passengers per year. TAV Construction will complete the construction in 49 months.

Established in 2005, TAV Investment engages in construction, aviation and car park operations. Aéroports de Paris Group's acquisition of a 49% stake in TAV Construction in 2012 brought about a global dynamism to the Company's construction activities.

TAV Investment's flagship subsidiary: TAV Construction

Thanks to its robust financial structure, TAV Construction maintained steady growth in 2013, during which the Company undertook numerous investments and tender offers.

TAV Construction wins the design and construction tender for the King Khaled Airport Terminal 5

On May 14, 2013, the TAV-ACC Joint Venture, which was established under the leadership of TAV Construction, won the design and construction tender for the King Khaled Airport Terminal 5 in Riyadh, the capital of Saudi Arabia. Set to have an investment of US\$ 336 million, the project will include the construction of a new passenger terminal and additional facilities on an area of 80 thousand m². TAV Construction plans to complete the project in 18 months.

TAV Construction wins the Damac Towers by Paramount tender in Dubai

On September 9, 2013, TAV Construction and Dubai-based Damac Properties signed an agreement, totaling US\$ 288 million, for the construction of Damac Towers by Paramount to be built in Dubai. The Damac project will consist of four 279 meter-high towers, which will be used as hotel and residences.

Construction started on Emaar Square Istanbul project

The TAV-Sera Joint Venture started construction on Emaar Square shopping mall and car park on November 1, 2013. The project, which has a contract value of US\$ 61 million, is scheduled for completion in 12 months.

Financial Results in 2013

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Qatar, Doha International Airport

TAV Park Otopark Yatırım ve İşletmeleri A.Ş. (TAV Park)

TAV Park was founded in 2008 to construct and operate car park facilities. The Company has expertise, experience and know-how in underground, multi-level parking lot construction as well as above ground multi-level parking lots, tunnel type parking lots, and semi- or fully-automated parking structures. Keeping a keen eye on customer satisfaction, economy and security, TAV Park operates its modern and smart parking garages under the brand name "T-PARK" and on a 24/7 basis. As one of Turkey's leading brands in car park operations, TAV Park continues to develop new projects.

Riva İnşaat Turizm Ticaret İşletme Pazarlama A.Ş. (Riva Construction)

Founded in 1998, Riva Construction is engaged in the construction and purchase of tourism facilities to lease or operate them partially or entirely. In addition, the properties owned by the Company are used for both commercial purposes and housing construction.

TAV Investment's subsidiaries and affiliates are listed below:

TAV INVESTMENT	SHARE (%)
TAV Construction	99.99
TAV Aviation	99.88*
Riva İnşaat Turizm Ticaret İşletme Pazarlama A.Ş.	99.99*
TAV Park Otopark Yatırım ve İşletmeleri A.Ş.	100.00*
TAV Construction Muscat LLC	70.00*
TAV Construction Qatar W.L.L.	49.00*
TAV Al Rajhi Construction Company	50.00*

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

TAV Havacılık A.Ş. ("TAV Aviation")

TAV Aviation began air taxi operations on January 6, 2006, after obtaining the necessary permission and license from the Directorate General of Civil Aviation. With a fleet consisting of mid-size Raytheon Hawker 800 xpi and Cessna Citation Sovereign business jets, the Company provides transportation for the Group's senior management and also meets the demand in the rapidly growing commercial aviation market.

> CONSTRUCTION

TAV Investment

In the survey conducted by Capital magazine between September 2-November 5, 2013, TAV Construction placed second in the most favorite companies in Turkey category.

COMPLETED PROJECTS

Project Name and Scope	Location	Value [US\$ Million]	TAV's Share [US\$ Million]
Ankara Esenboğa Airport Domestic and International Terminals	Turkey	312	312
Istanbul Atatürk Airport Terminal Building and Multi-storey Car Park Project	Turkey	397	397
Istanbul Atatürk Airport Refurbishment Project	Turkey	60	60
Izmir Adnan Menderes Airport International Terminal Building	Turkey	180	180
Izmir Adnan Menderes Airport Domestic Additional Works	Turkey	18	18
Istanbul Atatürk Airport Enlargement and Development Project	Turkey	89	89
Istanbul Atatürk Airport 2010-2011 Investments	Turkey	51	51
Antalya Gazipaşa Airport	Turkey	16	16
Emirates Airlines A380 Maintenance Hangar Steel Roof Construction Project	Dubai-UAE	27	27
Al Sharaf Shopping Mall	Dubai-UAE	34	34
Towheed Iranian School	Dubai-UAE	9	9
Emirates Financial Towers	Dubai-UAE	119	119
Sulafa Tower	Dubai-UAE	98	98
Abu Dhabi Airport Midfield Terminal Construction of Pile Caps	Abu Dhabi-UAE	63	31
Majestic Tower	Sharjah-UAE	43	43
Batumi Airport	Georgia	29	20
Tbilisi Airport	Georgia	62	44
Skopje and Ohrid Airports	Macedonia	111	111
New Enfidha Airport	Tunisia	615	615
Cairo Airport TB3 Passenger Terminal Building Project	Egypt	490	392
Total		2,823	2,666

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13.5 [US\$ Billion]

With the addition of four new projects to its portfolio, the total contract value of projects undertaken by TAV Construction rose 6.1%, from US\$ 12.7 billion at year-end 2012 to US\$ 13.5 billion in 2013.

6.1%

ANNUAL INCREASE

Total Contract Amount [US\$ Million]

2013	13,481
2012	12,707

ONGOING PROJECTS

Project Name	Location	Employer	TAV's Share in Construction [%]	Contract Value [US\$ Million]	TAV's Share in Contract Value [US\$ Million]	Physical Progress [%]	Backlog [US\$ Million]
Izmir Airport*	Turkey	Tav Ege Terminal Yatırım Yapım Ve İşletme A.Ş.	82%	362	297	90.8	37
Emaar Square North Region Structural Works	Turkey	Emaar	60%	61	37	1.7	36
Abu Dhabi Midfield Terminal Building	UAE	Adac	33%	2,942	981	12.7	839
Damac Towers	UAE	Damac Development	100%	289	289	3.6	283
Dubai-Marina 101	UAE	M/S Sheffield Holdings Limited	100%	197	197	65.6	57
Medinah International Airport	Saudi Arabia	Tibah JV	50%	959	480	61.1	287
King Abdul Aziz Airport	Saudi Arabia	Saudia Aerospace Engineering Industries	40%	765	306	6.5	289
Riyad KKIA Terminal 5 Airport	Saudi Arabia	Saudi Arabia Civil Aviation General Institute	50%	336	168	7.2	164
Doha International Airport	Qatar	Government of the State of Qatar	35%	4,039	1,414	99.9	0
Doha International Airport Additional Works**	Qatar	Government of the State of Qatar	70%	31	22	0.0	0
Oman Muscat International Airport	Oman	Sultanate of Oman Ministry of Transport and Communication	50%	1,169	584	86.5	65
Libya-Tripoli International Airport	Libya	Libya Civil Aviation Institute	25%	2,103	526	36.9	332
Libya-Sebha International Airport	Libya	Libya Civil Aviation Institute	50%	229	115	7.0	109
Total				13,481	5,413		2,498

*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 related to this project, TAV Construction's share excludes the value of imports.

**Not included in the main contract of Doha International Airport project, and added as a Variation Order.

> CONSTRUCTION

Akfen Construction

Operating in the areas of superstructure, infrastructure, environmental protection and airport construction, Akfen Construction also offers manufacturing, installation and assembly services.

US\$ **1.9** billion

**TOTAL PROJECT VALUE**

The total contract value of projects completed by Akfen Construction to date amounts to US\$ 1.9 billion. Of this total, airport projects account for US\$ 698.3 million, hotel projects US\$ 101.9 million, hydroelectric power plant projects US\$ 303.7 million, and school and hospital projects US\$ 93.6 million.

1990

- A contract for the renovation of Antalya Airport Terminal was signed as the Company's first project with the public airport operator DHMİ. This project strengthened the ties between DHMİ and Akfen Construction.

1993

- The Company entered into the housing sector with the construction of Ankara Oran Çarşı houses.

1997

- The construction of the Bursa Urban Natural Gas Network was completed.
- Ankara Oran Shopping and Trade Center, and İzmir Mavişehir 445 residential project boosted Akfen Construction's know-how and delivery capacity in the housing sector.

1999

- Samsun Çarşamba Airport was delivered as a turn-key project.
- The construction of the Bafra District Integrated Waste Water Grid System and Treatment System was completed.

2000

- The Company entered the build-operate-transfer model with the construction of the Atatürk Airport International Terminal, to be followed by the multi-storey parking lot and other additions in 2004. This project paved the way to the establishment of TAV Airports, one of Akfen Holding's key subsidiaries.

2003

- Akfen Construction added to its know-how in high quality building construction with the 200-bed Fethiye State Hospital built on a contract signed with the Ministry of Health.
- The construction of the TED Ankara Koleji was completed.

2006

- The construction of the 5-star Girne Mercure Hotel was completed.
- The construction of the new domestic and international terminals at Esenboğa Airport, including all facilities, was completed.

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Ankara, İncek Loft

2007

- Tüpraş İzmit Refinery's desulphurization units were completed.
- The construction of Ibis and Novotel hotels in Zeytinburnu İstanbul and Ibis Hotel in Eskişehir, the first projects carried out under the Accor partnership, was completed. Akfen also completed the Levent Loft Residence project in İstanbul, owned by Akfen REIT and Yıldız Holding; this was Akfen's first foray into high-quality residential housing construction.

2008

- The parcellation and infrastructure work in İzmir Aliağa Organized Industrial Zone, occupying a tract of 10,000 hectares, was 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.

2013

- Akfen completed the Kavakçalı and Gelinkaya HEPPs, and these facilities became operational. Esenyurt Ibis Hotel and İzmir Alsancak Ibis Hotel were also constructed and inaugurated.

> CONSTRUCTION

Akfen Construction

As of December 31, 2013, the total contract value of Akfen Construction's ongoing HEPP and hotel construction work and the Incek Loft project amounted to EUR 194.2 million and the Company's backlog totaled EUR 144.2 million.

IMPORTANT DEVELOPMENTS IN 2013**Isparta City Hospital project**

Project details:

- A total covered area of 197,649 m² on a construction area of 188,865 m².
- 755-bed capacity, including 450 beds dedicated to general care, and 305 beds for obstetrics and pediatrics.
- Operating expenses revised according to cumulative inflation rate and possible rises in the currency basket for a period of 25 years.
- The total amount of the planned investment to be undertaken under the Public-Private Partnership model is TL 573 million.
- 19 service units, consisting of six mandatory and 13 optional units.
- 70% occupancy guarantee
- 2-year investment period

Following the discussions with the Ministry of Health's Department of Public-Private Partnership, Akfen Construction submitted its final bid for the Construction and Procurement of Products and Services for the Isparta City Hospital Under the Framework of the Public-Private Partnership Model to the High Planning Council (HPC) on September 4, 2013. Akfen Construction and the Turkish Ministry of Health held a signature

ceremony on September 12, 2013, and HPC approval was obtained on December 30, 2013. The parties are currently in the process of contract negotiations.

Incek Loft project in Ankara's Incek district

Project details:

- 108-acre land tract: construction area of approximately 279 thousand m²; saleable area of 200 thousand m².
- Residences with a view of Mogan Lake:
 - 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.

On July 2, 2013, Akfen Gayrimenkul Yatırımları ve Ticaret A.Ş.'s shares (Akfen Real Estate Trade) in this property were transferred to Akfen Construction for TL 60,000,000. Hence, Akfen Construction currently owns 98.6% of the gross saleable area.

As of December 31, 2013, the total contract value of hydroelectric power plant projects, hotel projects and Incek Loft project undertaken by Akfen Construction amounted to EUR 194.2 million, while the Company's backlog totaled EUR 144.2 million.



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ONGOING PROJECTS

Project Name	Location	Contract Date	Estimated Completion Date
Doğançay HEPP	Adapazarı	2008	2014
Sekiyaka HEPP	Muğla	2008	2014
Doruk HEPP	Giresun	2008	2014
Karaköy Novotel	Istanbul	2012	2015
Ankara Esenboğa Ibis Hotel	Ankara	2013	2014
İncek Loft	Ankara	-	-
Çiçekli HEPP	Artvin	-	-
Çalıkobası HEPP	Giresun	-	-

PROJECTS TO COMMENCE

Project Name	Location	Contract Date	Estimated Completion Date
Isparta City Hospital	Isparta	-	-
Laleli HEPP	Bayburt	-	-
Çatak HEPP	Artvin	-	-
Adadağı HEPP	Giresun	-	-



MIP: Red Fish in the Blue Ocean...

We ensure that the society benefits both economically and socially from our operations...

The main strategy of Akfen Holding, which started its port management activities with Mersin Port, one of the most important ports in the Mediterranean, is to strengthen its position as a leading port in Turkey and the Eastern Mediterranean, and to expand the domain and customer portfolio of the port. Mersin Port also contributes to all the stakeholders in its region with initiatives that support education, sports and the arts.

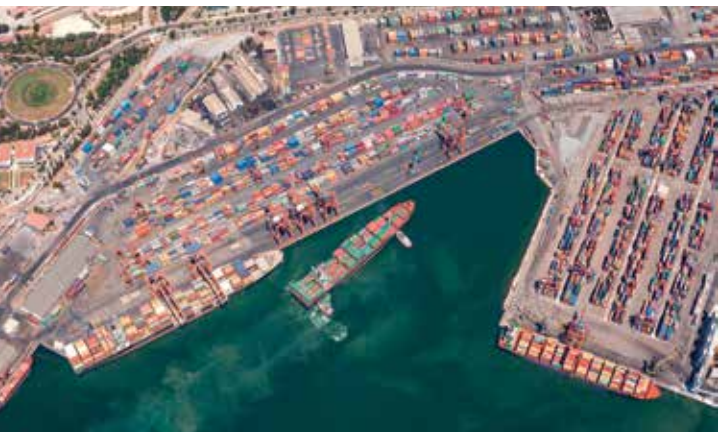


PORT OPERATIONS

MIP

Mersin International Port is the biggest import-export port facility in Turkey, and it ranks second in container handling volume.

US\$ **450** million



2013 BOND ISSUE

The bond issue that was arranged by Citibank, Development Bank of Singapore and Unicredit AG was rated Baa3 by Moody's and BBB- by Fitch, investment grade ratings. The notes have an issue size of US\$ 450 million with a 7-year maturity [maturity date August 12, 2020], a coupon of 5.875% [reoffer yield 5.95%] and an issue price of 99.576. The bond, constituted according to Rule 144A and Regulation S rules is listed on the Ireland stock exchange.

PSA:

- Accounts for about 10% of global container handling volume.
- Container handling volume reached 61.8 million TEU in 2013.
- The world's largest transshipment hub with a container handling volume of 32.2 million TEU at its Singapore terminals.
- One of the world's biggest port operators with a history spanning 41 years.
- Provides terminal services to 25 ports in 15 countries.

MIP's distinctive characteristics and competitive advantages:

- The deep-rooted know-how of Akfen Holding and PSA.
- Strategic location:
 - Convenient connections to inland areas via railways and motorways,
 - A perfect transit center for Middle East trade,
 - A major port in the Eastern Mediterranean,
 - An import-export gateway for the Mediterranean, and Central and Southeast Anatolian regions.
- A rapidly expanding, vast hinterland.
- Proximity to the Free Zone.
- The biggest import-export port in Turkey.
- Turkey's second biggest port in container handling volume.
- Turkey's largest container port on the Mediterranean.
- 17.1% market share among all container ports in Turkey.
- The Port's existing ecosystem.
- MIP serves 6,200 customers at about 100 ports across the world.
- A balanced breakdown of import-export cargo.
- Strong and steady cash flow.
- Turkey's biggest port in terms of cargo capacity.
- MIP has grown 2.6 times faster than the nation's GDP since 2008.

With its unique location on the Mediterranean, high capacity and hinterland as well as local and international connections, MIP is a major port not only in Turkey, but also in the Eastern Mediterranean region. The port is connected to industrialized cities in Turkey, such as Ankara, Gaziantep, Kayseri, Kahramanmaraş, Konya, and also to neighboring countries like Syria, Iraq and Iran. With transit and hinterland connections to the Middle East and Black Sea, MIP is the number one port where most of Turkey's imports and exports are made.

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Study

MIP

INVESTMENT OPPORTUNITY

With advantages such as a unique geographic location that enables the provision of all marine terminal services, high capacity, vast hinterland as well as multiple local and international connections, MIP is a major port not only in Turkey, but also in Middle East and Eastern Mediterranean.

GOALS

Taking into consideration the rapidly increasing foreign trade volume of Turkey, Akfen Holding realized that investing in port/transport infrastructure would be a significant opportunity, and thus ventured into the port operations sector in partnership with PSA. The PSA-Akfen Joint Venture devised a business plan for improving service quality and creating value for customers as well as regional and national economy.

STRATEGY

The strategy of turning MIP into the major export/import port of Turkey started with the capacity increase [1.4 million TEU/year of container capacity and 4.5 million ton/year of general freight capacity] featured in the concession agreement signed with Turkish Railways (TCDD) and completed in May 2012. The second step of the strategy is to become one of the major ports of call in the Eastern Mediterranean. In order to achieve this, the Company initiated the project EMH, which will both increase the capacity and allow larger ships to access the port. By year-end 2013, US\$ 125 million was invested in the port for capacity increase, infrastructure and operational requirements – a figure set to rise further with EMH. Just as we have done at TAV Airports, we have created additional functions to increase earnings at MIP aside from the core business. For instance, MIP's newly launched East Mediterranean Hub project is designed to turn it into a transshipment port as well.

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.

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, MIP provides services to ships that transport containers, dry and liquid bulk freight, general cargo, project cargo, ro-ro, passengers and live animals. Today MIP, where most of Turkey's imports and exports are made, ranks second among all container ports in Turkey, though it is the country's largest port in terms of cargo handling capacity. Further, MIP has the largest back-up land, makes the biggest contribution to employment in Turkey, and is the only port that can provide all of these services, with the exception of petroleum and petroleum products, in the same area. Therefore, it is extremely important for both the regional and the national economy. MIP is Turkey's largest container port on the Mediterranean.

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

Important developments in 2013:

MIP and the labor union reached consensus on the three-year Collective Bargaining Agreement [CBA], for the period January 1, 2013-December 31, 2015, and signed the CBA on April 9, 2013.

In order to extend borrowing terms, simplify financing conditions as well as to refinance the loans obtained during the privatization, MIP decided to issue bonds, and with that, the Company was able to improve its short-term liquidity ratio and achieve financial and operational flexibility. The bond issue that was arranged by Citibank, Development Bank of Singapore and Unicredit AG was rated Baa3 by Moody's and BBB- by Fitch, investment grade ratings. The notes have an issue size of US\$ 450 million with a 7-year maturity [maturity date August 12, 2020], a coupon of 5.875% [reoffer yield 5.95%] and an issue price of 99.576. The bonds were oversubscribed about 2.6-times, and the sale transactions were completed on August 12, 2013. This was the first bond issue undertaken by an infrastructure company in Turkey.

The MIP bond, the third bond in Turkey rated as investment-grade, received strong demand from EBRD, IFC, insurance companies, pension funds, country funds and other funds.

> PORT OPERATIONS

MIP

MIP made its first dividend payment of TL 101,890,000 on October 9, 2013.

The funds raised through the bond issue will partially be allocated to the US\$ 160-million East Mediterranean Hub (EMH) project, which aims to increase the port's capacity to 2.6 million TEU.

MIP reached an agreement with banks for a revolving loan fund in the amount of US\$ 150 million + US\$ 50 million for the purposes of general financing and refinancing of the mezzanine loan. The loan agreement was signed on December 27, 2013. MIP plans to use the new loan on May 9, 2014, the repayment date of the existing mezzanine loan.

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. With the completion of the EMH project, certain requirements such as water depth of 16 meters and deep draft will be met, and larger ships with carrying capacities of 10,000 TEU and above will be able to dock at the Port. As a result, MIP will become an important transshipment hub in the Mediterranean region.

All permissions related to the EMH project have been obtained. Project approval and bidding phase have started.

2013 was a very successful year for MIP's operations. Container handling volume increased 9.1% over the previous year, climbing to a total of 1,378,800 TEU. This strong performance led MIP to become Turkey's biggest import-export port.

MIP's conventional tonnage increased by 7.1% in 2013. Some 4,571 ships docked at the Port in 2013. MIP's investments in 2013 amounted to TL 37 million.

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 2013, revenue per TEU was US\$ 146 for all container services, while revenue per ton of conventional cargo stood at US\$ 5.2.
- In addition, the number of RO-ROs (loaded and discharged vehicles) increased 12.8% over the previous year, reaching 117,176.
- On October 9, 2013, MIP made its first dividend payment, totaling TL 101,890,000.

2013 Investments:

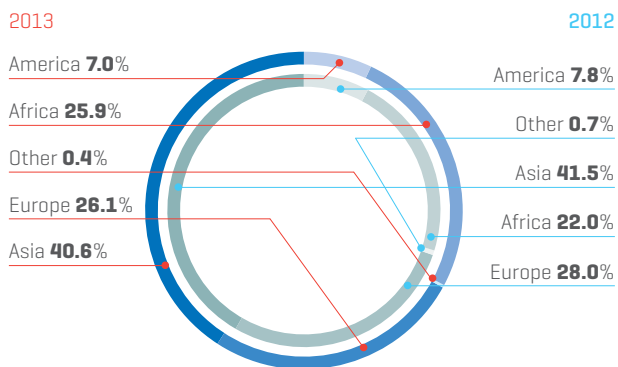
- Thanks to an additional investment, storage capacity of reefer containers increased from 570 containers to 666 containers.
- The 10 E-RTGs purchased in 2012 to increase operating speed were put into service in 2013. Each of these state-of-the-art E-RTGs has 42-ton capacity and six horizontal lines and a truck passing line; they also have five-storey vertical storage and one-storey stacking capability. With this new investment, the total number of RTGs at the port increased to 25.
- In 2013, MIP started rail transport between Ankara and Mersin after renting the rail terminal located in Ankara Sincan Organized Industrial Zone.

MIP's success has been recognized with numerous awards:

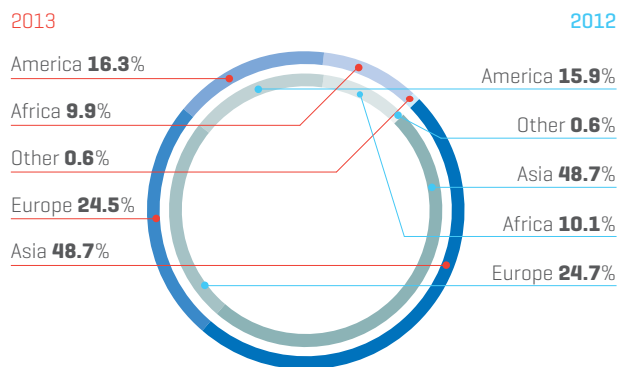
- Following the significant increase in container transactions in 2013, MIP ranked 95th in the "World's Top 120 Container Ports" list, published by Container Management magazine.
- Project Finance International (PFI) Magazine honored MIP with the "2013 Turkish Deal of The Year" award for its bond issue in 2013.
- MIP received the "European Ports Deal of the Year" award in the category of infrastructure investment companies at the 2013 PF Awards, organized by Project Finance Magazine.
- MIP won the "Port Operator of The Year" award at the Logitrans Logistics Awards consecutively in 2011 and 2012, and for the third time in 2013, proving its success.
- In 2013, MIP ranked 340th on the annual list of "Turkey's Top 500 Companies" compiled by Capital 500 magazine; and 270th on the Fortune 500 list.

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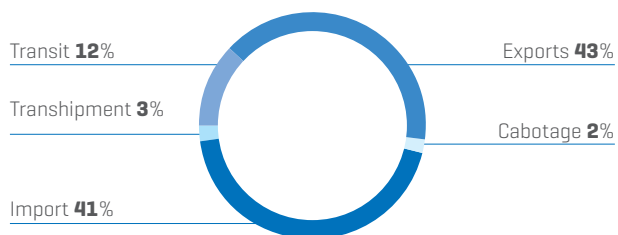
Regional Breakdown of Export Containers Handled [%]



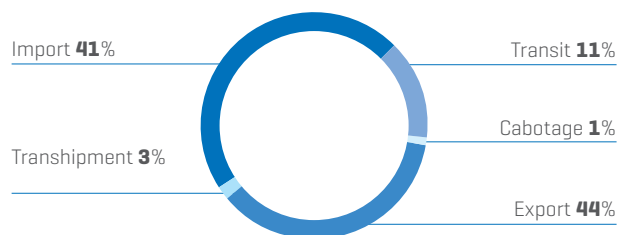
Regional Breakdown of Import Containers Handled [%]



Container Regime Breakdown [2012] [%]

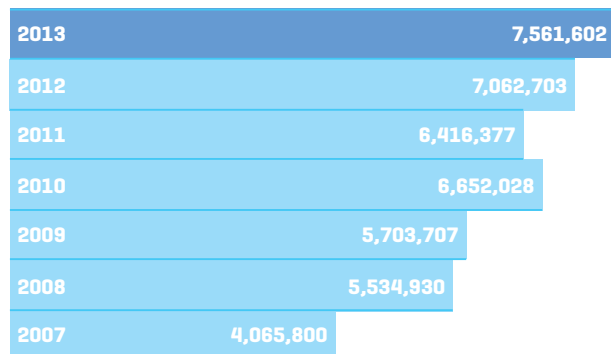


Container Regime Breakdown [2013] [%]



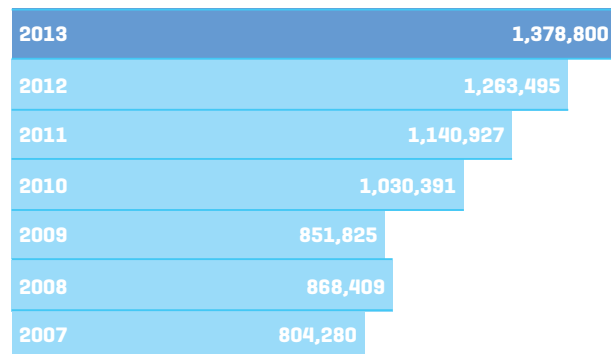
Conventional Freight [TON]

10.9%
CAGR INCREASE



Container [TEU]

9.4%
CAGR INCREASE



AkfenHEPP: Red Fish in the Blue Ocean...

We await and capture opportunities...

Energy sector is a driving force behind the country. Akfen Holding continues to make investments in this sector with the strategy of creating a balanced portfolio that is in line with Turkey's production capacity.





ENERGY

With existing investments in run-off river type hydro power plants and a natural gas-fired power plant in the pre-construction planning phase, Akfen Holding will play a major role in meeting Turkey's energy demand.

HYDRO

The HEPP Group under the Akfen Holding umbrella in 2013 operated eight HEPPs with an installed capacity of 142.2 MW and an annual electricity generation of 588.3 GWh. Additionally, five more HEPPs with an installed capacity of 85.6 MW and an annual electricity generation of 332.5 GW were under construction in 2013. As of year-end 2013, three more HEPPs with an installed capacity of 116.3 MW and an annual electricity generation of 317.4 GWh are in the planning stage. When all of these projects become operational, the Company will boast sixteen HEPPs with a total installed capacity of 344.2 MW and an annual electricity generation of 1,238.3 GWh.

NATURAL GAS

The Company plans its other energy investments under Akfen Energy, which includes a natural gas power plant being developed in Mersin with an installed capacity of 1,148 MW and a coal-fired power plant in Adana at the license application stage with an energy generation capacity of 600 MW and included in the portfolio in November 2013.

WIND

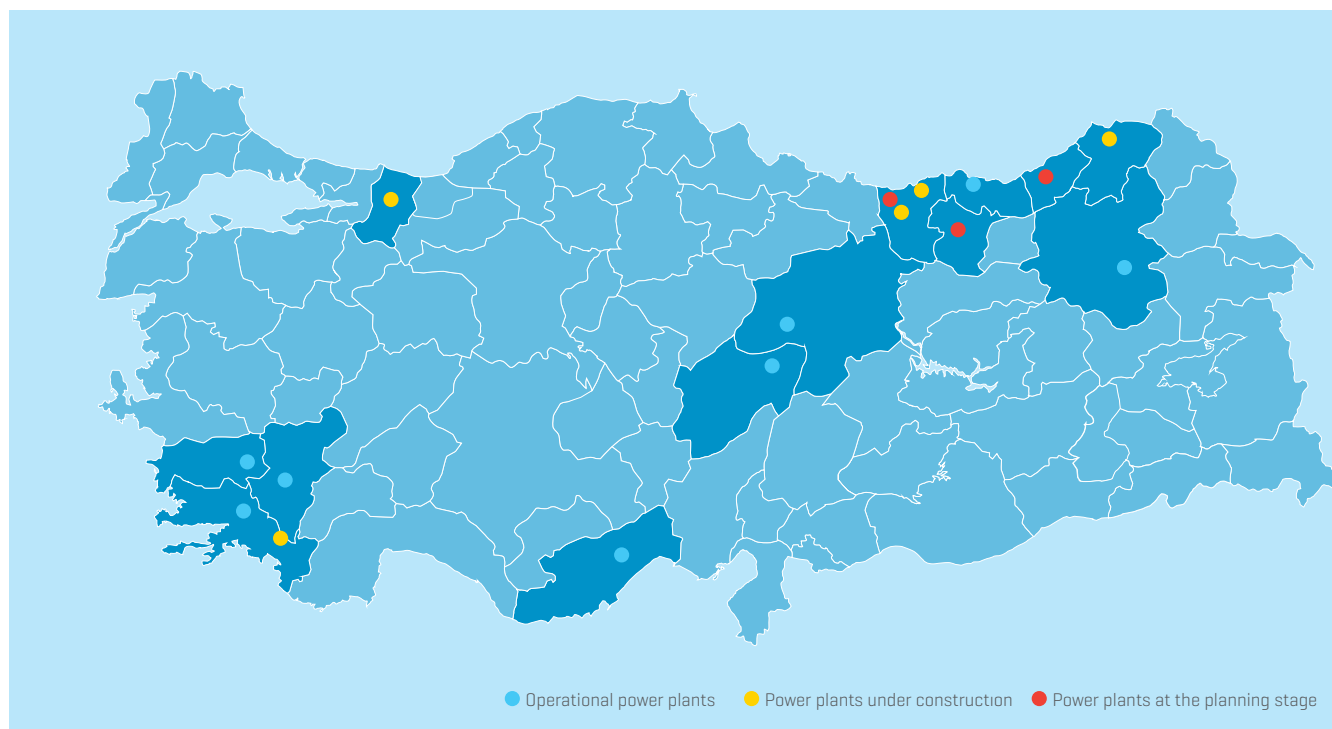
On February 6, 2014, Sim-Er, was transformed into Akfenres Rüzgâr Enerjisi Yatırımları A.Ş. ("Akfenres") in order to establish the "Akfenres" structure. Seven special purpose entities were formed under Akfenres for erecting wind measurement poles and conducting wind measurements. Further, four companies, which have already erected wind measurement poles and begun conducting wind measurements, were acquired on February 10, 2014.

Production (Excluding Karasular)

2013	396.3 GWh
2012	336.8 GWh
2011	201.7 GWh

OPERATIONAL POWER PLANTS AS OF DECEMBER 2013

Company	HEPP	Installed Capacity [MW]	Commencement of Operation	Electricity for Sale-2012 [GWh]	Electricity for Sale-2013 [GWh]
Beyobası	Otluca	47.7	April 2011	178.8	160.1
	Sırma	6.0	June 2009	23.3	20.8
Çamlıca	Çamlıca III	27.6	April 2011	69.9	61.5
	Saraçbendi	25.5	May 2011	56.9	75.5
Pak	Demirciler	8.4	August 2012	6.6	34.4
	Kavakçalı	11.1	March 2013	0.0	21.4
	Gelinkaya	6.9	June 2013	0.0	2.2
BT Bordo	Yağmur	9.0	November 2012	1.4	20.2
Total		142.2		336.8	396.3
İdeal	Karasular	26.0		77.7	55.1
Total Annual Production				414.4	451.4

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POWER PLANTS UNDER CONSTRUCTION

Company	HEPP	Installed Capacity [MW]	Electricity Generation Capacity [GWh/year]	Construction Progress [%]
Beyobası	Sekiyaka	3.4	17.0	100.0
Elen	Doğançay	30.2	171.7	79.1
Yenidoruk	Doruk	28.3	75.5	99.7
H.H.K. Enerji	Çalıkobası	16.9	46.4	
Kurtal	Çiçekli 1-II	6.7	21.9	
Total		85.6	332.5	

POWER PLANTS AT THE PLANNING STAGE

Company	HEPP	Installed Capacity [MW]	Production Capacity [GWh/year]
Zeki	Çatak	10.00	42.5
Laleli	Laleli	101.60	256.7
Değirmenyanı	Adadağı	4.70	18.2
Total		116.3	317.4

> ENERGY

AkfenHES Yatırımları ve Enerji Üretim

AkfenHEPP boasts an aggregate installed capacity of 344.2 MW and an annual generation capacity of 1,238.3 GWh thanks to its sixteen HEPPs all of which -except Laleli HEPP- are river-type renewable-energy plants.

17.7%

 increase
**TOTAL ELECTRICITY GENERATION**

As of year-end 2013, total electricity generation at the power plants (excluding Karasular) increased 17.7% over the previous year to 396.3 GWh.

2013 DEVELOPMENTS IN HEPP GROUP**Merger under the umbrella of AkfenHEPP**

On March 28, 2013, HEPP II, Saraçbendi Enerji Üretimi ve Ticaret A.Ş. [HEPP V] and Akfen Enerji Kaynakları Üretim ve Ticaret A.Ş. [HEPP III], which have the same shareholding structure as Akfen Holding's subsidiary AkfenHES Yatırımları ve Enerji Üretim A.Ş. [HEPP I or AkfenHEPP], were merged under AkfenHEPP completely and without liquidation.

Transfer of Karasular Energy

The sale agreement pertaining to Akfen Holding's transfer of its remaining 60% stake in its subsidiary Karasular Energy to Aquila was signed on March 13, 2013. The transfer of the shares was finalized on June 6, 2013 with the revised sale price of EUR 36,856,382. Including the transfer transaction completed in 2012, Karasular has been sold in its entirety for a total of EUR 59,764,495. As a result, Karasu 1, Karasu 2, Karasu 4.2, Karasu 4.3 and Karasu 5 power plants operating under İdeal Enerji Üretimi Sanayi ve Ticaret A.Ş. with a total installed capacity of 26 MW have been excluded from the portfolio.

The Company has also established Akfen Energy to carry out its investments in fossil fuel based energy production and distribution, other areas such as wholesale and other renewable energy projects.

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> ENERGY

AkfenHES Yatırımları ve Enerji Üretim

In 2013, two power plants with a total installed capacity of 18.0 MW were commissioned. Eight power plants, with a total installed capacity of 142.2 MW and an annual generation capacity of 588.3 GWh were in operation.



AkfenHEPP

INVESTMENT OPPORTUNITY

Turkey's demographic and macro development rate achieved over the last 20 years along with its growth dynamics, rise in electricity consumption (an average increase of 7.5% between 2002 and 2007), and a lower per capita electricity consumption than those of developed countries (according to World Bank data, in 2007 electricity consumption per capita in Germany, Switzerland and UK was 7,184 kWh, 8,163 kWh, 6,105 kWh, respectively; while it was 2,351 kWh in Turkey) were all indicators pointing that energy demand would continue to increase. Pursuant to the Renewable Energy Law, hydroelectric power plants had the right to sell electricity at a guaranteed purchase price of US\$ 0.073/kWh, and this support mechanism made financing easier.

GOAL

To set up a well-balanced portfolio in tune with the production capacity in Turkey and to ensure sustainability in energy generation.

STRATEGY

Our investments had started with run-off river type hydroelectric power plants, and subsequently, we decided to invest in fossil fuel-based energy production after predicting that run-off river-type hydroelectric power plants would eventually be insufficient to meet Turkey's increasing energy demand, due to the growth trend, and the country would need reliable/predictable energy sources. Further, we aimed to create a more balanced energy portfolio.

Electricity generation supported with loan agreements

On September 3, 2013, HEPP Group signed a loan agreement up to US\$ 275,000,000.

The Group has met the preconditions for taking out the loan. A loan of US\$ 273,095,097 was taken out on October 1, 2013 to refinance previous bank loans for the Otluca, Sırma, Çamlıca III, Saraçbendi, Demirciler, Kavakçalı, Gelinkaya and Yağmur HEPPs and to cover investment costs for Beyobası's Sekiyaka HEPP, Yeni Doruk's Doruk HEPP, and Elen's Doğançay HEPP.

The loan has a fixed interest rate of 5.6% for each year and a maturity of seven years with no principal payment required in the first year. Since the conditions of the refinancing loan are more advantageous than that of the previous loans, the excess cash became distributable, paving the way for dividends. The cash

accumulated in the reserve accounts of project companies as a result of the refinancing was put to use and these companies transferred US\$ 21.1 million to Akfen Holding.

On July 11, 2013, a US\$ 33,375,000 loan agreement was signed in regard to Çalıkobası and Çiçekli 1-II HEPP projects.

Upon the transfer of the remaining 60% stake of Karasular to Aquila on June 6, 2013, five plants with an aggregate installed capacity of 26 MW were taken out of the portfolio. As of year-end 2013, a total of eight HEPPs are in operation and five other HEPPs are under construction. Of the latter, Sekiyaka HEPP, Doğançay HEPP and Doruk HEPP are close to completion. The Çalıkobası and Çiçekli 1-II HEPP projects are at the stage of preliminary construction work.

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As of year-end 2013, three HEPPs with an installed capacity of 116.3 MW and an annual electricity generation capacity of 317.4 GWh are at the planning stage. When all of these projects become operational, the Company will boast sixteen HEPPs with a total installed capacity of 344.2 MW and an annual electricity generation of 1,238.3 GWh.

ENERGY GROUP INVESTMENTS IN 2013

In 2013, HEPP Group carried out investment expenditure of approximately TL 121 million. In 2013, two plants with a joint installed capacity of 18.0 MW became operational. Eight plants with an installed capacity of 142.2 MW and annual electricity generation capacity of 588.3 GWh were in operation. Five more HEPPs with an installed capacity of 85.6 MW and an annual electricity generation of 332.5 GWh were under construction.

Kavakçalı HEPP became operational on March 29, 2013 and Gelinkaya HEPP on June 14, 2013.



Sırma HEPP

Akfen HES Yatırımları ve Enerji Üretim A.Ş.	Project	Installed Capacity [MW]	Electricity Generation Capacity [GWh/year]	
Beyobası	Otluca	47.7	224.0	
	Sırma	6.0	23.2	
	Sekiyaka	3.4	17.0	
	Total	57.0	264.2	
Elen	Doğançay	30.2	171.7	
	Pak	Kavakçalı	11.1	48.3
	Demirciler	8.4	34.5	
	Gelinkaya	6.9	25.8	
BT Bordo	Yağmur	8.9	31.5	
Yeni Doruk	Doruk	28.2	75.5	
Zeki	Çatak	10.0	42.5	
Total		103.9	425.8	
Laleli	Laleli	101.6	256.7	
	Değirmenyanı	Adadağı	4.7	18.2
	H.H.K	Çalıkobası	16.9	46.4
	Kurtal	Çiçekli	6.7	21.9
Total		130.0	343.2	
Çamlıca	Çamlıca III	27.6	104.5	
	Saraçbendi	25.5	100.5	
	Total	53.1	204.9	

> ENERGY

Akfen Enerji Yatırımları Holding

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.

SUSTAINABLE ELECTRICITY GENERATION

In addition to its existing renewable hydropower portfolio, Akfen Energy has decided to invest in thermal energy sources to create a balanced energy portfolio and diversify its supply sources. To that end, the wholesale company began operations and the customer base is being created. Besides the electricity generated at its existing power plants, the Company also aims to add other companies' energy output to its portfolio, in line with the growth rate of the customer base.

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 ENERJİ ÜRETİM VE TİCARET A.Ş.

Akfen Enerji Üretim ve Ticaret A.Ş. (Akfen Energy Generation) placed the highest bid of TL 40.6 million to purchase the 58,000 m² land tract, in neighborhood of Akdeniz district in the province of Mersin. 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.

Akfen Energy Generation filed an application with EMRA on December 18, 2012 to revise the installed capacity of the natural gas power plant upwards to 1,148.4 MW, and has then received EMRA's approval about the capacity increase. The EIA report on the project was evaluated, analyzed and received final approval. The favorable EIA certificate issued on December 10, 2013 was presented to EMRA, which granted the Company the revised license. The revision of the license was completed on January 13, 2014 upon the issue and approval of the EIA report.

Tractabel Engineering, which was assigned for technical consulting services, completed the Electricity and Natural Gas Market Report as well as the design work. Pursuant to the service agreement signed with Tractabel Engineering, turnkey Engineering-Procurement-Construction (EPC) proposals were received from various turbine manufacturers as part of the EPC tender process, which constitutes the second phase of the project. With that, the process entered the final phase. Following the selection of the contractor, the EPC contract will be signed and construction will begin.

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Akfen Energy Generation has completed the construction of a 154 kV transformer station to be handed over to Türkiye Elektrik İletim A.Ş. (TEİAŞ) free of charge. The station received temporary approval on April 7, 2013 and was handed over to TEİAŞ. The Company also dismantled the scrap material found in the field. At the moment, the agencies in charge are working on the transfer of the field to our Company.

On January 28, 2013 a contract was signed with TEİAŞ as regards the installed capacity of 570 MW.

In addition, negotiations for a possible partnership and the refinancing efforts for the Natural Gas Combined-Cycle Power Plant in Mersin are currently underway. Under the due diligence process concerning the project finance, Akfen Holding, IFC, EBRD and Akfen Energy signed a mandate letter on October 10, 2013. According to this letter, IFC and EBRD jointly made a soft commitment to provide financing in the form of A type loans to the amount of US\$ 250 million; and IFC alone to provide financing in the form of C type loans to the amount of US\$ 25 million.

IFC and EBRD are planning to offer additional funds via commercially convenient B-type or similar loans. Other financial resources such as other international development agencies, commercial banks and export credit institutions will also be considered.

The final draft of the "Environmental and Social Impact Assessment" report, requested by IFC and EBRD, was completed and shared with IFC and EBRD.

AKFEN ELEKTRİK ENERJİSİ TOPTAN SATIŞ A.Ş.

Akfen Generation Wholesale, a subsidiary of Akfen Energy, resumed operations on April 1, 2013, after a suspension that started in July 2012, by adding a current gauge owned by TAV Esenboğa and 15 gauges owned by Akfen Holding to its portfolio. On September 1, 2013, the Company expanded its portfolio to include 54 gauges, with the addition of three gauges owned by TAV Airports, 30 gauges owned by İDO and five gauges owned by Akfen Holding. The Company signed power supply agreements covering a period of one year with all of its customers, and undertook a transaction volume of 69.3 million kWh over the last nine months, since starting operations.

ADANA İPEKYOLU ENERJİ ÜRETİM SANAYİ VE TİCARET A.Ş.

Further, Akfen Energy completed the acquisition of a 50% stake in Adana İpekyolu on November 22, 2013. Adana İpekyolu applied to EMRA for a generation license for a coal-fired power plant, which will be built in Yumurtalık, Adana, with an installed capacity of 615 MWm-600 MWe. The Company expects to obtain the Preliminary License in the coming days. With the addition of this project, Akfen Energy will have a more balanced energy portfolio and thus attain a more reliable generation capacity. The land on which this power plant will be built is located in a power generation zone and is included in the 1/100,000-Scaled Environmental Landscape Plans of the Ministry of Environment and Urban Planning. As part of the EIA process, the Company held an informational meeting for the local residents and the first review and evaluation meeting with the committee. The EIA process is still ongoing.





Akfen REIT: Red Fish in the Blue Ocean...

“The Blue Ocean Strategy is about creating uncontested market space by considering differentiation and low cost together.” (Kim and Mauborgne, 2005)

Akfen Holding has turned the potential demand for 3-4 star economical city hotels into value and thus has established a long-term strategic partnership with Accor Group, the French concern that owns the Novotel and Ibis Hotel brands. New hotels are being added swiftly to the 20 hotel investments the Holding has made in Turkey, Cyprus and Russia.

REAL ESTATE

Akfen REIT

As the first and only real estate investment trust in Turkey with a focus on the development of city hotels, Akfen REIT maintained its leadership position in 2013 with projects that meet international quality standards.

20 Total Number of Hotels



CONTEMPORARY CITY HOTELS

Akfen REIT's business model is based on developing and contracting out the construction of 3- to 4-star contemporary city hotels and is aimed at a portfolio structure that is open to growth.

Akfen REIT's business model is based on developing and contracting out the construction of 3- to 4-star contemporary city hotels, and the Company secures 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, the world's leading hotel operator. Through its domestic and foreign investments, Akfen REIT focuses on gaining an optimal share from the increasing vitality in the sector.

- Akfen REIT's portfolio as of year-end 2013: A total of 20 hotels in Turkey, Northern Cyprus, and Russia, including 16 hotels in operation and four hotels in the investment development phase.
- Akfen REIT's business model: Securing steady and predictable income by transferring the operating rights of the hotels it constructs to Accor through long-term lease agreements.
- The Company successfully completed an initial public offering in 2011; since May 11, 2011, its shares have traded on the Borsa Istanbul. With the IPO, Akfen REIT's capital was raised from TL 138 million to TL 184 million. 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 123.4 million.
- Share price as of December 31, 2013: TL 1.16.
- Market capitalization as of December 31, 2013: TL 217 million

Hotels that began operations in 2013:

- 156- room Ibis Hotel in Esenyurt (January 25, 2013)
- 140-room Ibis Hotel in Alsancak (June 24, 2013)
- 167-room Ibis Hotel in Kaliningrad (August 27, 2013)

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Important developments in 2013:

- On March 28, 2013, Akfen REIT signed a lease agreement with Accor S.A. regarding the Ibis Hotel project in Esenboğa, Ankara. The construction of the hotel is scheduled for completion in the second quarter of 2014, and subsequently the hotel will commence operations.
- The 156-room Esenyurt Ibis Hotel, the 140-room Alsancak Ibis Hotel and the 167-room Kaliningrad Ibis Hotel began operations on January 25, 2013, June 24, 2013, and August 27, 2013, respectively.
- On July 16, 2013, the Company purchased a 4,260-m² tract of land in Tuzla, Istanbul for US\$ 7.75 million (TL 15 million) to build a 200-room Ibis Hotel. The construction of the hotel is scheduled for completion in the second half of 2015.
- On September 4, 2013, Akfen REIT's wholly owned subsidiary Hotel Development Investment BV (HDI) signed a share purchase agreement with Beneta Limited to develop a 317-room Ibis Hotel project in central Moscow, which will be operated by Accor. With this agreement, HDI acquired the shares of Severnyi Avtovokzal Limited, which is based in Russia, for US\$ 13 million.
- One of Turkey's leading real estate investment trusts in terms of net asset value, Akfen REIT plans to secure steady and predictable income in the coming period by continuing its investments in hotels and similar projects in order to further solidify its position in the sector.

Case
Study

Akfen REIT

INVESTMENT OPPORTUNITY

Holding discovered the need for economical hotels operated at world-class standards in Turkey, which was growing and developing rapidly.

GOALS

The Holding realized that despite huge investments in 5-star hotels, there was a big need for 3- to 4-star economical city hotels in Turkey, and thus established a partnership with Accor to focus on the concept of city hotels. Meanwhile, Accor was seeking to enter the Turkish market in partnership with a strong investor. So, it was the right business initiative at the right time with the right partner for both parties. Later, the Company discovered a similar opportunity in Russia, and N. Cyprus and entered these markets as well.

STRATEGY

Since the completion of the Akfen REIT IPO on May 11, 2011, the Company's shares have traded on BİAŞ. Once new hotels begin operations in the coming period, the Company will attract the attention of numerous investors in the real estate market with its easily explainable and captivating story.

> REAL ESTATE

Akfen REIT

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.

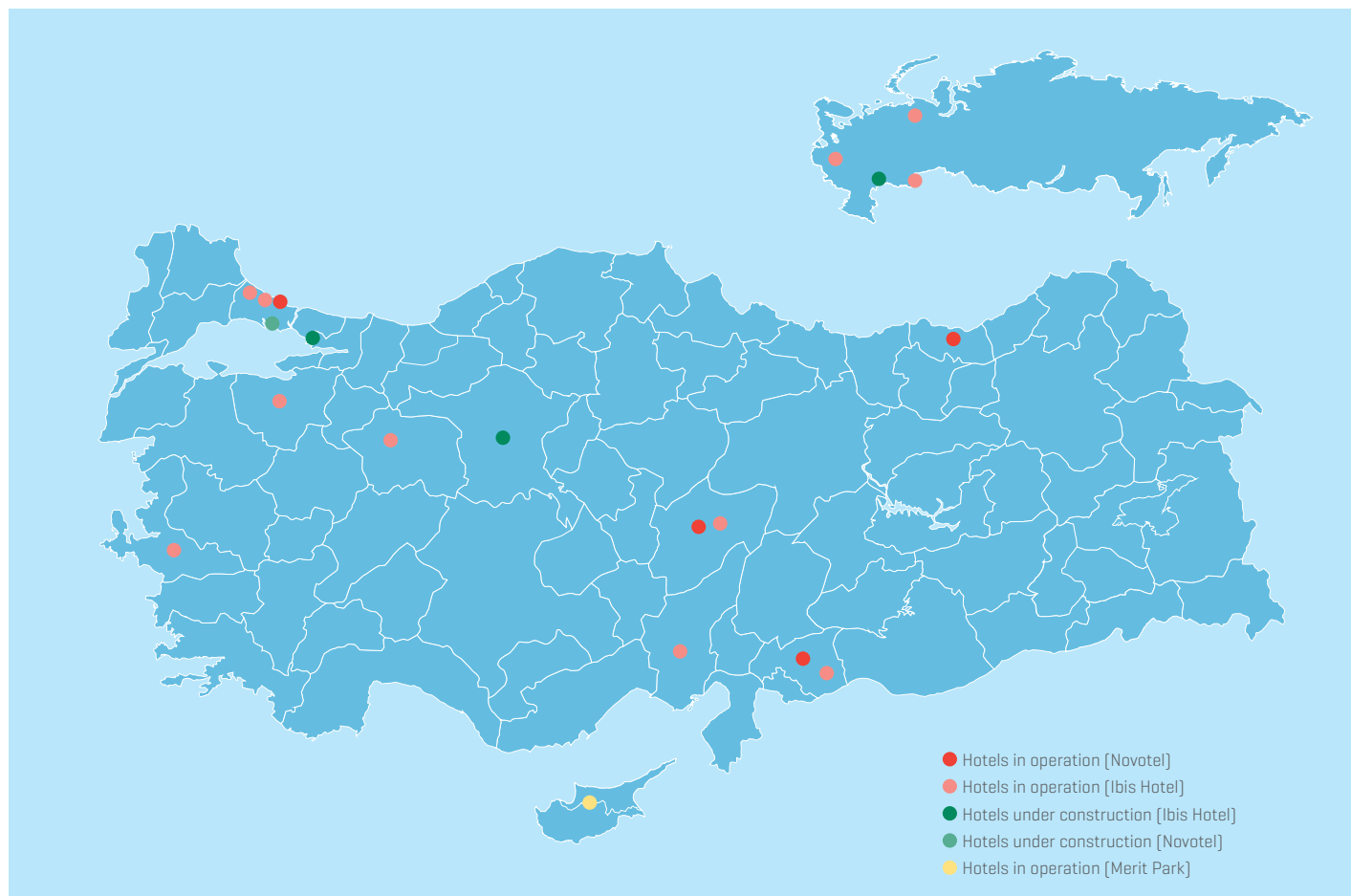
HOTELS IN OPERATION

Hotel	Commencement of Operations	Number of Rooms	Occupancy Rate-2012	Occupancy Rate-2013
Domestic				
Zeytinburnu Ibis Hotel	2007	228	86%	78%
Zeytinburnu Novotel	2007	208	85%	80%
Eskişehir Ibis Hotel	2007	108	75%	79%
Trabzon Novotel	2008	200	70%	73%
Gaziantep Ibis Hotel	2010	177	57%	72%
Gaziantep Novotel	2010	92	73%	77%
Kayseri Ibis Hotel	2010	160	54%	56%
Kayseri Novotel	2010	96	57%	61%
Bursa Ibis Hotel	2010	200	57%	58%
Adana Ibis Hotel	2012	165	36%	51%
Esenyurt Ibis Hotel	2013	156	n.a.	52%
Izmir Ibis Hotel	2013	140	n.a.	62%
Turkey Total/Average	-	1,930	68%	67%
Overseas				
Yaroslavl Ibis Hotel	2011	177	69%	69%
Samara Ibis Hotel	2012	204	48%	57%
Kaliningrad Ibis Hotel	2013	167	n.a.	26%
Russia Total/Average	-	548	59%	58%
KKTC Girne Merit Park Hotel	2007	299	-	-
Overall Total/Average	-	2,777	66%	65%

AKFEN REIT

IN OPERATION	Number of Rooms	
Novotel Zeytinburnu/Istanbul	208 rooms	
Novotel Trabzon	200 rooms	
Novotel Gaziantep	92 rooms	
Novotel Kayseri	96 rooms	
Ibis Hotel Zeytinburnu/Istanbul	228 rooms	
Ibis Hotel Esenyurt/Istanbul	156 rooms	
Ibis Hotel Eskişehir	108 rooms	
Ibis Hotel Gaziantep	177 rooms	
Ibis Hotel Izmir	140 rooms	
Ibis Hotel Kayseri	160 rooms	
Ibis Hotel Bursa	200 rooms	
Ibis Hotel Adana	165 rooms	
Ibis Hotel Kaliningrad/Russia	167 rooms	
Ibis Hotel Yaroslavl/Russia	177 rooms	
Ibis Hotel Samara/Russia	204 rooms	
Merit Park Hotel Girne/TRNC	299 rooms	
Total	2,777 rooms	
[UNDER CONSTRUCTION]		
Domestic	Commencement of Operations	Number of Rooms
Novotel Karaköy/Istanbul	2015	200 rooms
Ibis Hotel Tuzla/Istanbul	2015	200 rooms
Ibis Hotel Esenboğa/Ankara	2014	147 rooms
Overseas		
Ibis Hotel Moscow/Russia	2015	317 rooms
Total		864 rooms
Overall Total		3,641 rooms

- Financial Results in 2013
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HOTELS IN OPERATION

Turkey

Ibis: 8 hotels	1,334 rooms
Novotel: 4 hotels	596 rooms

Russia

Ibis: 3 hotels	548 rooms
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Cyprus

Merit Hotel	299 rooms
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ONGOING HOTELS

Turkey

Ibis: 2 hotels	347 rooms
Novotel: 1 hotel	200 rooms

Russia

Ibis: 1 hotel	317 rooms
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Akfen REIT's prestigious 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 conducted 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, 2012 and 2013 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 REIT's Subsidiaries

- Akfen GT
- Hotel Development and Investment B.V.
- Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş.

> REAL ESTATE

Akfen REIT

Akfen REIT was named the “Best Hotel Developer in Turkey” consecutively in 2011, 2012 and 2013 at the Euromoney Real Estate Awards, held by Euromoney magazine.

TOTAL REVENUE PER ROOM (EUR)*

Hotels	Number of Rooms	2013	2012
Zeytinburnu Ibis	228	70	75
Zeytinburnu Novotel	208	92	97
Eskişehir Ibis	108	40	41
Trabzon Novotel	200	77	71
Gaziantep Ibis	177	32	25
Gaziantep Novotel	92	68	57
Kayseri Ibis	160	24	24
Kayseri Novotel	96	44	44
Bursa Ibis	200	30	31
Yaroslavl Ibis	177	48	45
Samara Ibis	204	44	n.a.
Adana Ibis	165	23	n.a.
Esenyurt Ibis	156	32	n.a.
Izmir Ibis	140	30	n.a.
Kaliningrad Ibis	167	16	n.a.
Turkey Total/Average	1,930	49	53
Russia Total/ Average	548	42	41
Overall Total/ Average	2,478	48	51

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

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Numbers of rooms by hotel

2013	299			1,882	596	2,777
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

■ Merit Park Hotel
 ■ Ibis
 ■ Novotel



iDO: Red Fish in the Blue Ocean...

“An enterprise that is sensitive to the risk of losing opportunities and that has an innovative capability will be more successful in adopting a reconstructive approach.” (Kim & Mauborgne, 2009)

Akfen Holding entered into the maritime transport industry by acquiring iDO, a strong and competitive brand in this sector, with an internationally experienced strategic partner. With this strategic move, Akfen Holding has expanded its investment portfolio to include sea operations in addition to its existing investments on land and in the air.

MARINE TRANSPORTATION

ido

In 2013, İDO carried out investments in terminal infrastructure, ship renovation and IT projects.

50.5

Million Passengers



INTEGRATED APPROACH TO SERVICES

With a large fleet comprised of 55 sea vessels as well as high passenger and vehicle-transport capacity, İDO carries passengers and vehicles on 19 lines and between 35 piers, located at critical transportation points around the Marmara Sea.

With a fleet capacity of 38,000 passengers and about 3,000 vehicles, İDO is one of the world's leading marine transportation companies in terms of both passenger and vehicle numbers and fleet size.

In addition to passenger and vehicle ticketing, the Company also offers other services such as food & beverage on its vessels, terminals and land facilities in accordance with its integrated service approach.

Established in 1987 by Istanbul Metropolitan Municipality, İDO was privatized through the block sale method under Law No.: 4046 on Privatization Practices. The Akfen Holding-Tepe-Souter-Sera Joint Venture won the tender and acquired İDO in its entirety (100%) for US\$ 861 million. Accordingly, Akfen Holding holds a 30% stake in İDO as do Tepe, Souter and other partners acting together, while Sera holds 10% of the shares.

Important developments in 2013:

- İDO's management designated 2013 as the "Customers' Year" and accordingly, sold many discount tickets with an aim to increase passenger and vehicle numbers. Starting from 2013, the travel class practice has changed with a more simple tickets. The rules regarding changes and refunds of promotional tickets were revised, and discounts were applied to VIP lounge tickets. Previously, passengers in vehicles were not eligible for any discounts, but they became eligible in the new period. The Company abandoned the weekday/weekend pricing scheme on May 2, 2013.
- All of these improvements, including ticket prices, quota strategy, income management model and discount tickets have been implemented.
- Standing out as 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, BTA Maritime continues to operate at 74 sales points. This Company's establishment led to 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.
- The Sea&Miles Club has been transformed into a loyalty program after a series of new promotional offers. In the new program, customers can earn miles from their purchases by using the co-branded Sea&Miles and Sea&Miles Bonus credit cards, which are jointly offered by İDO and Denizbank, and also by using Sea&Miles Club services, and then take advantage of bonus travel opportunities. Recently, several new merchants have joined Sea&Miles.
- İDO introduced a new benefit and began offering Sea&Miles Club customers a 3% discount on their gas purchases in collaboration with Petrol Ofisi.

Financial Results in 2013

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Awards in 2013

Case
Study

İDO

INVESTMENT OPPORTUNITY

The biggest opportunities were İDO's strong brand value, strategic and unique position in the sector, large and modern fleet, long-term operation rights of piers as well as the involvement of well-known and reputable partners, who had strategic know-how, in the project together with Akfen. İDO was an attractive investment considering the added-value it could create for Akfen, especially with the know-how and experience of the new shareholders, revenue and expense optimization, new revenue streams (BTA) and new business areas (Ambarlı project).

GOALS

- Making marine transportation a more attractive alternative under the İDO brand in Istanbul, which is surrounded by water, as well as in the entire Marmara Region.
- Expanding İDO's range of services with new products and new lines of business, such as ro-ro cargo transportation.

STRATEGY

To date, İDO has carried out passenger and vehicle transport services in the best possible manner. Now Akfen Holding has initiated the necessary infrastructure work to help İDO enter new business areas such as Ro-Ro transport. To this end, İDO carries out work on the Ambarlı Port Area which was leased to it via a privatization tender. At the same time, İDO has expanded its service range by setting up new facilities on piers with the contribution of BTA, which already has had a key role in enhancing land operations. The Company plans to offer shares to the public in the period ahead, in light of its growth and the progress made in restructuring.

- On September 4, 2013, İDO and the Seafarers' Union of Turkey signed a two-year Collective Bargaining Agreement (CBA), for the period January 1, 2013-December 31, 2014.
- The passenger capacities of Turgut Özal and Adnan Menderes ferries, which operate between Yenikapı and Bandırma, were increased from 794 to 962 passengers. Adnan Menderes and Turgut Özal ferries began to operate on June 6, 2013 and June 17, 2013, respectively.
- Starting from September 16, 2013, İDO increased only vehicle ticket prices by 8% on average for inter-city lines and the Eskişehir-Topçular conventional ferry line.
- İDO introduced a breakthrough service in the marine transportation sector by launching car rental services at its Yenikapı and Mudanya terminals in collaboration with Otokoç and Budget.
- İDO is currently working to start RoPax services on its property in Ambarlı to meet the increasing demand on the North-South Marmara route.



> MARINE TRANSPORTATION



Based on the Capital 500 Survey results, İDO was given the second prize in the “Companies Boosting Employment” in 2012.

Number of Passengers and Vehicles Carried	2012
Total Number of Passengers Carried	50,909,780
Fast Ferry	5,667,315
Sea Bus	7,767,055
Conventional Ferry	37,475,410
Total Number of Vehicles Carried	7,752,419
Fast Ferry	1,069,635
Conventional Ferry	6,682,784

Number of Passengers and Vehicles Carried	2013
Total Number of Passengers Carried	50,527,752
Fast Ferry	6,337,335
Sea Bus	7,520,151
Conventional Ferry	36,670,266
Total Number of Vehicles Carried	7,852,086
Fast Ferry	1,269,961
Conventional Ferry	6,582,125

AWARDS AND ACHIEVEMENTS

- Working constantly in pursuit of excellence, the Company received the National Quality Award in the category of Large-Scale Organizations at the 2010 Quality Congress, organized by the Turkish Society for Quality [KalDer].
- 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, and 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 extended a mezzanine loan in addition to the long-term financing it had initially provided.
- İDO was granted the 2010 National Quality Grand Award which was organized by TÜSİAD and the Turkish Quality Association.
- In 2012, İDO moved up from 267th to 238th place on Fortune 500 magazine's annual list of “Turkey's Top 500 Companies.” Further, the Company ranked 27th on the list of the Top 50 Most Profitable Companies.
- Based on the Capital 500 Survey results, İDO was given the second prize in the “Companies Boosting Employment” in 2012.

2013 INVESTMENTS

In 2013, İDO mostly invested in terminal infrastructures, ship improvements and IT projects.

The pier and terminal investments undertaken by the Company are detailed below:

- Maintenance, repair and renovation work at Bandırma, Kabataş, Avcılar, Kadıköy, Harem and Topçular Terminal Buildings.
- Installation and replacement of fire extinguishing systems at Eskihisar, Topçular, Harem, Sirkeci Piers and Yenikapı Terminal.
- Renovation of the waiting lounges and the passenger restrooms at Sirkeci, Bakırköy Piers and Yenikapı Terminal.
- Installation of Energy Monitoring Systems at all terminals; installation of new railings at Avşa, Marmara Island, Esenköy and Kumla piers.
- Moving the warehouse from Hallıç to Samandıra, and rearrangement of the warehouse.
- Building new facilities at Yenikapı, Bakırköy, Avcılar, Kabataş, Bostancı, Kadıköy, Yalova, Bursa and Bandırma terminals to accommodate disabled passengers in accordance with the Unimpeded Seas Project, spearheaded by the Directorate General of Merchant Marine, Ministry of Transport, Maritime Affairs and Communications.
- Interior renovations on sea buses, fast ferries and conventional ferries.
- Capacity increase on Adnan Menderes and Turgut Özal fast ferries by adding extra passenger seating.

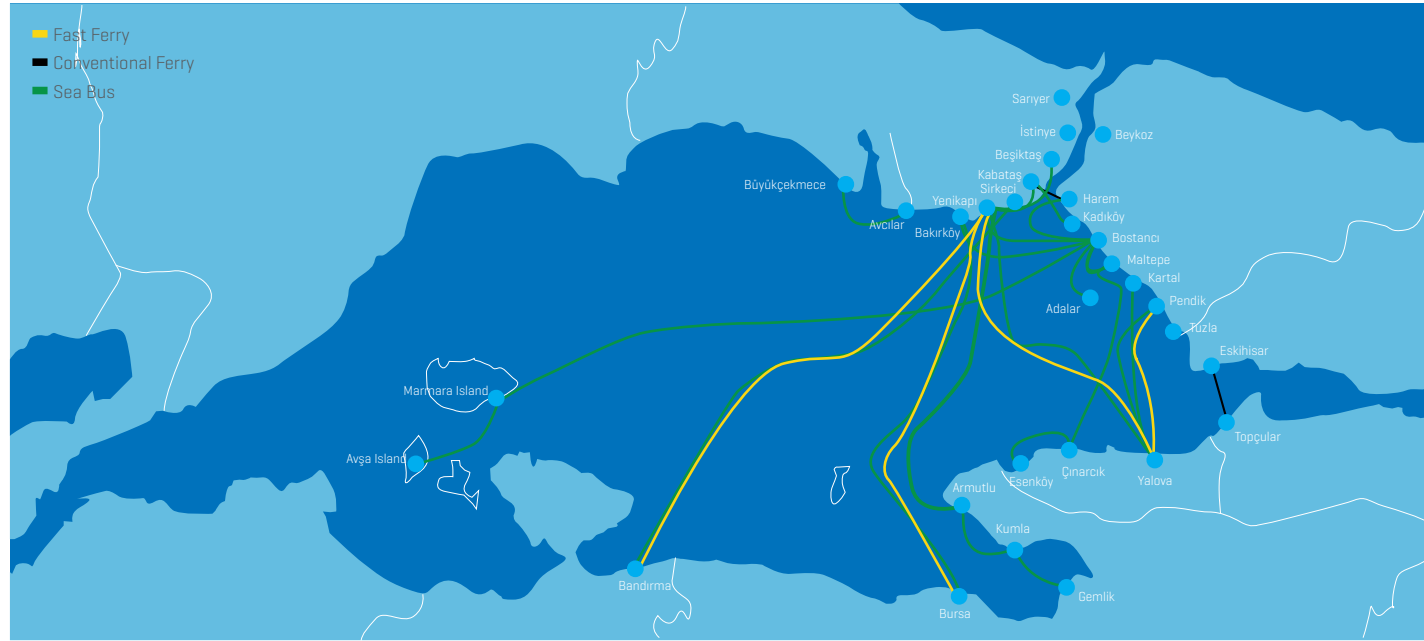
Financial Results in 2013

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- Application of anti-fouling coating to the hulls of 14 conventional ferries that run between Eskişehir and Topçular; installation of pre-heating systems to the main engines of eight Reis type sea buses; installation of hydraulic cylinder safety locks on four fast ferries with open decks.
- Replacement of hydraulic systems used in the vehicle ramps of conventional ferries that run between Sirkeci and Harem; replacement of the passenger gangways of 17 sea buses.

Additionally:

- A new server room was built at Bandırma Terminal and the data center of Yenikapı Terminal was renovated.
- The preliminary work related to the ro-ro transport project in Ambarlı is underway.
- Contract Lifecycle Management (CLM) project was initiated in order to create, execute and manage contracts more effectively and with less risk.
- Personnel facilities and security checkpoints in the terminals were renovated.
- The commencement of the Marmaray project has been a very positive development for İDO in terms of increasing passenger traffic because Yenikapı has become a transit hub for passengers.

FLEET

Passengers

Sea Bus: **25 sea buses/10,685 passenger capacity**Conventional Ferry: **18 conventional ferries/18,284 passenger capacity**Fast Ferry: **9 fast ferries/7,132 passengers capacity**

Vehicles

Conventional Ferry: **18 conventional ferries/ 1,332 vehicle capacity**Fast Ferry: **9 fast ferries/1,356 vehicle capacity**

İDO LINES

Sea Buses Intercity Lines

- Istanbul [Bostancı-Yenikapı]-Çınarcık-Esenköy
- Istanbul [Bostancı-Yenikapı]-Marmara-Avşar
- Istanbul [Bostancı-Yenikapı]-Armutlu TK.-Armutlu-Kumla
- Istanbul [Bostancı-Kartal]-Yalova
- Istanbul [Bostancı-Yenikapı]-Bandırma
- Istanbul [Yenikapı]-Yalova
- İdobus [Kabataş-Kadıköy-Bursa]

Sea Buses Inncity Lines

- Bostancı-Kadıköy-Yenikapı-Bakırköy
- Bostancı-Kabataş
- Princes' Islands
- Bosphorus
- Maltepe-Bostancı-Kabataş-Bakırköy
- Avçılar-Bakırköy-Yenikapı-Kadıköy-Bostancı

Fast Ferry Lines

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

Conventional Ferry Lines

- Eskişehir-Topçular
- Sirkeci-Harem

Akfen Water: Red Fish in the Blue Ocean...

“As we see in history, it will be possible to be unbounded and independent by reaching out for new places or creating new market segments.” (Kim & Mauborgne, 2005)

Providing drinking water and wastewater services will become very important in the future with the impact of an increasing population and global warming. Akfen Holding is anticipating to win the future with its business strategy that targets to provide drinking water and wastewater services for about 2,000 municipalities and organized industrial zones.





WATER CONCESSIONS

Akfen Water

Having combined its expertise and know-how in water and waste water treatment with solid waste management, Akfen Water offers Solid Waste Management development and management services to customers in line with their requirements.

6,067

CUSTOMERS



TOTAL NUMBER OF CUSTOMERS

Akfen Güllük Environment and Water Investment, Construction and Operation ("Akfen Water Güllük") continues its operations 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. EBRD provided refinancing to Akfen Water Güllük, and the Company served 6,067 customers in 2013, up 10% over the previous year. Meanwhile, the total amount of invoiced water reached 539,789 m³.

A 50% joint venture with Kardan N.V., an international investment company, Akfen Water is mainly engaged in drinking and potable water, wastewater 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, maintenance and repair processes related to all types of systems and facilities required for water treatment.

An impressive 44% efficiency rate with the new nanofiltration system in Güllük

Akfen Water Güllük installed a nanofiltration system with a capacity of 2,000 m³/day two years ago, 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, this initiative is also significant 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.

7.4% 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.

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 Case Study

Akfen Water

INVESTMENT OPPORTUNITY

Considering the increasing water demand and the fact that water distribution and waste water recovery would become even more critical in the future due to global warming and that the private sector should definitely be involved, Akfen Holding decided to venture into this sector, with the expectation that it could increase its market share in the future.

GOALS

- *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.*

STRATEGY

Akfen Water is very well positioned to take advantage of any future opportunities in the sector. All water and wastewater concessions of some 2,000 municipalities governed by the Municipal Law (No: 5393) and all organized industrial zones in Turkey constitute Akfen Water's target market.

The amount of waste water treated at the facility throughout 2013 increased 7.4% over the previous year, reaching 2,615,571 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 210 factories in the Dilovası Organized Industrial Zone as well as to Dilovası district.

The Administration of Dilovası Organized Industrial Zone guarantees a fixed waste water treatment price for a minimum flow rate and on a Euro basis, for each year of operation. Accordingly, the Administration provides a letter of guarantee to Akfen Water Dilovası for each year of operation. The total amount of guaranteed waste water in 2013 reached 2,900,000 m³, and the guaranteed unit price was EUR 1,325.

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 in September 2012, the Company achieved success in its first year of operation. The service agreement was extended by another 15 months, and the Company continues to provide its services to İDO on all sea vessels, land vehicles, land facilities, offices and other port areas. Further, a new solid waste management project is being negotiated with other Group companies.

Human Resources

Akfen Holding values its employees, always welcomes innovation and continuous improvement, uses its resources effectively, acts responsibly toward the environment, society and people, and complies with quality standards in all of its operations.

Akfen Holding’s “Principal Policy in Human Resources Management” deals primarily with matching the requirements of the business with the skills and competencies of employees, and executing the selection, development, assessment and management functions in compliance with contemporary human resources standards and equal opportunity principles.

The Holding’s Human Resources Management aims to increase employee performance by creating a dynamic and creative atmosphere that is open to improvement, while translating corporate objectives into individual goals so that they can be achieved more effectively and efficiently.

Organizational Development

In order to ensure sustainable success and continuous innovation, the Human Resources Management regularly reviews and structures the organization, human resources and the processes in accordance with the needs; and works to maintain, improve and implement goal-oriented and competency-based HR systems and processes that support the high-performance culture and continuous development.

Selection and Placement

Akfen Holding’s Human Resources Management strives to recruit and retain dynamic and entrepreneurial employees, who add value to the Holding, act responsibly toward the environment, society and people, are open to innovation and change, and aims to enhance their personal and professional development. In addition, functional competencies are determined by developing position and job descriptions and the most compatible employees are appointed to respective positions.

Training Management

Akfen Holding regards continuous training an essential factor in creating sustainable values and an integral part of its corporate culture. To that end, the Holding offers various training opportunities to improve staff qualifications and enhance intellectual capital.

In addition to the know-how trainings, orientation programs, and on the job training, 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.

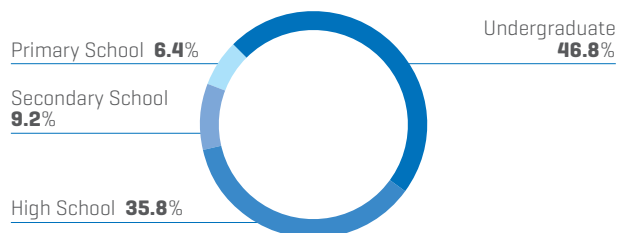
Career Management

While meeting corporate needs, Akfen Holding offers its employees horizontal transfer and vertical promotion opportunities within their companies or the Group in order to support their career development. Through practices such as job rotation and enrichment, employees are given the opportunity to improve their skills and competencies.

Employee Profile

Akfen Holding’s employees are open to change and improvement, are highly motivated for success, believe in team work and team spirit, use their time and resources efficiently, and also have a high sense of social responsibility.

Education Level of Employees [%]



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COMPANIES	NUMBER OF EMPLOYEES		GENDER	
	31.12.2012	31.12.2013	NUMBER OF FEMALE	NUMBER OF MALE
Holding	53	61	22	39
Construction	30	141	11	130
SUBSIDIARIES				
REIT+GT	88	31	11	20
Energy	169	125	7	118
TOTAL	340	358	51	307
JOINT VENTURES				
TAV Havalimanları Holding A.Ş.	22,709	24,014	5,896	18,118
TAV Yatırım Holding A.Ş.	1,866	3,446	125	3,321
MIP	1,421	1,427	75	1,352
İDO	1,624	1,530	167	1,363
Akfen Su	34	42	6	36
TOTAL	27,654	30,459	6,269	24,190
OVERALL TOTAL	27,994	30,817	6,320	24,497

Corporate Social Responsibility

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



The Human Resource Education and Health Foundation of Turkey (TİKAV)

Founded by Mr. Hamdi Akin on January 15, 1999, TİKAV aims to help university students become socially sensitive individuals, who are well informed about social and cultural matters and can take the initiative. Through TİKAV, which is a civil society organization that is dedicated to the tenets of Mustafa Kemal Atatürk, Akfen Holding offers scholarships and training programs to cultivate Turkey's young human resources in the best possible way.

Under its Personal Development Program, TİKAV organizes various personal development seminars, training programs, panel discussions, projects, internships and travel programs. University students can participate in the Program starting from their first year until their graduation in order to enhance their life skills throughout their education. The Personal Development Program was initiated in 1999 as a four-year pilot implementation at Fırat University in Elazığ, and celebrated its first graduates in 2002. Hence, the scope of the Program was further expanded with the participation of the students studying at these universities. After 2007, TİKAV began to offer the Personal Development Program to students, who were born in and are still living in Eastern and Southeastern Anatolia regions. 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.

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

TİKAV's Activities in 2013

TİKAV organized field trips to Akfen Holding as well as other companies in various sectors, and held panel discussions with some successful business persons and managers in order to prepare students for professional life. Further, the Foundation also organized cultural trips, exhibition tours, concerts and personal development courses in order to contribute to the cultural, creative and social development of young people.

The Career Workshop Mentee-Mentor Program, which was tailored for TİKAV's senior students, was also initiated in 2013 with the voluntary contribution of Akfen Holding managers and employees.

The Duke of Edinburgh's International Award-Turkey

Akfen Holding sponsors the Duke of Edinburgh's International Award for Young People program, which has been implemented for the last 57 years and across 140 countries. The Program is represented by TİKAV in Turkey. This year, the Duke of Edinburgh's Award Ceremony was hosted by the British Consulate-General in Istanbul on May 28, 2013. HM Consul-General Mr. Leigh Turner, Akfen Holding's Chairman Mr. Hamdi Akin, TİKAV's Chairwoman Mrs. Sultan Yılmaz, Ms. Pelin Akin, Board Member of Akfen Holding and award leaders attended the ceremony. At the ceremony, 125 students, who have completed the International Award for Young People Program, received their certificates, and eight gold, 28 silver and 88 bronze awards were granted to award participants.

The Duke of Edinburgh's International Award for Young People program, which aims to help youth develop a sense of community, and is based on a spirit not of competing but of volunteering, was implemented in our country for the first time in 1995. 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. Starting from June 1, 2013, the Award Program is represented by TİKAV in Turkey under the name "The Duke of Edinburgh's International Award-Turkey," and implemented by the National Awards Committee.

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The International Award for Young People Program has reached more than 8 million young people to date, and about 6,000 people in Turkey. Currently, there are over 2,000 young people participating in the program.

“We Restore, You Study” Project

TİKAV and MIP launched the “We Restore, You Study” Project in 2013. As part of this project, an unused building at Dikilitaş Elementary School in the district of Akdeniz was repaired and converted into a preschool with two classrooms. Additionally, the construction, repairs and maintenance of other preschools were also completed, and the essential classroom supplies were provided. The opening ceremony of the preschool classrooms at Dikilitaş Elementary School was held on September 18.

“Hand in Hand with Village Headmen in Mersin” Project

Another project launched in 2013 under the collaboration of TİKAV and MIP, and with the support of Mersin Governorship Akdeniz District Directorate of National Education, is the “Hand in Hand with Village Headmen in Mersin” Project. Under this project, the village headmen serving in the districts of Mersin were provided with professional and personal training courses, including Communication Skills, Leadership, Rules of Business Correspondence and Computer Training.

SPONSORSHIPS

Support to TİSVA Microloan Program

TİSVA (Turkish Foundation for Waste Reduction) was established in 1998 to prevent waste and reduce poverty in Turkey and Akfen Holding sponsors the Foundation’s Microloan Project to contribute to its promotion. TİSVA 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.

In addition, micro-greenhouse projects that use hydroponic techniques were successfully initiated in these provinces. Akfen Holding has also provided financing for the microloan project in Kayseri.

Akfen Holding Support the Spread 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 “Towards Universal Peace,” on May 24-June 14, 2013. Akfen Holding sponsored the Turkish Olympics, which was organized by the International Turkish Association (TÜRKÇE-DER) for the 11th time this year, and where Turkish-speaking children from all over the world competed with their Turkish skills.

40+ Sailing Team and Akfen Win First Place

Akfen Holding sponsored the 40+ Sailing Team, which is comprised of sailors aged 40+ years. The Akfen-Lady Antioche sailboat won the Trophy of the Turkish Offshore Racing Club in the IRC4 class, the grand prize of the 2013 season. Placing the “Akfen” name on the top, the 40+ Sailing Team finished first out of 23 teams at the 14-round Trophy competition. The team will be racing on the Akfen-Lady Antioche in the 2014 season as well.

Ancient City of Kayseri Promotional Days

Akfen Holding sponsored the “The Ancient City of Kayseri Promotional Days” event held at Ankara Chamber of Commerce (ATO) Congressium on September 19-22.

Educational Opportunities for Young Generations with Gala Modern

The “5th Gala Modern Night,” the annual fundraising event organized by the Istanbul Modern with a view to providing learning opportunities for children and youth, took place on December 14, 2013. Akfen Holding was among the sponsors of this important event, which was attended by some 600 distinguished persons from business, the arts and media.

Gölbaşı Festival

Akfen Construction sponsored the “Gölbaşı Festival,” which aims to promote the Gölbaşı district of Ankara.

Corporate Social Responsibility

Akfen Holding is fully aware of its responsibility to protect the environment and has a moral obligation to leave a livable world for future generations. Therefore, the Holding supports the Turkish Marine Environment Protection Association.



EBRD's 22nd Annual Meeting of the Board of Governors and Business Forum

Akfen Holding was among the sponsors of EBRD's 22nd Annual Meeting of the Board of Governors and Business Forum, which was held at ICC-Istanbul Congress Center on May 9-11, 2013. About 2,000 local and international participants attended the Forum, which created important opportunities for the business world.

Turkish Marine Environment Protection Association (TURMEPA) Sponsorship

Akfen Holding is fully aware of its responsibility to protect the environment and has a moral obligation to leave a livable world for future generations. Therefore, the Holding supports the Turkish Marine Environment Protection Association, which was founded for the purpose of making the protection of our country's coasts and seas a national priority. TURMEPA's 19th Anniversary Dinner was held at the Four Seasons Hotel with the support of several sponsors, including Akfen Holding.

"Grow with Turkey" Conference Sponsorship

"Grow with Turkey Conference," organized by Foreign Economic Relations Board (DEİK) and Turkish-British Business Council

was held in London on November 26-27, 2013. The Conference, organized for the second time in 2013, brought together many decision makers and opinion leaders from business, politics and academia of both countries. Grow with Turkey provided a unique opportunity to evaluate the current situation in economic and commercial relations between Turkey and United Kingdom and potential opportunities, and to discuss the necessary actions for further improving cooperation.

Akfen Holding sponsored the panel discussion titled "Mega Projects and Infrastructure-Turkey," which was organized during the conference.

Turkish-British "Tatlı Dil" Forum in Edinburgh

The third meeting of the Turkish-British "Tatlı Dil" Platform, which was established three years ago to improve the economic relationship between Turkey and UK to the same level as political relations, was held on November 1-3, 2013, at the Holyrood Palace in Scotland, the official residence of Queen Elizabeth II. Only 60 guests, including politicians, business people, academicians, artists and members of the media, were invited to the event, which took place under the auspices of Prince Andrew and Turkish President Mr. Abdullah Gül. Besides President

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Abdullah Gül, Mr. Ömer Çelik, Minister of Culture and Tourism; Mr. Murat Mercan, Deputy Minister of Energy and Natural Resources; Mr. Mevlüt Çavuşoğlu, Minister of EU Affairs and Chief Negotiator; Prince Andrew, member of the British Royal Family; Mr. Jack Straw, Former British Foreign Secretary; Mr. Yaşar Yakış, former Minister of Foreign Affairs; Mr. Hamdi Akın, Chairman of Akfen Holding; Ms. Pelin Akın, Board Member of Akfen Holding, and a number of business people including Mr. Ali Sabancı, Mr. Ali Kibar, Mr. Ahmet Çalık and Mr. Ersin Özince also attended the meeting.

In 2013, Akfen Holding took an active role in coordinating the relations between the Turkish business world and the "Tatlı Dil" Platform, which aims to facilitate business relations between these two countries.

SUPPORTED UNIVERSITIES

Abdullah Gül University Support Foundation

Akfen Holding contributes to the Abdullah Gül University Support Foundation, which was established to relieve the public sector of its heavy burden in the field of education. Mr. Hamdi Akın has been serving as Vice Chairman of the Foundation's Board of Trustees since 2011, and the Holding is committed to helping Abdullah Gül University achieve its stated vision. The Foundation not only supports and awards bright students, but also meets the economic, social and cultural needs of the academic and administrative personnel and supports the university's physical and technological infrastructure.

London School of Economics

The Turkish Ministry of Foreign Affairs aims to establish Turkish Studies chairs at leading universities around the world as part of efforts to promote Turkey abroad. Accordingly, the Ministry has established the Chair for Contemporary Turkish Studies at London School of Economics, one of the most prestigious academic institutions in the world. The Chair for Contemporary Turkish Studies aims to promote Turkish history and culture overseas, and also provides a platform to express the country's point of view and opinions on current events. Akfen Holding supports such an important project to promote Turkey and

holds a Permanent Membership on the Advisory Board. Since 2010, Pelin Akın has been the President of the Advisory Board of Contemporary Turkish Studies chair at London School of Economics.

OUR SCHOOLS

Ülkü Akın Secondary School

Ülkü Akın Secondary 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 at a very young age. The school, which is an indication of Akfen Holding's mission to contribute to education, started to accept students at the beginning of the academic year 1993-1994. Having started out as an elementary school, it was transformed into a secondary school at the end of the 2011-2012 academic year as a result of 4+4+4 educational reform initiative of the Ministry of National Education. Ülkü Akın Secondary School, where 330 students receive educational training currently, includes 24 classrooms, two preschool classrooms, a laboratory, one multi-purpose hall and a library.

Hikmet Akın Secondary School

Hikmet Akın Secondary School opened its doors at the beginning of the 2004-2005 academic year 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 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. The school currently has 355 students. Hikmet Akın Secondary School was initially built as a prefabricated structure in 2004, but it will be reconstructed as a permanent concrete building in accordance with the protocol signed by Akfen Holding and Düzce Governorship.

Awards in 2013

Akfen Holding's 2012 Annual Report received the Silver Award in the "Holding Company" category at the Creativity International Awards, which recognizes the world's best product, service and communication projects.

LACP Communications Award

Akfen Holding's 2012 Annual Report won the Gold Award in the "Holding Company" category at the 2013 Spotlight Awards Global Communications Competition, which is organized by LACP [League of American Communications Professionals]. Some 300 companies from 12 countries entered the competition. In addition, Akfen Holding's 2012 Annual Report was ranked 72nd on the list of Top 100 Annual Reports Worldwide.

Akfen Holding Recognized for Excellence at Galaxy Awards

Akfen Holding's 2012 Annual Report received Silver Award both in the "Holding Company" category and the "Best Unconventional Design-Europe" at the Galaxy Awards, an international competition that spotlights excellence in product and service marketing.

2012 Annual Report Receives Another Award at the Creativity International Awards

Akfen Holding's 2012 Annual Report received Silver Award in the "Holding Company" category at the Creativity International Awards, which recognizes the world's best product, service and communication projects.

Businessperson of the Year Award Goes to Hamdi Akin

MESIAD [Mersin Industrialists and Businessmen's Association] honored Mr. Hamdi Akin, Akfen Holding's Chairman, with the "Businessperson of the Year Award," on behalf of Mersin International Port, at the Traditional Businessperson of the Year and Entrepreneur of the Year awards ceremony. The awards ceremony, which was held for the ninth time in 2013, aims to recognize the contributions of business people to Turkey's development and encourage such contributions.

Three Awards at the Philanthropy Summit

At the Philanthropy Summit, organized by Kayseri Metropolitan Municipality for the fourth time in 2013, TAV, İDO and Akfen Holding's Chairman Mr. Hamdi Akin received awards for their philanthropic efforts. The Summit, which brings together philanthropic organizations from different regions of Turkey, took place in Erciyes.

Middle East Technical University Presents the Entrepreneurship Award to Hamdi Akin

Aiming to raise awareness about how entrepreneurship can be a solution to youth unemployment, Middle East Technical University [METU] Young Entrepreneurs Club awarded the successful entrepreneurs of 2012 at the 2nd Entrepreneurship Awards Ceremony. From among several candidates in 18 different industries, Akfen Holding's Chairman Mr. Hamdi Akin was awarded the first prize in the category of Transportation and Logistics, based on the votes of METU students.

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Global Compact

Akfen Holding signed the UN Global Compact on July 2, 2002 and became the first signatory holding to the Global Compact in Turkey.

The Global Compact, which is a voluntary initiative established in order to allow formation of a common culture in the business world, is a body of principles based on universally accepted grounds. This forum, 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 while implementing these, practices 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 holding company which signed 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 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.



Code of Ethics

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 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 safe, 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

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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 and archived 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. 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 Borsa Istanbul 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 BİAŞ and Public Disclosure Platform (PDP);
- Financial statement and footnotes submitted periodically to the BİAŞ 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.

[Global Compact](#)[Code of Ethics](#)[Public Disclosure Policy](#)[Dividend Distribution Policy](#)[2013 Corporate Governance Principles Compliance Report](#)[Akfen Holding Articles of Association](#)**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 BIAŞ 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 BIAŞ 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.

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 CMB and BIAŞ in accordance with their 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 BIAŞ; 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 BIAŞ.

Akfen Holding A.Ş. Public Disclosure Policy

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 three weeks in advance of annual Ordinary General Assembly meetings and sent to the shareholders who request them.

E. Information to Stakeholders

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 BIAŞ.

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 BIAŞ 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.

[Global Compact](#)[Code of Ethics](#)[Public Disclosure Policy](#)[Dividend Distribution Policy](#)[2013 Corporate Governance Principles Compliance Report](#)[Akfen Holding Articles of Association](#)

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 BİAŞ 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.

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 BİAŞ and presented to investors on the Company's website.

Dividend Distribution Policy

Our Company determines the resolutions for distribution of profit by considering the Turkish Commercial Code, Capital Market Legislation, Capital Markets Board Regulations and Decisions, Tax Laws, the provisions of the other relevant legislations and articles of incorporation of our Company.

There is no privilege among share groups with respect to dividend distribution.

Article 18 of our Company's Articles of Association states that after the first legal reserves have been set aside the donations during the year, if they exist, will be added to the remaining amount, and from the outcome, the first dividend in accordance with the Turkish Commercial Code and the capital markets regulations would be determined. Following these deductions, the General Assembly has the right to decide on dividend distribution to Board members, employees and workers, various foundations and similar persons and corporates and after the first dividend distribution to shareholders 1% of the remaining distributable profit will be allocated to the Türkiye İnsan Kaynakları Vakfı [Turkey Human Resources Foundation].

When making the dividend distribution decision, long term strategies of the Holding, the Group company's capital requirements, investment and finance policies, profitability and cash situation are taken into consideration.

The distribution method and time of the distributable profit is determined by the General Assembly upon the proposal of the Board of Directors.

Depending on the General Assembly's decision the distributable profit can be distributed fully in cash or as bonus issue or partly in cash or as bonus issue.

Dividend distribution can be made in equal or unequal installments provided that it is authorized by the General Assembly. Number of the installments are determined by the General Assembly or the Board of Directors provided that the Board has been clearly authorized.

Dividend distribution is expected within a month following the General Assembly Meeting at the latest, the General Assembly decides the date of the dividend distribution. General Assembly or if authorized the Board of Directors may decide to pay the dividend in installments in line with Capital Markets Board regulations.

According to the Articles of Association of the Company, the Board of Directors may distribute the dividend in advance only if the board has been authorized by the General Assembly and done so in parallel with the Capital Markets Board regulations.

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2013 Corporate Governance Principles Compliance Report

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 03.01.2014. 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;
- Regulations regarding General Assembly meetings;
- The Board of Directors will be composed of five 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.

Moreover, in order to ensure compliance with the Turkish Commercial Code and Capital Markets Law and relevant legislation that are in force, the amendments to the Company's Articles of Association specified in the annexes section of this report were approved at the Ordinary General Assembly meeting held on the May 28, 2013.

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 and was approved in the General Assembly which was held on April 24, 2011.

The processes were started in order to comply with the compulsory principles that must be implemented within the framework of the provisions and the schedule stipulated in the Corporate Governance Communiqué.

The Investor Relations Unit directly reports to the General Manager and at least once a year presents a report to the Board of Directors regarding the activities that it conducts.

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 Determination of Risk Committee and Remuneration Committee will be composed of five (5) members, Mr. Nusret Cömert will be appointed Chairman and Ms. Pelin Akin, Mr. Selim Akin, Mr. Şaban Erdikler and Ms. Sila Cılız İnanç will be appointed as members.

2013 Corporate Governance Principles Compliance Report

As per the Akfen Holding's Board of Directors' decision dated 03.19.2013: it was decided to assign the tasks of the Early Determination of Risk Committee which are carried out by the Corporate Governance Committee, to a separate committee pursuant to the Communiqué Serial: IV, n.63 of the Capital Markets Board which makes amendment to the Communiqué Serial: IV, n. 56 and to appoint Mr. Nusret Cömert as the Chairman, Ms. Pelin Akin and Mr. Selim Akin as the members.

In the activity period ending on December 31, 2013, 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. Minority rights can be exercised via the two independent members of the Board of Directors.

The "Remuneration Policy" regarding the remuneration principles of the members of the Board of Directors and senior executive managers, was submitted for the information of the shareholders at the Ordinary General Assembly meeting held on the May 28, 2013

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 attached to the Company's annual report 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 organization chart, the Investor Relations Unit works under the General Manager and reports to the Board of Directors regarding their activities.

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, BİAŞ, 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 (PDP), 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 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.

[Global Compact](#)

[Code of Ethics](#)

[Public Disclosure Policy](#)

[Dividend Distribution Policy](#)

[2013 Corporate Governance Principles Compliance Report](#)

[Akfen Holding Articles of Association](#)

Contact Information for the Investor Relations Department is found on the website [<http://www.akfen.com.tr>] and in the 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
K. 11 34394 Levent, Istanbul - TURKEY
Tel: +90 [212] 319 87 00
Fax: +90 [212] 319 87 30
acorman@akfen.com.tr
yatirimci@akfen.com.tr

- As of 24.01.2014, 31% of the Company's shares were floated publicly; of which, 52.44% was held by foreign investors. In 2013, 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 160 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 205 material event disclosures and published these disclosures on the corporate website in 2013. 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.

No request was made to our Company for the assignment of any private auditors.

4. Information on the General Assembly

The Ordinary General Assembly Meeting in the year 2013 was held at the Akfen Conference Hall at the Company's Headquarters on May 28, 2013. On the other hand, Extraordinary General Assembly meeting was held on the 24th of October 2013 with the purpose of the amendment to the repurchase program of the Company shares.

"The Internal Directive regarding the Working Principles and Procedures of the General Assembly" which was prepared by the Board of Directors in accordance with the 419th Article of the Turkish Commercial Code, was approved by the Ordinary General Assembly on the 28th of May 2013.

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's meeting procedures ensure the widest participation of shareholders. The General Assembly Informational Note is prepared and published on the website at least 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.] In 2013, both General Assembly meetings were held as Electronic General Assembly Meetings.

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.

2013 Corporate Governance Principles Compliance Report

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 shares. Class A share certificates are registered shares.

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 [prerequisites stipulated in the legislation are currently excluded] 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:

- a. 5% is set aside as legal reserve.

First Dividend:

- b. 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.
- c. 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.
- d. After the first dividend for shareholders is distributed, 1% of the remaining profit is transferred to the Turkish Human Resources Foundation.

Second Dividend:

- e. After the deduction of the abovementioned amounts, [a], [b], [c] and [d] 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 in accordance with Article 521 of TCC.

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.

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The dividend of the accounting period is distributed evenly to all existing shares, regardless of their issue and acquisition dates.

The distribution method and time of the distributable profit is determined by the General Assembly upon the proposal of the Board of Directors.

Profit distribution decision taken by the General Assembly pursuant to the provisions of this Articles of Association cannot be withdrawn.

There is no privilege among share groups with respect to dividend distribution.

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 distribution of the gross dividend of TL 25,529,166.46 (gross TL 0.087729094 per share) was made to the shareholders in cash on the 30th of May 2013 by our 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.

The CMB regulations are applicable regarding the transfer of the Company's registered shares traded in the stock market. In case the Company repurchases its own shares and accepts as pledge in an onerous manner, the Legislation and the relevant legislation are complied with and necessary disclosure of material matters is made.

Group A shares' transfer outside the stock market is only possible with the approval of the Company's Board of Directors. The Board of Directors of the Company may reject the approval request of the transferor by proposing to purchase his/her shares with their real value at the time of the application on behalf of the Company or other shareholders or third parties. Privileged Group A 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 BİAŞ 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.

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- 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 BİAŞ.

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: II, No.: 14.1 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 Akin 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

In accordance with the provisions of the legislations as well as the service agreements made with the Company employees, below persons who are at certain key position as of 31st of December 2013, are considered within this scope:

- Mr. Hamdi Akin, Chairman of the Board
- Mr. İrfan Erciyas, Board Member/Executive Director
- Mr. Selim Akin, Vice Chairman of the Board
- Ms. Pelin Akin, 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 Güçsav, 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, General Manager of Akfen Water], Nafiz Turgut [Human Resources Manager,] and Aylin Çorman [Investor Relations Manager,], 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], Vedat Tural [General Manager of Akfen REIT], Deniz Bilecik [Assistant General Manager of Akfen REIT], Hatice Nesrin Tuncer [KPMG Auditor], Yusuf Anil [Accounting Manager of Akfen REIT], Ebru Burcu Karabacak [Accounting Manager of Akfen Construction], 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.

As specified in the 7th Article of the Communiqué on Material Matters, the Central Registry Agency [MKK] is informed about the persons who have regular access to the insider information and necessary updates are made within two working days at the latest in case of changes.

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:

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- 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 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 2.2.1 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, 2013, Akfen Holding, its subsidiaries and joint ventures employ a total of 30,817 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.

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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.

Detailed information regarding the social responsibility projects are given in the "Corporate Social Responsibility" section of this report.

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. If a juridical person is elected as a member of the board of directors, together with the juridical person, only one natural person determined by the juridical person, is registered and announced on behalf of the juridical person; and moreover, the registration and announcement is immediately put on the Company's website. Only this registered person can attend the meetings and cast vote on behalf of the juridical person. Members of the board of directors and the natural person registered on behalf of the juridical person must be fully competent. Reasons that terminate the membership also prevent being elected.

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. The deputy chairman of the board of directors is also authorized in terms of the powers stipulated in the Turkish Code of Commerce for the chairman of the board of directors regarding the call for a meeting and information requests made by the members of the board of directors. 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 independence 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 which were determined in accordance to the Company's Articles of Association are given below. The Board members and resumes of Senior Management and their term of office are stated in Annex 1.

Mr. Hamdi Akin,

Chairman of the Board of Directors, Non-Executive Member

Mr. İrfan Erciyas,

Board Member/ Executive Director, Executive Member

Ms. Pelin Akin,

Board Member, Non-Executive Member

Mr. Selim Akin,

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 more than six years in the last ten years cannot be appointed as an independent Board member.

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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 34.

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 395 and 396 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 28, 2013.

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. 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.

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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.
- Supervising the activities of the Investor Relations Unit.

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 Akin,
Board Member - Akfen Holding A.Ş.,
Non-Executive Committee Member

Mr. Selim Akin,
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 Ciliz İnanoç,

Assistant General Manager -
Akfen Holding A.Ş., Executive Committee Member

The 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.

Early Determination of Risk Committee

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 Akin and Mr. Selim Akin as members of the Early Determination of Risk Committee.

Early Determination of Risk Committee is responsible for the early diagnosis of the risks that can endanger the existence, development and continuity of the Company, for taking necessary measures against the detected risks and is responsible for risk management; and reviews the risk management systems at least once a year.

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.

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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, AkfenHEPP 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

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 TÜGIAD-[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]. He has served on the Board of Directors of the Turkish Marine Environment Protection Association [TURMEPA] since 2011.

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.

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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 Board Member 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

In 2006, 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 and 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. Pelin Akın takes place in different groups of both Spanish Business Council and British Business Council of DEİK and she is responsible from Tatıldil Forum. She is also an active member of the Board of Trustee and the Board of Directors at TİKAV [Turkish Human Resources Education and Health Foundation]. Pelin Akın is Vice President of Duke of Edinburgh's Award-Turkey, whose main sponsor is Akfen Holding. She is also Chairwoman at the Advisory Board of the Contemporary Turkish Studies Chair founded in London School of Economics since 2010. Pelin Akın, who is a member of the Turkish Industrialists' and Businessmen's

Association (TUSIAD), Young Executive Businessman Association (GYİAD), Young Presidents Organization (YPO), TAV Airports Holding Corporate Governance Committee. She currently serves as a Member of the Corporate Governance Committee and Member of the Board at Akfen Holding and as a member of Akfen REIT's Early Determination of Risk Committee Member.

Şaban Erdikler – Independent Board Member

After graduating from Ankara University, Department of Political Science in 1972, 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.

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İbrahim Süha Güçsav - General Manager/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. Currently serving as Chairman of the Foreign Economic Relations Board (DEİK) Turkish-Singapore Business Council, Güçsav was Vice Chairman of the Board of Directors of Akfen Holding from 2003 to March 2010. He served on the Board at Akfen Holding between March 2010 and May 2012 and at TAV Airports Holding from 2000 to 2012. Güçsav has served as CEO of Akfen Holding since March 2010 and is currently on the Board at several subsidiaries and affiliates of Akfen Holding. Also, he is Chairman of the Board of Directors of Akfen REIT.

Sıla Cılız İnanç - Assistant General Manager - Legal

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. İnanç has worked at every stage of build-operate-transfer projects, transfer of rights/concessions and privatizations, in which Akfen and its subsidiaries have participated, including tender and finalization of transfers. She has also participated in the establishment of project financing structures and signing of credit contacts as well as the initial public offering of Akfen Holding and Akfen REIT. İnanç currently serves as Assistant General Manager at Akfen Holding and on the Board at various subsidiaries of Akfen Holding.

Hüseyin Kadri Samsunlu - Assistant General Manager - Financial Affairs

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, a member of KOTEDER Board of Directors, serves as Assistant General Manager at Akfen Holding and Board Member at various subsidiaries.

ANNEX 2: Internal Directive

THE INTERNAL DIRECTIVE ABOUT THE WORKING PROCEDURES AND PRINCIPLES OF THE GENERAL ASSEMBLY OF AKFEN HOLDİNG ANONİM ŞİRKETİ

PART ONE

Purpose, Scope, Basis and Definitions

Purpose and Scope

ARTICLE 1- [1] The purpose of this Internal Directive is to specify the working procedures and principles of the general assembly of Akfen Holding Anonim Şirketi, within the framework of the provisions of the Law, relevant legislation and the Articles of Association. This Internal Directive covers all ordinary and extraordinary General Assembly meeting of Akfen Holding Anonim Şirketi.

Basis

ARTICLE 2- [1] This Internal Directive was prepared by the Board of Directors in conformity with the provisions of the Regulation on Procedures and Principles of the General Assembly Meetings of Incorporated Companies and Representatives of the Ministry of Customs and Trade To Attend These Meetings.

Definitions

ARTICLE 3- [1] The definitions given herebelow within the scope of this Internal Directive are;

- a) Session: One day meeting of the General Assembly,
- b) Law: Turkish Code of Commerce n.6102 dated 01/13/2011,
- c) Hearing/Sitting: Part of each session, interrupted for rest, lunch breaks and similar reasons,
- d) Meeting: Ordinary and extraordinary General Assembly meetings,
- e) Meeting Chairmanship: Board composed of the chairman of the meeting, elected in conformity with the 1st Clause of the 419th Article of the Law by the General Assembly to conduct the meeting, and the vice chairman elected by the General Assembly [if necessary], and the clerk [who will write up the minutes] appointed by the chairman of the meeting, and vote collector appointed by the chairman of the meeting [if necessary].

PART TWO

Working Procedures and Principles of the General Assembly

Provisions to Abide by

ARTICLE 4 - [1] Meeting is held in conformity with the provisions of the Law, relevant legislation and the Articles of Association regarding the General Assembly.

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Entry to the Meeting Place and Preparations

ARTICLE 5 – [1] Shareholders and their representatives registered in the attendance list prepared by the Board of Directors, members of the Board of Directors, the auditor (if present), representative of the Ministry (if authorized), and persons authorized or appointed by the meeting chairmanship are entitled to enter the meeting place. Moreover, Company's General Manager, Assistant General Manager, Accounting Manager, sound specialists using the Electronic General Assembly system, technicians/Company employees who will record audio/video, are also among the persons who are entitled to be present in the meeting room. Moreover, press members can attend the General Assembly as observers provided that they give their ID information and get a written permission from the Board of Directors prior to the General Assembly.

[2] Entering the meeting place; natural person shareholders and representatives appointed on the electronic General Assembly system established in accordance with the 1527th Article of the Law, must show identification, representatives of the real person shareholders must show their proxies and their IDs, also the representatives of juridical person shareholders must show their proxies and sign the appropriate section specified for them. These will be checked by the Board of Directors, or one or more Members of the Board of Directors, or by the person/persons appointed by the Board of Directors.

[3] The Board of Directors carries out the tasks regarding the preparation of the meeting place that will have sufficient space for all shareholders, and preparation of all stationery materials, documents, and equipments that will be necessary during the meeting. The Board of Directors also makes sure that electronic General Assembly is recorded audio-visually.

Opening the Meeting

ARTICLE 6 – [1] The Meeting starts; at the location of the Company Headquarters or in another district the Board of Directors will choose for the meeting within the city limits of Ankara or Istanbul, at the previously scheduled time [provisions of the "Meeting without a call" as stipulated in the 416th Article of the Law are reserved], after the Chairman or the Vice Chairman of the Board of Directors or one of the Members of the Board of Directors determines and makes a record of the quorums that are present as stipulated in the 418th and 421st Articles of the Law.

Formation of the Meeting Council

ARTICLE 7- [1] As per the 6th Article of the this Internal Directive, under the conduct of the person opening the meeting, a chairman and if necessary a vice chairman who does not have to be a shareholder and who will be conducting the General Assembly is elected primarily among the nominated candidates.

[2] At least one clerk (who will write up the minutes) and if necessary sufficient number of vote collectors are appointed by the chairman of the meeting. Moreover, staff of specialists to

conduct the electronic General Assembly system and sufficient number of technicians to carry out technical procedures during the meeting are appointed by the chairman of the meeting.

[3] The Meeting Council is entitled to sign the minutes to the meeting and other documents that constitute a basis for the minutes.

[4] Meeting chairman complies with the Law, the Articles of Association and the provisions of this Internal Directive while conducting the General Assembly meeting.

Duties and Powers of the Meeting Council

ARTICLE 8 – [1] The Meeting Council carries out the following tasks under the conduct of the chairman:

a) Examines whether or not the meeting is held at the address indicated in the announcement and whether or not the meeting place is appropriate if specified in the Articles of Association.

b) Examines and reports – in the minutes to the meeting – whether or not; the General Assembly is called for a meeting as specified in the Articles of Association, via announcement made on the website (corporate internet site of the companies that are obligated to open a website) and on the Turkish Trade Registry Gazette, this call is made at least two weeks in prior to the meeting date (announcement and meeting days excluded), the newspapers that published/will publish the meeting date, agenda and announcement are sent via certified mail with return receipt to the shareholders registered in the share ledger and to the shareholders who previously submitted their addresses to the Company by presenting the documents proving their status as a shareholder.

c) Controls whether or not unauthorized persons enter the meeting and whether or not the tasks specified in the second paragraph of the 5th article of this Internal Directive regarding the "entry to the meeting place" are fulfilled by the Board of Directors.

d) Examines whether or not all shareholders or their representatives are present in case the General Assembly convenes without a call in conformity with the 416th Article of the Law, and whether or not there is objection against making the meeting in this manner and whether or not the meeting quorum is preserved until the end of the meeting.

e) Examines and reports – in the minutes to the meeting – whether or not; the Articles of Association and its amended version (if there are any amendments made to the Articles of Association), the share ledger, Annual Report of the Board of Directors, auditors' reports, financial statements, the agenda and the draft amendment prepared by the Board of Directors (if there is amendment to the Articles of Association on the agenda), the written permission (and its annex that includes the draft amendment) taken from the Ministry if the amendment to the

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Articles of Association is subject to the approval of the Ministry of Customs and Trade, the attendance list prepared by the Board of Directors, the minutes including the postponement of the previous meeting if the General Assembly is called for a meeting upon postponement other necessary documents for the meeting are precisely present at the meeting place.

f) Upon objection or necessity, controls the IDs of those attending the General Assembly in person or by proxy after signing the attendance list and checks the authenticity of the proxies.

g) Checks and reports – in the minutes to the meeting – whether or not; executive members and at least one Member of the Board of Directors and auditors [in companies subject to audit] are present in the meeting.

h) Conducts the General Assembly within the framework of the agenda, and makes sure that the participants do not digress from the agenda other than the exceptions stipulated in the Law, and maintains order in the meeting and thus takes necessary measures.

i) Opens, closes sessions and hearings/sittings and closes the meeting.

j) Reads or makes someone read to the General Assembly the decisions, drafts, minutes, reports, proposals and similar documents regarding the issues discussed and gives those who want talk about these issues chance to speak.

k) Makes sure that voting is made regarding the decisions to be taken by the General Assembly and then announces the results.

l) Controls whether or not the minimum meeting quorum is maintained in the beginning, during and at the end of the meeting, and checks whether or not the decisions are taken in conformity with the quorums stipulated in the Law and the Articles of Association.

m) Announces the notifications made by the representatives stipulated in the 428th Article of the Law, to the General Assembly.

n) Makes sure that persons who do not have a right to vote as stipulated in the 436th Article of the Law, do not cast votes in decisions stipulated in the abovementioned Article, and oversees all types of limitations stipulated in the Law and the Articles of Association on the right to vote and privileged votes.

o) Upon the request of the shareholders in possession of one twentieth of the capital, postpones the discussion of the financial statements and relevant issues to the meeting that will be held a month later – without any need for the General Assembly to take a decision on this issue.

p) Makes sure that the minutes to the General Assembly are prepared and objections are included in the minutes; and signs the decisions and minutes; and includes – in a manner that will not lead to any doubts – the affirmative/negative votes casted regarding the decisions taken in the meeting.

q) Submits the minutes of the meeting, Annual Report of the Board of Directors, auditors' reports [in companies subject to audit], financial statements, attendance list, agenda, proposals, ballots [if any] and minutes of the elections and all documents related to the meeting to one of the present members of the Board of Directors at the end of the meeting by filing a report.

Procedures to be Followed Prior to the Discussion of the Agenda

ARTICLE 9 – [1] Meeting chairman reads or makes someone read the meeting agenda to the General Assembly. The chairman asks whether or not there is any proposal to change the order of discussing the agenda items, and if there is a proposal, it is presented for the approval of the General Assembly. The order of discussing the agenda items can be changed with a decision taken by the majority of the votes present in the meeting.

Agenda and Discussing the Agenda Items

ARTICLE 10 – [1] The following issues must be included in the agenda of the Ordinary General Assembly:

- a) Opening and meeting formation of the meeting council.
 - b) Discussing the Annual Report of the Board of Directors, auditors' reports [in companies subject to audit], and financial statements.
 - c) Acquittance of the members of the Board of Directors and auditors [if any].
 - d) Electing the members of the Board of Directors – whose term of office ended – and auditors [in companies subject to audit].
 - e) Determining the remuneration, per diem of the members of the Board of Directors, and their rights such as bonuses and premiums.
 - f) Determining the method of using and distributing the profit, and dividend shares.
 - g) Discussing the amendments [if any] to the Articles of Association.
 - h) Other issues deemed necessary.
- [2] The agenda of the Extraordinary General Assembly Meeting is composed of the reasons that necessitate the meeting.
- [3] Other than the following exceptions, items not included in the agenda of the meeting cannot be discussed and resolved:
- a) Items can be added on the agenda with a unanimous decision if all shareholders are present.
 - b) As per the 438th Article of the Law, the private audit request of any shareholder is resolved by the General Assembly regardless of whether it is included on the agenda or not.

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c) The issues of dismissal of the members Board of Directors and election of the new members instead are considered to be related with the Article specifying the discussions on the year-end financial statements and upon request these issues are discussed and resolved directly, regardless of whether a relevant item is included on the agenda or not.

d) Even though there isn't any agenda item; in the presence of valid grounds such as corruption, insufficiency, breach of loyalty, difficulty in performing the duties due to memberships in numerous companies, disagreement, misuse of power, the issues of dismissal of the members of the Board of Directors and election of the new members instead are added on the agenda with the decision taken with the majority of those who are present in the General Assembly.

[4] The agenda item discussed and resolved in the General Assembly, cannot be re-discussed and resolved unless there is a decision taken unanimously by those who are present in the General Assembly.

[5] Issues requested by the Ministry as a consequence of the audit or for any other reasons, to be discussed in the General Assembly are added on the agenda.

[6] The agenda is determined by the person who makes a call for the meeting of the General Assembly.

Right to Speak in the Meeting

ARTICLE 11 – [1] Shareholders or other relevant persons wishing to speak on the agenda item under discussion inform the meeting council. Then the meeting council announces the persons to the General Assembly and grants these persons right to speak in order of application. If the person to speak is not present at the meeting place, he/she loses his/her turn. The speeches are given addressing the General Assembly from the spot arranged for this purpose. Persons may exchange turns with each other. In case the speaking time is limited, the speaker speaking in his/her turn can continue speaking only if the next person to speak gives his/her turn to the speaker provided that the speaker completes his/her speech within the speaking time of that person. In other words, the speaking time cannot be extended.

[2] Without having to follow the order, the chairman of the Meeting can grant the right to speak to the members of the Board of Directors and the auditors who wish to make an explanation on the issues being discussed.

[3] Speaking time is decided by the General Assembly upon the proposal made by the chairman or the shareholders, depending on the magnitude of the agenda, and the amount and importance of the issues that must be discussed, besides the number of persons who wish to speak. In such cases, the General Assembly first decides whether the speaking time will be limited or not and then decides what the speaking time will be.

[4] As per the 1527th Article of the Law; the procedures and principles specified in the Article "Attending the Meeting on Electronic Platform" are applicable regarding the shareholders or their representatives who present their opinions and proposals at the General Assembly held in an electronic platform.

Voting and Voting Procedures

ARTICLE 12 – [1] Before starting the voting process, the chairman of the meeting announces the issue that will be discussed, to the General Assembly. If a draft decision is to be voted, then it is stated in writing and read out, and then the voting process starts. The shareholders may ask to speak about the procedure only after the announcement for the start of the voting process is made. If there is a shareholder, in the meanwhile, not given the chance to speak although he/she asked for, he/she may use his/her right to speak after reminding and getting permission from the Chairman. Shareholders will not be given the chance to speak after the voting process starts.

[2] Votes regarding the issues discussed in the meeting, are cast by show of hands method or by standing up or by saying I accept/I decline [yea or nay]. These votes are counted by the meeting council. If necessary, the meeting council may appoint sufficient number of people for counting the votes. Persons who did not show [raise] hands, stand up or say "yay" or nay" somehow, will be considered to have given "negative" vote and during the evaluation these votes will be accepted as if they were given against the relevant decision.

[3] As per the 1527th Article of the Law; the procedures and principles specified in the Article "Attending the Meeting on Electronic Platform" are applicable regarding the shareholders or their representatives who cast votes at the General Assembly held in an electronic platform.

Preparation of the Minutes of the Meeting

ARTICLE 13 – [1] The meeting chairman signs the attendance list indicating the shareholders or their representatives, the shares in their possession – groups, numbers and nominal values of these shares – and makes sure that that the minutes to the meeting are prepared in compliance with the principles stipulated in the Law and relevant regulation, provided that the questions asked and answers given at the General Assembly are summarized, and the decisions taken and the number of affirmative and negative votes for each decision are clearly indicated in the minutes.

[2] Minutes to the General Assembly meeting, are prepared at the meeting place during the meeting by a typewriter, by a computer or clearly [legibly] in handwriting by pen. To write the minutes in a computer, there must be a printer at the meeting place to get the print outs.

[3] The minutes to the meeting are prepared and issued at least in two copies and all pages of the minutes are signed by the meeting council and by the representative of the Ministry in case he/she attends the meeting.

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[4] The minutes must include; the trade name of the company, the meeting date and place, the total nominal value of the company shares and the number of shares, the total number of shares represented in the meeting in person and by proxy, the name and surname of the representative of the Ministry if he/she is present at the meeting and the date and number of his/her assignment letter, and the method of making the call if the meeting is made with an announcement (if the meeting is made without an announcement, this must be stated).

[5] The amount of votes regarding the decisions taken in meeting, are written in the minutes in numbers and letters – in a manner that will not lead to any doubts.

[6] Names, surnames, and reasons for objection of the persons who vote against the decisions taken in the meeting and who would like to have their objections included in the minutes, are written in the minutes.

[7] In case the reasons for objection are submitted in writing, this note is added to the minutes. In the minutes, the name and surname of the objecting partner or his/her representative are written and it is stated that the objection note is added. The objection note added to the minutes is signed by the meeting council and by the representative of the Ministry in case he/she attends the meeting.

Procedures to be Followed at the End of the Meeting

ARTICLE 14- [1] At the end of the meeting, the chairman of meeting submits a copy of the minutes and all other documents related to the General Assembly to one of the present members of the Board of Directors. Filing a separate report, this situation is stated.

[2] Within fifteen days at the latest after the meeting date, The Board of Directors is obligated, to submit the notarized copy of the minutes to the Trade Registry Office and to register and announce the issues – that must be registered and announced – included in the minutes.

[3] Within five days at the latest after the meeting date, the minutes are also on the Company's website (corporate internet site of the companies that are obligated to open a website).

[4] The chairman of the meeting, also submits a copy of the attendance list, the agenda and the minutes to the General Assembly meeting to the representative of the Ministry in case he/she attends the meeting.

Attending the Meeting on Electronic Platform

ARTICLE 15- [1] In case it is possible to attend the General Assembly meeting on electronic platform in conformity with the 1527th Article of the Law, the procedures to be carried out by the Board of Directors and the meeting council are performed by taking into consideration the 1527th Article of the Law and the relevant legislation.

PART THREE

Miscellaneous Provisions

The Attendance of the Representative of the Ministry and the Documents Regarding the General Assembly Meeting

ARTICLE 16 – [1] The provisions of the “Regulation on the Procedures and Principles of the General Assembly Meetings of the Joint Stock Companies, and the Representatives of the Ministry of Customs and Trade to Attend These Meetings” – regarding the issue of requesting a representative from the Ministry for the meetings that the representative of the Ministry must attend, and the duties and powers of this representative – are reserved.

[2] The provisions stipulated in the first paragraph of the Regulation are obligatory for the preparation of; the list of the persons who can attend the General Assembly the attendance list, the proxy documents to be used in the General Assembly the minutes to the meeting.

Circumstances Not Anticipated in the Internal Directive

ARTICLE 17 – [1] In the meetings, in case there are circumstances which are not anticipated in this Internal Directive, then action will be taken in line with the decision that will be given by the General Assembly.

Approval of the Internal Directive

ARTICLE 18 – [1] This Internal Directive, is brought into force, registered and announced by the Board of Directors with the approval of the General Assembly of Akfen Holding Anonim Şirketi. Also the amendments to be made on the Internal Directive are subject to the same procedures.

Validity of the Internal Directive

ARTICLE 19 – [1] This Internal Directive, enters into force on the date it is announced at the Turkish Trade Registry Gazette upon the approval of the General Assembly in the 2012 ordinary meeting of the General Assembly of Akfen Holding Anonim Şirketi.

Akfen Holding Articles of Association

ARTICLE 1 – FOUNDERS

A joint stock company was established among the founders whose Names, Surnames, Residence Addresses and Nationalities are given below, in accordance with the Turkish Code of Commerce's provisions on the "Instant Establishment of Joint Stock Companies."

1. HAMDİ AKIN..... Turkish Citizen
Koza Sokak No: 22 GOP/ANKARA
2. HASAN AKIN..... Turkish Citizen
Koza Sokak No: 22 GOP/ANKARA
3. HİKMET AKIN..... Turkish Citizen
Koza Sokak No: 22 GOP/ANKARA
4. ŞAFAK AKIN..... Turkish Citizen
Koza Sokak No: 22 GOP/ANKARA
5. FATMA MERAL KÖKEN..... Turkish Citizen
Koza Sokak No: 22 GOP/ANKARA
6. NİHAL KARADAYI Turkish Citizen
Koza Sokak No: 22 GOP/ANKARA

ARTICLE 2 - TRADE NAME OF THE COMPANY

Trade Name of the Company is "AKFEN HOLDİNG ANONİM ŞİRKETİ". In this Articles of Association hereinafter will be referred to as "Holding" and/or "Company."

ARTICLE 3 - PURPOSE AND FIELD OF ACTIVITY

A. The main purposes of the Holding are:

1. Holding, by participating in the capital and management of the companies that were or will be established by the Holding itself or by others; -provides solutions for the issues of investment, financing, organization and management, engineering problems altogether or in a collective structure and within the framework of the modern business management principles, -distributes risks,-ensures the continuity of the investments safely against changes in the economy, Thus, ensures continuity of the companies' progress.
2. Provided that it does not constitute inconsistency with the Capital Markets Law and relevant legislation; actualizes big investments by pooling the small savings with the capital, moreover supports the companies that were established or will be established by the Holding itself or by others, in order to raise funds through capital market.
3. Provided that it does not constitute inconsistency with the Capital Markets Law and relevant legislation and that the provision of the Article 21/I of the Capital Markets Law is reserved; pools the funds in its structure, carries out activities in order to increase these funds and by establishing new equity companies with these funds, creates new investment fields or by participating in the existing ones, develops or renews the technologies that are utilized.
4. With social services that it will improve within its structure or outside, works for the benefit of its members and the society.
- B. In order to fulfill the aforementioned aims, and provided that they do not have the characteristics of investment services and activities and they do not constitute inconsistency with the Capital Markets Law and relevant legislation; Holding may participate as a founder in national or international any type of equity company operating in any type of field such as industrial, commercial, financial, agricultural sectors, may participate in the governance of the established companies or the ones that will be established and may become their shareholder by purchasing their stocks/shares.
1. Provided that they do not have the characteristics of investment services and activities, Holding may buy and sell securities, may change them with other stocks/shares, may create pledge on them or receive pledge,
2. Holding carries out activities regarding new investments of any type of companies where it participates in the capital and/or in the management by taking decisions after considering the financial, economic and technical capacities of the group companies,
3. Holding makes and implements the financing, administration and management organizations of the group companies and ensures that their auditing and forward planning are made,
4. On the issues of giving guarantees, surety, collateral or creating pledge right including mortgage on behalf of the Company itself and in the favor of third parties, the principles stipulated within the framework of the capital markets legislation are applicable,
5. Provided that the required disclosures that will be requested by the Capital Markets Board are made within the scope of the material matters in order to ensure that the investors are duly informed and they do not have the characteristics of intermediary activities; helps companies where it participates in the capital and/or in the management to issue shares/stocks and debt instruments [subscription/ their commitment], gives guarantees to the companies issuing the shares/stocks and debt instruments and to the buyers regarding the results of these transactions, and makes repurchase commitment. Makes transactions that will help maintaining their sales and values,
6. Provided that the required disclosures that will be requested by the Capital Markets Board are made within the scope of the material matters in order to ensure that the investors are duly informed; takes over any type of receivables arising from the sale of companies it participates in the capital and in the management, transfers and assigns them to the other companies where it participates in, and insures the payment of credits extended to the vendors and customers of these companies,
7. Holding coordinates and carries out financial control, rationality, business administration, import, export, customs, warehousing, insurance, transportation, collecting, financial and legal consultancy activities which do not have the characteristics of investment consultancy of the companies it participates in the capital and in the management,

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8. Holding makes agreements regarding the distribution of the financial liabilities by establishing collaborative relationships and subsidiaries with foreign and domestic companies and groups,

9. Provided that the required disclosures that will be requested by the Capital Markets Board, are made within the scope of the material matters in order to ensure that the investors are duly informed; related with its purpose and field of activity and in order to actualize its targets, the Holding may buy and sell movable and immovable properties, may lease out and lease them, may create any type of tangible and intangible rights and mortgage on its own immovable properties, may discharge the mortgages, may receive and create pledge on the movable properties and may take legal and financial actions,

10. Provided that they do not have the characteristics of intermediary activities, may undertake the financing of the companies where it participates in the capital and/or in the management. In the favor of these companies, may give any type of real and personal collateral provided that the required disclosures that will be requested by the Capital Markets Board are made within the scope of the material matters in order to ensure that the investors are duly informed. Moreover, may undertake debt with the decision of the Board of Directors,

11. In order to ensure that legal and financial transactions, tracking or any type of other problems of the companies where it participates in the capital and/or in the management, are solved from a single center, the Holding may create private committees and/or assign persons within its structure. Moreover, when necessary, it may sign temporary or permanent agreements with specialists outside its structure, regarding the solutions of such issues on tracking, transactions and problems of the companies where it participates in,

12. By means of these private offices or specialists, it may follow and conclude any type of financial and legal transactions of the companies it participates in; if necessary, the pleading of administrative, financial and legal disputes may be tracked at all levels of administrative and judicial authorities again by these specialists,

13. Due to these services provided, Holding may charge fees for each service or by making annual subscription agreements,

14. Holding ensures that economic, financial and technical services such as plans, projects and researches of the companies where it participates in the capital and/or in the management are conducted from a single center. In this context, it may prepare the bid projects and proposals and if necessary may participate in bids on behalf of its subsidiaries, or may participate in bids exclusively on its own behalf but on its subsidiaries' account or may transfer the bids which it participated in, on its own behalf, to its subsidiaries. Because of these services, it may generate income for its subsidiaries for each service provided or by making temporary or permanent subscription agreements or may charge a certain amount due to bid transfers,

15. Holding, through its own facilities within its structure or by means of specialists who are entitled with agreements outside its structure, may organize accounting and legal transactions of especially the companies it participates in the capital and in the management, or may get them organized and may charge fee for these services,

16. May organize temporary or permanent courses in order to educate or specialize employees (in every level) of the companies where it participates in the capital and/or in the management and may charge fees to the subsidiaries which it provides services,

17. Provided that they do not have the characteristics of intermediary activities, may provide services regarding the commercial transactions between its subsidiaries or between its subsidiaries and other real or juridical persons. In this connection, by charging fees, may enable its subsidiaries to sign any type of commercial agreements between themselves and may mediate the execution of these agreements. May help purchasing and selling of especially the movable and immovable properties, finished or semi-finished goods or raw materials and if necessary, may collect the amounts of the mentioned goods within the framework of the authorization given to itself, may transport the goods on behalf of the parties,

18. Acting on its own behalf but on its subsidiaries' account, may act as a broker in the purchase and/or sale of any type of movables, finished or semi-finished goods and raw materials. Provided that it does not constitute inconsistency with the Capital Markets Law and the relevant legislation, may create all type of legal relations that are stipulated in the Code of Obligations between itself and its subsidiaries or third parties,

19. Provided that the regulations of the Capital Markets Legislation regarding the "Distribution of Concealed Gain" are reserved, alone or by establishing partnership with third parties, may participate in bids announced in and outside of the Country by the Directorate of Privatization Administration and Public and Private authorities or related institutions and organizations, entities,

20. May engage in wholesale and retail purchasing and selling, transportation, marketing, importation, exportation, trusteeship and transit trading of the goods that are related with its purpose and field of activity and may participate in bids, auctions and auctions by underbidding, and provided that it does not serve as a customs brokerage, may perform customs transactions regarding its field of activity,

21. Holding may create intangible rights – beneficial or indispensable for the activities regarding its purpose and field of activity – such as; domestic and foreign licenses, patent rights, trademarks, licenses, privileges and copyrights, brands, models, duties and trade names, know-how and technical information, may buy them partially or fully, may lease, use, sell, lease out them, may create usufruct and pledge rights on them and may perform similar legal transactions,

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22. On the issues of giving guarantees, surety, collateral or creating pledge right including mortgage on behalf of the Company itself and in the favor of third parties, provided that; the principles determined within the framework of the Capital Markets Legislation are complied with; the required disclosures that will be requested by the Capital Markets Board are made within the scope of the material matters in order to ensure that the investors are duly informed; they do not have the characteristics of investment services and activities; Holding, in order to carry out its field of activity, achieve its purpose, meet the requirements or utilize its resources, may buy, sell any type of immovable and movable properties and related rights, may sign immovable property's sale commitment agreements, may partially or fully lease, lease out them, make their registrations and create deed restrictions at the land registry offices. Regarding the immovable properties [real estates] that are registered in the name of the Holding, may perform any type of transactions at the land registry offices related with type classification, parceling out, land amalgamation, land allotment. In order to carry out its activities and achieve its purposes, Holding may dispose of immovable properties [real estates] free of charge and may donate them to the public institutions and organizations and municipalities, may perform transactions such as renunciation for road, renunciation for green space and conveyancing.

Due to its debts or receivables, may create any type of mortgage and other real and personal rights – in its own favor, or in the favor of others –on the immovable properties that are in its possession or in the possession of others, may discharge mortgage, may create right of retention, right of redemption, underground and surface rights, discharge these rights, may create any type of real and personal rights on the surface rights which are acquired, may sell partially or fully the surface right within the framework of the surface right duration, may lease the surface right to the domestic and foreign real entities. In order to achieve its purpose and for the assurance of the Holding's debts, may create mortgage, pledge, real estate encumbrances, commercial enterprise pledges, and usufruct, servitude, residence rights and any type of real or personal rights on Holding's movable or immovable properties and may accept the aforementioned rights created on its receivables from third parties or on the movable and immovable properties of third parties. Provided that the required disclosures that will be requested by the Capital Markets Board are made within the scope of the material matters in order to ensure that the investors are duly informed; may accept surety bonds, may receive and give real and personal collaterals for all its rights and receivables, may hypothecate its immovable properties and may pledge its movable properties for the debts of third parties, may give guaranty and surety in the favor of third parties, may sign guaranty and surety ship agreements. For the assurance of Holding's debts and receivables, in accordance with the Civil Code, may perform any type of borrowing and asset disposal transactions regarding tangible and intangible rights. With or without encumbrance, may dispose of any of its immovable properties [real estate properties], and if necessary may perform conveyancing [alienation] transactions on these issues, may accept the conveyancing [alienation] transactions which are performed, may create, accept deed restriction, and may execute and conclude other title deed transactions,

23. In order for the achievement of Holding's purposes, may purchase, sell, lease, import all type of necessary equipment and facilities and may sign financial leasing agreements,

24. In and outside of the Country, may open branches, liaison offices, agencies, dealers, representative offices,

25. Provided that, the donations are not inconsistent with the regulations of the Capital Markets Law regarding "Distribution of Concealed Gain," the required disclosure of material matters are made, donations made within the year is submitted for the information of the shareholders in the general assembly, the upper limit of the donations that will be made is determined by the general assembly, and the amount of the donations made is added to the distributable profit base, may make donations and aids –in a manner that they do not hinder its purpose and field of activity – to the governmental offices included in the general budget, to the institutions with annexed budget, to the provincial private administrations, to the foundations established with social purposes, to the associations, national and international organizations, to the institutions and organizations that make scientific research and development, to the universities, educational institutions and to the similar entities, may become the member of the associations, participate in foundations. Cannot make donations with the amounts exceeding the upper limit determined at the General Assembly,

26. May organize insurance services with the public authorities,

27. May carry out activities in the organization and service sectors within the scope of the various business administration and service models, may provide consultancy and controllership services related with its field of activity,

28. May establish R&D center within Holding related with its field of activity.

If the Holding requests to participate in other businesses apart from the aforementioned fields of activity, this request must be submitted to the approval of general assembly upon the proposal of the board of directors on the issue and if such a decision is taken, then the Holding may carry out these businesses as well.

1. In order to implement this decision which requires the amendment to the Articles of Association, necessary permissions must be received from the Ministry of Industry and Trade and the Capital Markets Board,

2. While implementing the aforementioned issues, the Company will fulfill its obligations regarding public disclosure with the aim of providing the investors with the required information in compliance with the Capital Markets Law and the relevant legislation.

ARTICLE 4 – HEADQUARTERS AND BRANCHES OF THE COMPANY

The Headquarters of the Company is in Ankara at the address of Koza Sokak No: 22 GOP/ANKARA. The Company may open branches in and outside of the Country, provided that the required notifications are made to the Ministry of Trade and the Capital

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Markets Board. In case of an address change, new address is registered in the Trade Registry and published in the Turkish Trade Registry Gazette and moreover, Ministry of Customs and Trade and Capital Markets Board are informed. The notification made to the registered and announced address is considered as if it is made to the Company. Even though the Company has abandoned the registered and announced address but did not make the registration of its new address within the legitimate period, this condition is considered as the dissolution of the Company.

ARTICLE 5 - HOLDING'S PERIOD

Holding has been established for an indefinite period.

ARTICLE 6 - CAPITAL

Holding has adopted the registered capital system with the permission of the Capital Markets Board on the 16th of April 2010 with n. B.02.1.SPK.0.13-504 3939.

The upper limit of the Holding's registered capital is TL 1,000,000,000.00 (one billion) and divided into 1,000,000,000 shares, each with a par value of 1 (one) Turkish Lira.

The permission given by the Capital Markets Board for the upper limit of the registered capital is valid between the years, 2010-2014 (for five years). Even though the allowed upper limit of the registered capital is not reached at the end of 2014, for the board of directors to take a capital increase decision after 2014; approval must be received from the general assembly for a new period which is not more than 5 years, by means of getting permission from the Capital Markets Board for the previously allowed upper limit or for a new upper limit amount. In case the mentioned approval is not received, the Company will be considered as out of the registered capital system.

The issued capital of the Holding is TL 291,000,000. This capital was divided into 291,000,000 shares as; 57,458,736 Group A shares and 233,541,264 Group B shares, each with a par value of 1.- Turkish Lira.

Existing capital was paid in full, as free of collusion. If required, the capital of the Company can be raised or reduced within the scope of the provisions of the Turkish Commercial Code and the Capital Legislation.

57,458,736 Group A shares were allocated to Hamdi Akin. Group A shares are registered shares whereas Group B shares are bearer shares.

In any case, during capital increase, the Board of Directors will issue new Group A and Group B shares based on the proportion of the shares that are in the Group A and Group B shareholders' possession in the Company. The shareholders participate in the capital increases by getting the shares - together with the privileges granted to the mentioned Group - that will be issued in the same Group with the shares in their possession.

The shareholders who will subscribe for the shares that will be issued with premiums due to capital increases, will separately pay the Company the share premiums that will be determined in addition to the par value of the share certificate, on the issuance date of the shares, in accordance with the relevant article of the Turkish Commercial Code.

In case deemed necessary, the Board of Directors is entitled to raise the issued capital until reaching the aforementioned upper limit of the registered capital by issuing new shares between the years 2010 and 2014 in compliance with the provisions of the Capital Markets Law and notwithstanding the provisions of the Turkish Commercial Code regarding equity capital increase.

The shares representing the capital are dematerialized shares within the framework of the principles of dematerialization.

In case deemed necessary, in compliance with the provisions of the Capital Markets Law, the Board of Directors has the power to take decisions on the issues of; raising the issued capital until reaching the upper limit of the registered capital by issuing new shares, issuing shares above the par value (share premiums) or below the par value, restricting partially or fully the rights of the shareholders to purchase new shares. The authorization for restricting the rights of the shareholders to purchase new shares cannot be used in a manner that creates inequality between the shareholders.

ARTICLE 7 - SALE AND TRANSFER OF SHARES

Transfer of shares is subject to the provisions of the Turkish Commercial Code, and the provisions of the Capital Markets Legislation. At the Company, only the persons who are registered in the book of shares by taking into account the records kept in the Central Registry Agency, are accepted as shareholders or as usufructuary of shares.

The regulations of the Capital Markets Board are applicable regarding the transfer of the Company's registered shares traded in the stock market. In case the Company repurchases its own shares and accepts as pledge in an onerous manner, the Capital Markets Legislation and the relevant legislation are complied with and required disclosure is made on material matters.

Group A shares' transfer outside the stock market is only possible with the approval of the Company's Board of Directors. The Board of Directors of the Company may reject the approval request of the transferor by proposing to purchase his/her shares with their real values at the time of the application, on the account of the Company or other shareholders or third parties.

ARTICLE 8 - ISSUANCE OF CAPITAL MARKET INSTRUMENTS

According to the provisions of Turkish Commercial Code, Capital Markets Law and the relevant legislation and within the scope of the powers of the Board of Directors, Holding; may issue commercial bills, profit and loss sharing certificates, profit-participating bonds, convertible bonds and any type of capital market instruments that will be accepted by the Capital Markets Board and debt instruments and other securities that do not have any obstacles for their issuance with the decision of the Board of Directors according to the provisions of the legislation. General Assembly has the power to issue the publicly offered dividend right certificates. The regulations stipulated in the Capital Markets Law and relevant legislation are applicable in the issuance of the capital market instruments.

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

The Board of Directors, composed of at least 6 members who possess the qualifications stipulated in the Turkish Commercial Code and Capital Markets Legislation, governs the Company and represents and binds the Company against third parties. Members

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of the Board of Directors are elected by the General Assembly within the scope of the provisions of the Turkish Commercial Code and majority of them are non-executive members.

In case a juridical person is elected as a member of the Board of Directors, together with the juridical person, only one natural person determined by the juridical person is registered and announced on behalf of the juridical person; and moreover, the registration and announcement is immediately put on the Company website. Only this registered person can attend the meetings and cast vote on behalf of the juridical person. The members of the Board of Directors and the natural person registered on behalf of the juridical person must be fully competent. The reasons that terminate the membership also prevent being elected.

The Board of Directors elects a Chairman from among its members to chair meetings of the Board of Directors and elects a Deputy Chairman to chair the meetings in the absence of the Chairman. The Deputy Chairman of the Board of Directors is also authorized in terms of the powers stipulated in the Turkish Commercial Code for the Chairman of the Board of Directors regarding the call for a meeting and information requests made by the members of the Board of Directors

Sufficient number of independent members of the Board of Directors is elected by the General Assembly to the Board of Directors within the scope of the principles regarding the independence of the members of the Board of Directors stipulated in the Corporate Governance Principles of the CMB.

The members of the Board of Directors can be elected for maximum three years. The re-election of the members after the expiration of their terms of offices is possible. If a member's position becomes vacant, the Board of Directors temporarily elects a person who has the qualifications stipulated in the Turkish Commercial Code and the Capital Markets Legislation, as a member for this vacant position and submits it for the approval of the first General Assembly. The member elected in this manner continues to perform his/her tasks until the General Assembly meeting where his/her position is submitted for the approval and in case the approval is given, he/she completes the term of office of his/her predecessor.

Board of Directors carries out tasks assigned by the provisions of the Turkish Commercial Code, Capital Markets Law, Company's Articles of Association, General Assembly decisions and relevant legislations. Board of Directors is authorized to take decisions for all matters except the issues that are subject to the decisions of the General Assembly according to the Law and the Articles of Association.

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

Board of Directors convenes when the Company affairs and transactions necessitate. However, the Board of Directors must convene at least four times a year.

Call for a meeting of the Board of Directors is made via fax provided that its copy is sent via certified mail with return receipt and acceptance is made in writing after receiving the mail.

In the meetings, each member has one right to vote. Right to vote is used personally. Unless one of the members makes a request for a meeting, a decision can also be taken about a proposal made by a member, provided that the other members submit in writing the concurrence of at least the majority of the total number of members on the proposal. The submission of the same proposal to all the members of the Board of Directors is a validity condition for taking a decision in this manner. The approvals do not have to be on the same paper; however for the validity of the decision, all papers including the approval signatures must be attached to the Board of Directors' decision book or they must be converted into a decision including the signatures of the approvers and registered in the decision book.

The Board of Directors convenes with at least more than half of the total number of members and takes decisions with the majority of the members attending the meeting.

The right-holders who have the right to attend the Company's Board of Directors' meetings can attend these meetings also via electronic platform as per the Article 1527 of the Turkish Commercial Code. As per the provisions of the Communiqué on "Attendance at Meetings of Trading Companies by Electronic Means other than Joint Stock Companies' General Assembly Meetings" of Ministry of Customs and Trade, the Company may decide to establish the Electronic Meeting System or to purchase services from these systems established for this purpose, that will enable the right-holders to attend the meetings in electronic platform and cast votes. In the meetings that will be held, the Company ensures that the right-holders use their rights -specified in the relevant legislation within the framework of the provisions stipulated in the related Ministry Communiqué - through the system installed in accordance with this provision of the Company Articles of Association or the system from which the support service is acquired.

The Chairman of the Board of Directors determines the meeting agenda of the Board of Directors. Changes can be made on the agenda with the decision of the Board of Directors. The meeting place is the Company Headquarters. However, with the decision of the Board of Directors, meeting can be held at another location.

The members of the Board of Directors receive monthly or yearly remuneration or certain amount of allowance for each meeting as determined by the General Assembly.

ARTICLE 10 - EXECUTIVE MEMBER AND GENERAL MANAGER

The Board of Directors is authorized to transfer the management partially or fully to only one member or more than one members of the Board of Directors or to a third party according to the internal directive that it will prepare. This internal directive regulates the management of the Company, identifies and distributes the required duties, especially determines who will report to whom and who is responsible to provide information. Upon request, the Board of

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Directors informs in writing the shareholders and the creditors who state convincingly their benefits worth preserving about this internal directive.

The Executive Member will be responsible from the administration and tracking of the Company's business purposes and from the performances of the management staff, while the General Manager will be responsible of governing the Company as a prudent merchant within the scope of the productivity and profitability principles in line with the decisions of the Board of Directors and will be responsible from improper actions. The related details will be specified in the internal directive.

The Executive Member, General Manager and Assistant General Managers are appointed and dismissed with the decision of the Board of Directors.

The terms of offices of the General Manager, Assistant General Managers and other managers and the proxies who have the signature authorities on behalf of the Company, are not limited with the election periods of the members of the Board of Directors.

ARTICLE 11 - COMMITTEES OF THE BOARD OF DIRECTORS

Within the structure of the Board of Directors, necessary committees are established by the Board of Directors to ensure that the Board of Directors fulfills its duties and responsibilities in a healthy manner in accordance with the Turkish Commercial Code, the Capital Markets Law and the CMB's regulations regarding corporate governance and other relevant provisions of the legislation. The duties and tasks, working principles and members of the committees are determined and publicly disclosed by the Board of Directors in accordance with the Turkish Commercial Code, Capital Markets Law and CMB's regulations regarding corporate governance and other relevant provisions of the legislation.

The Board of Directors may establish sufficient number of committees from among its members regarding the issues such as monitoring the progress of the business, preparing issues that will be submitted to the Board of Directors, deciding for the preparation of the balance sheet including material matters and overseeing the implementation of the decisions taken.

ARTICLE 12 - REPRESENTATION AND BINDING OF THE COMPANY

Board of Directors, Executive Member or third parties who are managers and the authorized persons specified in the internal directive, have the power to govern and represent the Company against third parties. In order to ensure that all documents that will be provided and agreements that will be made by the Company are valid, they must be signed by the person or persons whose authorizations for representing and binding the Company under the Company's trade name, are confirmed, registered and announced with the signature circulars that will be issued by the Board of Directors.

In case the Board of Directors transfers the management, unless a notarized copy of the decision specifying the persons authorized to represent the Company and the way they represent the Company, is registered and published in the trade registry, the transfer of the authority to represent the Company will not be valid. Limitation of the authority to represent, is not enforceable against bona fide third parties, however, the registered and announced restrictions on

using the authority to represent the company from a single center or branch or altogether, are applicable. 371st, 374th and 375th Articles of the Turkish Commercial Code are reserved.

In case the representation of the Company is transferred to one person, this person must be a member of the Board of Directors and in case the representation of the Company is transferred to a manager then at least one member of the Board of Directors must also be authorized to represent the Company.

ARTICLE 13 - AUDITORS AND THEIR DUTIES

Regarding the auditing of the Company and the other issues stipulated in the Turkish Commercial Code, Capital Markets Legislation and other legislations, the related provisions of the Turkish Commercial Code and Legislation are applicable.

As per the 366th Article of the Turkish Commercial Code, the Board of Directors may establish an internal control unit reporting to itself with the aim of ensuring internal control.

The annual financial statements of the Company and the interim financial statements which must be subject to the independent external audit in accordance with the capital market regulations, will be audited by an internationally well-known independent external audit firm which is proposed by the Board of Directors and approved by the General Assembly. The regulations of the CMB on independent auditing, election and approval of an independent auditor are applicable.

Monthly remunerations of the auditors are determined with an agreement approved by the General Assembly.

ARTICLE 14 - GENERAL ASSEMBLY

Following principles are applied at the General Assembly meetings:

Method of Making a Call for the Meeting: General Assembly meetings are held as Ordinary General Assembly meetings and Extraordinary General Assembly meetings.

Ordinary General Assembly meetings are held for each accounting period in order to elect the functional bodies of the Company, to determine the financial statements, annual activity report of the Board of Directors, the method of using the profit, profit distribution and dividend share ratios, to take decisions and make discussions regarding the acquittance of the Board of Directors' members, and for the other issues that are deemed necessary and related with the operating period.

On the other hand, Extraordinary General Assembly Meetings, are meetings held in case it's necessary for the Company and in case of compulsory and urgent matters. The agenda of the meeting is composed of the reasons that require the meeting. The announcements and calls for the Ordinary and Extraordinary General Assembly Meetings are made at least three weeks prior to the meeting date in line with the procedures stipulated in the legislation and in a manner that enables reaching as many shareholders as possible via any type of communication tool including electronic communication.

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The information regarding the General Assemblies are provided to the required authorities in compliance with the provisions of the Capital Legislation and Turkish Commercial Code. It is mandatory to comply with the Turkish Commercial Code and CMB regulations and provisions of the relevant legislation while making the announcements and calls for the meetings.

Time of Meeting: Ordinary General Assembly convenes at least once a year within three months after upon the end of the accounting period of the Company while the extraordinary General Assembly convenes at any time the Company affairs necessitate.

Meeting Location: General Assembly convenes at the building of the Headquarters or at a location that is determined by the Board of Directors within Ankara or Istanbul city limits.

Meeting Council; Meeting Chairman entitled to conduct the discussions at the General Assembly, is elected among the shareholders while at least 1 [one] vote collector and one Clerk [who will write up the minutes] are appointed among the shareholders or externally.

Assigning a Proxy: At the General Assembly Meetings, shareholders can be represented by other shareholders or they can be represented by proxies who are externally appointed by the shareholders themselves. The proxies who are the shareholders of the Company are delegated to cast votes of the shareholders they represent in addition to their own votes. The Board of Directors determines the format of the Proxy Form [Power of Attorney] within the framework of the regulations of the Capital Markets Board. Proxy Form must be in writing. The proxy must cast the vote in line with the wishes of the shareholder who delegates voting power provided that such a wish is stated in the proxy form of the shareholder delegating his/her voting power. In case of voting by proxy, provisions of the Capital Markets Legislation are applicable.

Right to Vote: At the Ordinary and Extraordinary General Assembly Meetings, Group A shareholders have three rights to vote per share and Group B shareholders have one right to vote per share. During voting process, the provisions of the Turkish Commercial Code, Capital Markets Law and other legislation are applicable.

Discussions and Decision Quorum: All Ordinary and Extraordinary General Assembly meetings and the meeting quorums are subject to the provisions of the Turkish Commercial Code, Capital Markets Legislation and Capital Markets Board's regulations on corporate governance principles.

Attending General Assembly Meeting In Electronic Platform: The right-holders who have the right to attend the General Assembly meetings of the Company, can also attend these meetings in an electronic platform as per the Article 1527 of the Turkish Commercial Code. In accordance with the provisions of the "Regulation on Electronic General Assembly Meetings in the Incorporated Companies," the Company may decide to install the Electronic General Assembly System [EGAS] or to purchase services from the systems established for this purpose in order to enable the

right-holders to attend the Electronic General Assembly meetings, express their opinions, make suggestions, and cast votes. In all General Assembly meetings that will be held, the Company ensures that the right-holders and their representatives use their rights stipulated in the provisions of the aforementioned Regulation through the system installed in accordance with this provision of the Articles of Association.

All the issues regarding the General Assembly are regulated in compliance with the Capital Markets Legislation.

At the General Assembly meetings, in case a decision must be taken about; - the transactions which are considered important in terms of implementation of the "Corporate Governance Principles," - any type of related party transactions of the Company, - the transactions on giving collateral, creating pledge and mortgage in the favor of third parties, Capital Markets Board regulations on Corporate Governance are applicable regarding voting rights and decision quorums and other related issues.

ARTICLE 15 - ATTENDANCE OF COMMISSARY AT THE MEETINGS

The provisions of the 3rd paragraph of the 407th Article of the Turkish Commercial Code are applicable regarding the attendance of the related commissary of the Ministry at ordinary and extraordinary General Assembly meetings.

ARTICLE 16 - ANNOUNCEMENT

The announcements of the Company must be made in compliance with the regulations and terms specified in the Turkish Commercial Code and the Capital Markets Legislation. For the issues that the medium of announcement is not specified, the announcements are made on the Company website.

Relevant regulations of the CMB regarding the announcements are reserved.

The disclosure of material matters which will be made according to the regulations of the Capital Markets Board and any type of announcements stipulated by the Board, will be made in compliance with the relevant legislation and on time.

ARTICLE 17 - ACCOUNTING PERIOD

The accounting year for the Company begins on the first day of January and ends on the last day of December. The first accounting year begins on the exact date the Company is established and ends on the last date of December.

ARTICLE 18 - DISTRIBUTION OF PROFIT

The Company profit is ascertained according to the Turkish Commercial Code, Capital Markets Legislation and generally accepted accounting principles.

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The amounts such as general expenses and various depreciations that must be paid or set aside by the Company and taxes that must be paid by the Company's juridical personality, are deducted from the revenues ascertained at the end of the accounting period, the remaining net profit shown on the annual balance sheet is distributed after the deduction of the previous year's losses (if any) in the order shown below:

General Legal Reserve Fund:

a) 5% is set aside as the legal reserve fund.

Primary Dividend:

b) In compliance with the Turkish Commercial Code and the Capital Markets Legislation, first dividend is set aside over the amount calculated by adding, if any, the amount of the donations made within the year, on the remaining amount.

c) After the deductions stated above are made, General Assembly has the right to decide about distributing the dividend to the Members of the Board of Directors together with the employees, janitors and workers, to the charitable institutions established with various purposes and to the entities with similar characteristics.

d) After the first dividend ascertained for the shareholders is distributed, 1% of the remaining distributable profit is distributed to the Human Resources Development Foundation of Turkey.

Second Dividend:

e) General Assembly is authorized to partially or fully distribute the remaining balance (the amount reached after deducting the amounts specified in the sub-paragraphs [a], [b], [c] and [d] from the net period profit) as second dividend or to set aside as reserve fund as per the 521st Article of the Turkish Commercial Code.

Unless the reserve funds required to be set aside in accordance with the statutory provisions is set aside, and the first dividend stipulated in the Articles of Association for the shareholders is distributed in cash and/or in the form of share certificates, no decision can be taken to set aside other reserve funds or to transfer the profit to the following year or to distribute dividend to the Members of the Board of Directors, employees, janitors and workers, charitable institutions established for various purposes, and entities with similar characteristics.

Dividend is distributed equally on the distribution date to all existing shares regardless of their issuance and acquisition dates.

The General Assembly decides on the method and schedule of the profit decided to be distributed, upon the proposal of the Board of Directors on this issue.

Profit distribution decisions made by the General Assembly pursuant to the provisions of this Articles of Association cannot be withdrawn.

There is no privilege among the share groups in terms of dividend.

ARTICLE 19 – DIVIDEND ADVANCE

The General Assembly may decide to distribute dividend advance to the shareholders within the framework of the Turkish Commercial Code, CMB regulations and relevant legislation.

ARTICLE 20 - PUBLICLY DISCLOSING AND SUBMITTING THE FINANCIAL STATEMENTS AND REPORTS TO THE CAPITAL MARKETS BOARD

Financial statements and reports, and in case it is obligatory to be audited independently, the independent audit report are publicly disclosed in accordance with the relevant provisions of the Turkish Commercial Code and regulations stipulated by the Capital Markets Board.

ARTICLE 21 - AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Decision for making amendments to the Articles of Association is made – within the scope of the provisions stipulated in the Law, Board legislation and the Articles of Association – at the General Assembly that will be called for a meeting in compliance with the provisions of the Law and the Articles of Association, upon getting permission from CMB and the Ministry of Customs and Trade.

If the amendment to the Articles of Association violates the rights of the privileged shareholders, the decision of the General Assembly must be approved – Article 454/4 of the Turkish Commercial Code excluded – by the board of the privileged shareholders.

ARTICLE 22 - LEGAL PROVISIONS AND COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

Concerning the issues which are not stated in the Articles of Association, provisions of the Turkish Commercial Code, the Capital Markets Law, the CMB Communiqués and other relevant provisions of the legislation are applicable.

Capital Markets Board regulations on the Corporate Governance are applicable regarding: the transactions which are considered important in terms of implementation of the Principles, - any type of related party transactions of the Company, - the transactions on giving collateral, creating pledge and mortgage in the favor of third parties,

Compulsory Corporate Governance Principles of CMB are applicable. Transactions made and decisions taken by the Board of Directors without complying with the compulsory principles are null and void and they are considered contrary to the Articles of Association.

The number and the qualifications of the independent members who will assume duties in the Board of Directors are determined according to the CMB regulations on corporate governance.

Akfen Holding Anonim Őirketi

Convenience Translation to English of Consolidated Financial Statements as at and for the Year Ended 31 December 2013 (Originally Issued in Turkish)

KPMG Akis Bađımsız Denetim ve Serbest Muhasebeci Mali MűŐavirlik
Anonim Őirketi

3 March 2014

This report includes 1 pages of independent auditors' report and
100 pages of consolidated financial statements together with their
explanatory notes.

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[Convenience Translation to English of Independent Auditor's Report Originally Issued in Turkish]

Independent Auditor's Report

To the Board of Directors of Akfen Holding Anonim Şirketi;

Introduction

We have audited the accompanying consolidated balance sheet of Akfen Holding Anonim Şirketi ("the Company") and its Subsidiaries (collectively referred to as the "Group") as at 31 December 2013 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Group Management's Responsibility for the Consolidated Financial Statements

The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements provide a true and fair view of the Group.

An audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error and/or fraud. In making those risk assessments; the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design procedures that are appropriate for the circumstances in order to identify the relation between the consolidated financial statements prepared by the Group's management and its internal control system. An audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with TAS [Note 2].

Reports on Independent Auditor's Responsibilities Arising from Other Regulatory Requirements

In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Company's Group's bookkeeping activities for the period 1 January - 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

Pursuant to Article 378 of Turkish Commercial Code no. 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it. On the other hand, the Company formed the mentioned committee on 19 March 2013 and it is comprised of 3 members. The committee has met once since its formation to the reporting date for the purposes of early identification of risks that jeopardize the existence of the company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has submitted the relevant report to the Board of Directors.

İstanbul, 3 March 2014
Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Hatice Nesrin Tuncer, SMMM
Partner

Akfen Holding Anonim Şirketi

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

Consolidated Balance Sheet as at 31 December 2013

[Currency: Thousands of TL]

	Notes	Audited	
		31 December 2013	Restated [*] 31 December 2012
ASSETS			
Current Assets		423.947	614.312
Cash and cash equivalents	5	147.430	142.514
Trade receivables		16.953	26.250
- Due from related parties	9-39	37	--
- Trade receivables from third parties	9	16.916	26.250
Other receivables		4.999	3.429
- Other receivables from related parties	10-39	560	239
- Other receivables from third parties	10	4.439	3.190
Financial investments	6	5.614	158.179
Restricted cash	11	--	133.695
Inventories	13	169.842	99.238
Prepaid expenses	27	5.399	13.266
Current tax assets		5.445	11.288
Other current assets	26	68.265	26.453
		423.947	614.312
Non-Current Assets		2.968.657	2.528.884
Trade receivables		13.276	13.763
- Trade receivables from third parties		13.276	13.763
Other receivables		42.122	56.082
- Other receivables from related parties	10-39	27.442	45.541
- Other receivables from third parties	10	14.680	10.541
Investments in equity accounted investees	16	437.433	322.085
Investment property	17	1.418.899	1.090.345
Property, plant and equipment	18	803.133	809.377
Intangible assets	19	55.298	65.624
Goodwill	20	26.843	3.309
Deferred tax assets	37	51.806	34.708
Prepaid expenses	27	11.290	15.921
Other non-current assets	26	108.557	117.670
		2.968.657	2.528.884
TOTAL ASSETS		3.392.604	3.143.196

(*) Please refer to Note 2.2 for restatement.

Convenience Translation to English of
Consolidated Financial Statements as at and
for the Year Ended 31 December 2013

Akfen Holding Anonim Şirketi

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

Consolidated Balance Sheet as at 31 December 2013

[Currency: Thousands of TL]

		Audited	
	Notes	31 December 2013	Restated[*] 31 December 2012
LIABILITIES			
Current Liabilities		493.177	398.405
Short term loans and borrowings	7	74.443	70.609
Short term portion of long term loans and borrowings	7	352.638	280.616
Trade payables		26.656	25.093
-Due to related parties	9-39	828	955
-Trade payables to third parties	9	25.828	24.138
Other payables		32.839	15.884
-Other payables to related parties	10-39	17.920	100
-Other payables to related parties	10	14.919	15.784
Employee benefit obligations		503	1.760
Current tax liabilities		958	--
Short term provisions		2.434	3.206
-Provision for employee benefits	24	2.311	1.741
-Other provisions	22	123	1.465
Other current liabilities		2.706	1.237
Non-Current Liabilities		1.136.555	1.052.373
Long term loans and borrowings	7	1.017.317	940.808
Derivative instruments	8	--	9.704
Trade payables		24.609	32.737
-Trade payables to third parties	9	24.609	32.737
Other payables		13.648	15.364
-Other payables to related parties	10-39	7.730	7.499
-Other payables to third parties	10	5.918	7.865
Deferred tax liability	37	78.116	51.488
Long term provisions		2.865	2.272
-Provision for employee benefits	24	2.335	1.764
-Other long term provisions	22	530	508
EQUITY		1.762.872	1.692.418
Total Equity Attributable to Equity Holders of the Parent		1.356.685	1.303.738
Paid in capital	28	291.000	145.500
Adjustments to share capital		(7.257)	(7.257)
Share premium		211.118	349.132
Capital adjustments due to cross-ownership [-]		(34.661)	(23.866)
Treasury shares [-]		(57.159)	(13.885)
Business combination of entities under common control		6.236	6.236
Other comprehensive income/expense not to be reclassified to profit or loss		54.446	(3.133)
-Revaluation reserve		56.367	108
-Actuarial gain/loss arising from defined benefit plans		(1.921)	(3.241)
Other comprehensive income/expense to be reclassified to profit or loss		89.243	(47.244)
-Foreign currency translation reserve	28	101.270	37.229
-Cash flow hedge reserves	28	(12.027)	(84.473)
Restricted reserves allocated from profit		19.190	--
Retained earnings		857.702	235.495
Net (loss)/profit for the period		(73.173)	662.760
Non-controlling interests	28	406.187	388.680
TOTAL EQUITY AND LIABILITIES		3.392.604	3.143.196

(*) Please refer to Note 2.2 for restatement.

The accompanying notes are an integral part of these consolidated financial statements.

Akfen Holding Anonim Şirketi

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish
**Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year
 Ended 31 December 2013**
 [Currency: Thousands of TL]

	Notes	Audited	
		31 December 2013	Restated[*] 31 December 2012
PROFIT OR LOSS			
Revenue	29	111.446	90.878
Cost of sales [-]	29	(45.865)	(34.772)
GROSS PROFIT		65.581	56.106
General administrative expenses [-]	30	(52.712)	(52.311)
Other operating income	32	218.522	69.465
Other operating expense [-]	32	(11.022)	(53.613)
Share on profit of equity-accounted investees, net of tax	16	(13.337)	130.336
OPERATING PROFIT		207.032	149.983
Income from investment activities	33	41.530	589.642
Expense from investment activities	33	(10.399)	(3.288)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		238.163	736.337
Financial income	34	146.066	183.186
Financial expense	35	(401.603)	(228.472)
(LOSS)/PROFIT BEFORE TAX		(17.374)	691.051
Tax Income/(Expense)		(1.539)	(18.917)
Tax expense	37	(2.662)	(230)
Deferred tax income/(expense)	37	1.123	(18.687)
(LOSS)/PROFIT FOR THE PERIOD		(18.913)	672.134
(Loss)/Profit Attributable To:			
Non-controlling interest		54.260	9.374
Equity holders of the parent		(73.173)	662.760
(Loss)/Profit for the Period		(18.913)	672.134
Basic and diluted (losses)/earnings per share (full TL)	38	(0,2644)	2,3521

(* Please refer to Note 2.2 for restatement.

Convenience Translation to English of
Consolidated Financial Statements as at and
for the Year Ended 31 December 2013

Akfen Holding Anonim Şirketi

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2013

[Currency: Thousands of TL]

		Audited	
	Notes	31 December 2013	Restated[*] 31 December 2012
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement losses from defined benefit obligations		(376)	(791)
Items not to be reclassified to comprehensive income in subsequent periods from equity accounted investees		57.880	(938)
Tax income/(expense) from other comprehensive income items not to be reclassified to profit or loss	37	75	158
Items to be reclassified to profit or loss in subsequent periods			
Foreign currency translation differences		1.586	(1.328)
[Loss]/profit from cash flow hedging		5.701	(1.980)
Items to be reclassified to comprehensive income in subsequent periods from equity accounted investees		134.693	(28.504)
Tax income/(expense) from items to be reclassified to profit or loss in subsequent periods	37	(1.425)	(495)
OTHER COMPREHENSIVE INCOME		198.134	(33.878)
TOTAL COMPREHENSIVE INCOME		179.221	638.256
Total comprehensive income attributable to:			
Non-controlling interest		57.607	9.857
Equity holders of the parent		121.614	628.399
Total comprehensive income		179.221	638.256

(*) Please refer to Note 2.2 for restatement.

Akfen Holding Anonim Şirketi

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2012

[Currency: Thousands of TL]

	Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss		Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss		Retained Earnings				Non-controlling interest	Total equity					
	Adjustments to share capital	Share premium	Capital adjustments due to cross ownership	Treasury shares	Entities under common control	Translation differences	Cash flow hedging reserve	Revaluation reserve			Actuarial gain/losses from defined benefit plans	Restricted reserves allocated from profit	Retained earnings for the period	Profit for the period	Total
Balances as at 1 January 2012	145.500	(7.257)	(3.709)	(301)	20.062	101.443	(1.04392)	(2.294)	--	19.899	312.919	(84.729)	758.916	392.965	1.151.881
Changes in accounting policies (*)	--	--	--	--	--	--	--	--	(3.189)	(19.699)	(11.577)	(1.023)	(35.486)	(57.107)	(92.595)
Balance at 1 January 2012 as restated	145.500	(7.257)	(3.709)	(301)	20.062	101.443	(1.04392)	(2.294)	(3.189)	--	301.242	(65.747)	723.428	335.858	1.059.286
Total comprehensive income/(expense) for the period	--	--	--	--	--	--	--	--	--	--	--	662.760	662.760	9.374	672.134
Other comprehensive income	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Foreign currency translation differences	--	--	--	--	--	(27.496)	--	--	--	--	--	--	(27.496)	1.597	(25.899)
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	(81)	--	--	--	--	(81)	--	(81)
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	(1.490)	--	--	--	(1.490)	--	(1.490)
Net fair value changes in cash flow hedges	--	--	--	--	--	--	(5.294)	--	--	--	--	--	(5.294)	(1.114)	(6.408)
Total other comprehensive income/(expense)	--	--	--	--	--	(27.496)	(5.294)	(81)	(1.490)	--	--	--	(34.361)	483	(33.878)
Total comprehensive income/(expense)	--	--	--	--	--	(27.496)	(5.294)	(81)	(1.490)	--	--	662.760	628.399	9.857	638.256
Transfers	--	--	--	--	--	--	--	--	--	--	(65.747)	65.747	--	--	--
Change in ownership rate in jointly controlled entities	--	--	--	--	(13.826)	(37.027)	25.813	2.483	1.438	--	--	--	(23.514)	--	(23.514)
Acquisition of non controlling interests while retaining control	--	--	--	--	--	309	--	--	--	--	--	--	9.166	42.965	52.131
Acquisition of own shares (**)	--	--	(20.157)	(13.594)	--	--	--	--	--	--	--	--	(33.741)	--	(33.741)
Total transactions with owners	--	--	(20.157)	(13.594)	(13.826)	(36.716)	25.813	2.483	1.438	--	(65.747)	65.747	(48.089)	42.965	(5.124)
Balances at 31 December 2012	145.500	(7.257)	(3.709)	(3.885)	6.236	37.229	(84.473)	108	(3.541)	--	235.495	662.760	1.303.738	388.680	1.692.418

(*) Please refer to Note 2.2 for restatement.

(**) Explained in Note 28

The accompanying notes are an integral part of these consolidated financial statements.

Convenience Translation to English of
Consolidated Financial Statements as at and
for the Year Ended 31 December 2013

Akfen Holding Anonim Şirketi

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish
Consolidated Statement of Changes in Equity for the Year Ended 31 December 2013
(Currency: Thousands of TL)

	Paid in capital	Adjustments to share capital	Share premium	Capital adjustments due to cross ownership	Treasury shares	Entities under common control	Other Comprehensive Income and Expense to Be Reclassified to Profit or Loss		Cash flow hedging reserve	Revaluation reserve	Actuarial gain/losses from defined benefit plans	Restricted reserves allocated from profit	Retained Earnings		Non-controlling interest	Total equity
							Translation differences	Other Comprehensive Income and Expense Not to Be Reclassified to Profit or Loss					Retained earnings	Profit for the period		
Balances at 1 January 2013	145.500	(7.257)	349.132	(23.866)	(13.885)	6.236	37.187	(94.473)	108	--	--	10.095	236.575	662.854	396.401	1.714.607
Changes in accounting policies ^(*)	--	--	--	--	--	--	42	--	--	(3.241)	(10.095)	--	(1.080)	(94)	(772.1)	(22.189)
Balances at 1 January 2013 as restated	145.500	(7.257)	349.132	(23.866)	(13.885)	6.236	37.229	(94.473)	108	(3.241)	--	--	235.495	662.760	388.680	1.692.418
Total comprehensive income/(expense) for the period	--	--	--	--	--	--	--	--	--	--	--	--	--	(731.73)	54.260	(189.13)
Other comprehensive income	--	--	--	--	--	--	66.819	--	--	--	--	--	--	--	66.819	3.347
Foreign currency translation differences	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	70.166
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	--	56.259	--	--	--	--	--	56.259	--
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	--	1.320	--	--	--	--	1.320	--
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	70.389	--	--	--	--	--	--	70.389	--
Total other comprehensive income/(expense)	--	--	--	--	--	--	66.819	70.389	56.259	1.320	--	--	--	--	194.787	3.347
Total comprehensive income/(expense)	--	--	--	--	--	--	66.819	70.389	56.259	1.320	--	--	--	(731.73)	121.614	179.221
Transfers	145.500	--	[145.500]	--	--	--	(2.778)	--	--	--	19.190	--	646.348	(662.760)	--	--
Dividend distribution	--	--	--	--	--	--	--	--	--	--	--	--	(241.141)	--	--	(241.141)
Transactions with subsidiaries	--	--	7.486	--	--	--	--	2.057	--	--	--	--	--	--	9.543	(40.100)
Acquisition of own shares (**)	--	--	--	(10.795)	(49.274)	--	--	--	--	--	--	--	--	--	(54.069)	--
Total transactions with owners	145.500	--	(138.014)	(10.795)	(49.274)	--	(2.778)	2.057	--	--	19.190	--	622.207	(662.760)	(40.100)	(1.08.787)
Balances at 31 December 2013	291.000	(7.257)	211.118	(34.661)	(57.159)	6.236	101.270	(12.027)	56.367	(1.921)	19.190	--	857.702	(731.73)	1.356.685	1.762.072

(*) Please refer to Note 2.2 for restatement.

(**) Explained in Note 28.

The accompanying notes are an integral part of these consolidated financial statements.

Akfen Holding Anonim Şirketi

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish

Consolidated Statement of Cash Flows for the Year Ended

31 December 2013

[Currency: Thousands of TL]

	Notes	Audited 31 December 2013	Audited [Restated][*] 31 December 2012
Cash flows from operating activities:			
(Loss)/Profit for the period		[18.913]	672.134
Adjustments for:			
Depreciation of property, plant and equipment and amortization of intangibles	18-19	16.678	14.424
Provision for employee termination benefits	24	587	353
Unearned interest income, net		895	2.557
Adjustments for profit from sale of subsidiary and affiliate	33	[33.079]	[561.860]
Adjustments for share on profits of investments from equity accounted investees	16	13.337	[130.336]
Fair value (gain)/loss on investment property	17	[208.641]	1.644
Provision for vacation pay	24	664	577
Unrealized foreign exchange differences		150.523	[27.269]
Interest expense	33-34-35	55.728	77.782
Tax expense	37	1.539	18.917
Cash flow from operating activities before changes in working capital		[20.682]	68.923
Changes in:			
Other current trade receivables		9.334	[10.401]
Other current non-trade receivables		[1.249]	6.121
Other current assets		[28.252]	[974]
Restricted cash		133.695	--
Other non-current trade receivables		487	[4.450]
Other non-current non-trade receivables		[4.139]	[5.532]
Inventories		[70.604]	[99.238]
Due from related parties		17.741	[3.498]
Other non-current assets		[10.181]	5.138
Other current trade payables		4.328	[15.740]
Other current non-trade payables		14.951	[2.904]
Other current liabilities		[2.609]	[4.772]
Other non-current trade payables		[8.128]	31.470
Other non-current liabilities		[1.990]	[1.398]
Due to related parties		18.004	[698]
Other non-current liabilities		2.645	1.267
Cash provided/(used) by operating activities		53.351	[36.686]
Taxes paid		[2.673]	[2.019]
Retirement benefit paid	24	[317]	[295]
Dividends obtained from investments in equity accounted investees	16	63.043	23.722
Net cash provided/(used) by operating activities		113.404	[15.278]

(*) Please refer to Note 2.2 for restatement.

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Consolidated Statement of Cash Flows for the Year Ended 31 December 2013

[Currency: Thousands of TL]

	Notes	Audited 31 December 2013	Audited (Restated)[*] 31 December 2012
Cash flows from investing activities			
Interest received	33-34	31.845	26.746
Acquisition of property, plant and equipment and intangible assets	18-19	(137.234)	(217.078)
Purchases of investment property	17	(92.757)	(38.490)
Increase/(decrease) in financial investments		152.565	(158.179)
Sale of subsidiary and entity under common control		86.370	764.852
Net cash provided by operating activities		40.789	377.851
Cash flows from financing activities			
Proceeds from borrowings		1.010.883	575.391
Repayment of borrowings		(1.033.514)	(754.009)
Interest paid		(87.573)	(104.531)
Change in project reserve accounts	5	(47.089)	(5.394)
Purchase of own shares		(54.069)	(33.741)
Change in non-controlling interests		39.137	9.374
Dividend paid		(24.141)	--
Net cash (used in)/ provided by financing activities		(196.366)	(312.910)
Net increase in cash and cash equivalents		(42.173)	49.663
Cash and cash equivalents at 1 January	5	136.653	86.990
Cash and cash equivalents at period end	5	94.480	136.653

(*) Please refer to Note 2.2 for restatement.

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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 Atatürk 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 2013, Akfen Holding has 5 (31 December 2012: 9) subsidiaries and 6 (31 December 2012: 6) jointly controlled entities. The consolidated financial statements of the Group, which belong to 31 December 2013 and concluded in the same period include the shares of Akfen Holding and its affiliates and the Group's stakes in the participations and investments in equity accounted investees. Akfen Holding controls all the affiliates of the Group and the companies, in which it has shares directly or indirectly through its shares. The Company has joint management rights on TAV Havalimanları Holding A.Ş. ["TAV Havalimanları"], Tav Yatırım Holding A.Ş. ["TAV Yatırım"], Mersin Uluslararası Liman İşletmeciliği A.Ş. ["MIP"], PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş. ["PSA Liman"], Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ["Akfen Su"] and İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ["İDO"].

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. and Aéroports de Paris Management. 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 Borsa İstanbul A.Ş. ["BİAŞ"] under 'AKFEN' code since 14 May 2010. The shareholders of Akfen Holding and the ownership ratios as at 31 December 2013 are as follows [Note: 28]:

	31 December 2013		31 December 2012	
	Share Amount	Ownership Rate %	Share Amount	Ownership Rate %
Hamdi Akin[*]	198.500	68,21	99.250	68,21
Akfen İnşaat Turizm ve Ticaret A.Ş. [**]	7.990	2,75	3.995	2,75
Other Partners	2.278	0,78	1.139	0,78
Public shares [***]	82.232	28,26	41.116	28,26
Paid in capital (nominal)	291.000	100	145.500	100

[*] 109.074 of public in nature belong to Hamdi Akin..

[**] Publicly owned.

[***] There are 6.992.099 shares of Akfen İnşaat which are public in nature .

As at 31 December 2013, as a result of buy back program 13.230.488 shares were purchased by Akfen Holding (2012: 1.589.794).

The address of the registered office of Akfen Holding is as follows:

Koza Sokak No:22
Gaziosmanpaşa
06700/ Ankara-Turkey
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 2013 is 358 (31 December 2012: 340) and 30.459 (31 December 2012: 27.654), respectively.

The subsidiaries and joint ventures 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.

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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. Akfen İnşaat obtained construction licence for the real estate project, İncek Loft, in Ankara İncek in a construction area of 272 thousand m2 and contracting agreement for the project was made.

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 February, 2013. The best "all inclusive yearly price" was submitted by Akfen Holding's wholly owned subsidiary Akfen İnşaat Turizm ve Ticaret A.Ş. with TL 52.250. As a result of the meetings held with the Turkey Ministry of Health, Department of Public Private Partnership, last offer submitted by Akfen İnşaat amounting TL 50.000 was sent for approval of Higher Planning Council ("HPC") on 4 September 2013. The approval of HPC was obtained on 30 December 2013 and contract process is on progress.

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 Akin 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 on 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 under the Novotel and Ibis Hotel brands and rent to Tamaris Turizm A.Ş. ["Tamaris"], which is the 100% owned subsidiary of Accor and operates in Turkey.

Akfen GYO will develop minimum 8 hotels 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.

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 BİAŞ under 'AKFGY' code since 11 May 2011.

Akfen GYO acquired 100% of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. ["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 2013.

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 the Netherlands on 18 March 2011 in order to develop hotel projects in Russia.

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HEPP Group

Akfen Holding has been investing in hydroelectric power plants through its subsidiaries since January 2007.

Akfen Holding grouped the hydroelectric power plants under AkfenHes Yatırımları ve Enerji Üretim A.Ş. ["HES I" or "AkfenHES"].

In order to ease monitoring of investors, enable the uniformity and ease of management, decrease general expenses and costs, hydroelectrical power plant companies within Akfen Holding are consolidated under AkfenHES. Within the context of 136-138 articles of law 6102 of Turkish Commercial Code and 5520 numbered Corporate Tax Law Akfen Hidroelektrik Santrali Yatırımları A.Ş. ["HES II"], Akfen Enerji Kaynakları Üretim ve Ticaret A.Ş. ["HES III"] and Saraçbendi Enerji Üretimi ve Ticaret A.Ş. ["HES V"], which have the same ownership structure with AkfenHES, were merged with AkfenHES on 28 March 2013.

As at 31 December 2013, a total of 16 projects are included in AkfenHES and total electricity generation capacity is 344,2 MW. 8 power plants having 142,2 MW installed power capacity and 588,3 GWs electricity generation capacity are operated for energy generation and the construction in 5 power plants with 85,6 MW installed power capacity and 332,5 GWs electricity generation capacity is in progress. Construction of Sekiyaka HES, Doruk HES and Doğançay HES projects are in final phase. Preliminary construction preparations continues in Çalıkobası HES project of HHK Enerji Elektrik Üretim A.Ş. ["HHK"] and Çiçekli I-II projects of Kurtal Elektrik Üretim A.Ş. ["Kurtal"]. In addition, there are 3 hydroelectrical power plants with total of 116,3 MW installed power capacity and 317,4 GWs annual electricity generation capacity in planning phase. After completion of all projects, expected installed power capacity will be 344,2 MW and electricity generation capacity will be 1.238,3 GWs/year for 16 power plants.

Except for one of 16 projects under AkfenHES ["Laleli Dam Project"], all projects are subject to the Law Regarding Use of Renewable Energy Resources for the Purpose of Electricity Production. In the case that these projects obtain the Renewable Energy Resources Certificate and all investments are completed by 31 December 2015, these projects will be able to benefit from the Government's purchase guarantee for 10 years of 7,3 US Dollar cent/kWh.

As at 31 December 2013, subsidiaries of HEPP Group are, Akörenbeli Hidroelektrik Santral Yatırımları Yapım ve İşletim A.Ş. ["Akörenbeli"], Beyobası Enerji Üretim A.Ş. ["Beyobası"], Bt Bordo Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ["Bt Bordo"], Çamlıca Elektrik Üretim A.Ş. ["Çamlıca"], Değirmenyarı Enerji Üretim ve Ticaret A.Ş. ["Değirmenyarı"], Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. ["Elen"], H.H.K Enerji Elektrik Üretim A.Ş. ["HHK"], Kurtal Elektrik Üretim A.Ş. ["Kurtal"], Laleli Enerji Elektrik Üretim A.Ş. ["Laleli"], Memülü Enerji Elektrik Üretim A.Ş. ["Memülü"], Pak Enerji Üretimi Sanayi ve Ticaret A.Ş. ["Pak"], Rize İpekyolu Enerji Üretim ve Dağıtım A.Ş. ["Rize"], Yeni Doruk Enerji Elektrik Üretim A.Ş. ["Yeni Doruk"], Zeki Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ["Zeki"].

As a result of the Share Sale Agreement signed on 13 March 2013, for the sale of whole 60% of shares that the Company has in Karasular Enerji Üretimi ve Ticaret A.Ş. ["Karasular" or "HES IV"] to Aquila Capital Wasserkraft Invest GmbH and Aquila [together "Aquila" or "Vendees"], the Company's shares on Karasular were transferred to Aquila on 6 June 2013.

Akfen Enerji Yatırımları Holding A.Ş.

In addition to hydroelectrical power plant investments, Group plans other investments in the energy sector under Akfen Enerji Yatırımları Holding A.Ş. ["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 an installed power capacity of 450 MW and included in Akfen Enerji Üretim ve Ticaret A.Ş. ["Akfen Enerji Üretim"] that is consolidated under the Akfen Enerji.

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 the 3961-12 numbered resolution of the Energy Market Regulatory Board on 9 August 2012 and as at 17 December 2012 license capacity was modified as 570 MW by the Energy Market Regulatory Board ["EMRB"]. 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 and EMRB's favorable decision notice was received. Environmental Impact Assessment ["EIA"] Report for the project has been analyzed by Ministry of Environment and Urban Planning Inspection and Analyzing Commission and the report was accepted as decisive and analysis are completed. Moreover, construction of the transformer station constructed free of charge to be turned over to TEİAŞ was completed and provisional acceptance was obtained on 7 April 2013. Removal of the fuel oil station at the construction site was also completed. In addition for Engineering-Procurement-Construction ["EPC"] bidding process, turnkey EPC offers were obtained from different turbine producers and the process is in the final phase. It is planned that EPC contract will be signed and construction will start following the decision of the EPC company.

On 22 November 2013, Akfen Enerji participated to Adana İpekyolu by 50% which is founded to build a thermal power plant with a capacity of 615 MWm-600 MWe in Adana-Yumurtalık and committed capital injection at an amount of TL 50.513 at General Assembly Meeting since the other shareholders did not use their preemptive rights.

ii) Joint Ventures

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 [DHMI] on 3 June 2005 in order to operate AUHT and Atatürk Airport Domestic Terminal for 15,5 years until 2021.

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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") and TAV Gazipaşa Yatırım Yapım ve İşletme A.Ş. (TAV Gazipaşa) companies made Build - Operate - Transfer Agreements with Turkish State Airport Operations ("DHMI"). 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 Doel 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 DHMI. 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 built airport to respective institution (DHMI, JSC, GMED, OACA, MOTC and GACA).

A Concession Agreement was executed between ZAIC-A limited and Republic of Croatia on 11 April 2012 for the financing, design and construction and operation of a new passenger terminal and related infrastructure at Zagreb Airport. TAV Havalimanları signed a letter of intent to become 15% shareholder in the "Consortium" for the concession of Zagreb International Airport. Aviator Netherland B.V. has been established as a 15% shareholder of ZAIC-A. TAV Holding owns 100% of Aviator Netherlands B.V. Handover Date occurred in 6 December 2013 and the consortium that TAV Havalimanları is a 15% partner took over the operations and construction site. The concession period will end in April 2042.

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 BİAŞ under the code of 'TAVHL' since 23 February 2007.

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 Havacılık A.Ş. are subsidiaries of TAV Yatırım. TAV İnşaat has branches in Egypt Cairo, The United Arab Emirates, Sharjah and Abu Dhabi, Qatari Doha, Libya and Bahrain, Macedonia, Georgia and Saudi Arabia. TAV İnşaat has also subsidiaries called TAV G Otopark Yatırım Yapım ve İşletme A.Ş., TAV İnşaat Muscat LLC, Riva İnşaat Turizm Ticaret İşletme ve Pazarlama A.Ş., TAV Construction LLC and TAV - Alrajhi Construction Co. with 49,99%, 70%, 99,99%, 49% and 50% stakes, respectively.

Mersin Uluslararası Liman İşletmeciliği A.Ş.

MIP was founded on 4 May 2007 by 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. 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 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 provide 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 6.067 subscribers as at 31 December 2013.

Akfen-Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletme A.Ş. 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 ecological Solid Waste Management systems service by using new technologies. Akfen Su has signed its first agreement for solid waste management services with İDO and started to give solid waste management and aside services to all sea vehicles, vehicles, plants, offices and other port fields.

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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 December 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 innercity and the intercity seaways İDO serves passenger and vehicle transportation in Marmara Sea area through its modern fleet comprised of 55 sea vehicles (25 sea buses, 18 vehicle ferries, 9 fast ferryboats, 1 passenger boat and 2 service vessels) and 19 lines consisted of 13 sea buses, 2 vehicle ferries and 4 ferryboats. The sea buses, fast ferryboats and vehicle ferries have a total of 36.801 passengers capacity for summer period and 30.179 passengers capacity for winter period and 2.688 vehicles capacity for both periods as at 31 December 2013.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

[a] Preparation of financial statements

The accompanying consolidated financial statements are prepared in accordance with the Communiqué serial II, No: 14.1 announcement of Capital Markets Board ("CMB") dated 13 June 2013 related to "Capital Market Communiqué on Principles Regarding Financial Reporting" ("Communiqué") which is published in official gazette, no 28676.

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.

[b] Statement of compliance

According to the Communiqué of CMB, the accompanying consolidated financials are prepared in accordance with Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"). TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

The accompanying consolidated financial statements as of 31 December 2013 are approved by the Company's Board of Directors on 3 March 2014. General assembly and related legal institutions have right to correct these financial statements and statutory financial statements.

[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, TAS 29 'Financial Reporting in High Inflation Economies' 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 40.

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(e) Functional and presentation currency

Akfen Holding and its subsidiaries and joint ventures 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 joint ventures 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 joint ventures are as follows:

Company	Functional Currency
Akfen İnşaat	TL
Akfen GYO	TL
Akfen Enerji	TL
AkfenHES	TL
Sim-Er Enerji Üretim Sanayi Ticaret Ltd.Şti. ("Sim-Er")	TL
TAV Havalimanları	Euro
TAV Yatırım	US Dollar
MIP	US Dollar
PSA Liman	TL
Akfen Su	TL
İDO	TL

(f) Basis of consolidation

The accompanying financial statements include the accounts of the parent company Akfen Holding, its subsidiaries and its investments in equity accounted investees. 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.

(j) 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. As at 31 December 2013, ownership and voting rights rates of subsidiaries included in the consolidated financial statements are as follows:

	Akfen Holding's ownership		Akfen Holding's direct or indirect voting rights		Voting rights of Akin Family		Total voting right		Principal Activity
	2013	2012	2013	2012	2013	2012	2013	2012	
Akfen İnşaat	99,85	99,85	99,85	99,85	0,15	0,15	100,00	100,00	Construction
Akfen GYO	56,81	56,09	56,81	56,09	16,41	16,41	73,22	72,50	Realestate investment
HES I	100,00	100,00	100,00	100,00	--	--	100,00	100,00	Hydroelectric, electricity production
HES II	--	99,58	--	100,00	--	--	--	100,00	Hydroelectric, electricity production
HES III	--	99,72	--	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

As at 31 December 2013, HES II, HES III and HES V companies are consolidated under HES I.

In consolidated financial statements, shares of Akin Family are shown in non-controlling interest.

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(ii) Joint arrangements

Joint arrangements are arrangements on which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

Joint operation – when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Joint venture – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

As at 31 December 2013 and 2012, the detail of joint ventures is as follows:

	31 December 2013		31 December 2012		Principal activity
	Ownership (%)	Voting right	Ownership (%)	Voting right	
TAV Havalimanları	8,12	8,12	8,12	8,12	Operation of airports
TAV Yatırım	21,68	21,68	21,68	21,68	Investment, construction and operation in aviation industry
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	49,98	49,98	Water Treatment Construction and Management
İDO	30,00	30,00	30,00	30,00	Marine transportation

(iii) Acquisitions of entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognized previously in the controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain / loss arising is recognised directly in equity.

(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.

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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.

(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 the 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. Except for the differences arising from cash flow hedging instruments accounted under other comprehensive income, foreign exchange differences arising on translation are recognized in the consolidated statement of comprehensive income.

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 TAS 21, *the effect of changes in foreign exchange rates*. The Group uses TL as the reporting currency.

For the years ending 31 December, year end changes and average changes are as follows:

	Averate Rate		Period End Rate	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
US Dollar	1,9033	1,7922	2,1343	1,7826
Euro	2,5290	2,3041	2,9365	2,3517
Georgian Lari ("GEL")	1,1447	1,0853	1,2291	1,0775
Macedonian Denar ("MKD")	0,0410	0,0376	0,0477	0,0382
Tunisian Dinar ("TND")	1,1710	1,1475	1,2957	1,1485
Swedish Krona ("SEK")	0,2924	0,2645	0,3284	0,2729
Saudi Riyal ("SAR")	0,5066	0,4779	0,5688	0,4753

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at average exchange rates in the related periods.

Assets and liabilities of subsidiaries, that have functional currencies other than the Group's functional currency, are translated to TL at exchange rates at the reporting date. The income and expenses of these foreign operations are translated to TL at average exchange rates in the related periods.

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.

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(h) Additional paragraph for convenience translation to English

The Turkish financial reporting standards (TAS) described in Note 2 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. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with IFRS.

2.2 Changes in Accounting Policies, Comparative Information and Restatement of Prior Periods' Financial Statements

The Group adopted TAS 19 *Employee Benefits* (2011) with a date of initial application of 1 January 2012 and changed its basis for determining the expense related to defined benefit obligations.

The Group has adopted TFRS 10 *Consolidated Financial Statements*, TFRS 11 *Joint Arrangements* and TFRS 12 *Disclosure of Interests in Other Entities*, as well as the consequential amendments to TAS 28 *Investments in Associates and Joint Ventures* (2011), with a date of initial application of 1 January 2012.

a) Defined benefit obligation

As a result of the adoption of TAS 19 (2011), all actuarial differences are recognised immediately in other comprehensive income.

Actuarial differences were recognised in profit or loss before this change accounting policy. The change in accounting policy has been applied retrospectively. It reduced the employee severance indemnity expense recognised in profit or loss and correspondingly increased the defined benefit obligation actuarial differences recognised in other comprehensive income by TL 1.490 for the year ended 31 December 2012. As at 1 January 2012, the amount of change in retained earning is TL 3.189.

b) Joint arrangements

As a result of the adoption of TFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements.

Under TFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangements. As a result, Group's joint arrangements were classified as joint ventures. According to this classification, the joint ventures are recognised by applying the equity method starting from 1 January 2012.

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The following table summarizes the adjustments made to the Group's consolidated balance sheet at 31 December 2012, and its consolidated statements of profit and loss and other comprehensive income for the period ended 31 December 2012.

ASSETS	31 December 2012			
	As previously reported	Reclassifications[*]	Adjustments	As restated
Current Assets	1.158.650	--	[544.338]	614.312
Cash and cash equivalents	426.276	--	[283.762]	142.514
Trade receivables	177.042	6.988	[157.780]	26.250
- Due from related parties	13.687	--	[13.687]	--
- Trade receivables from third parties	163.355	6.988	[144.093]	26.250
Other receivables	13.014	--	[9.585]	3.429
- Due from related parties	8.789	--	[8.550]	239
- Other receivables from third parties	4.225	--	[1.035]	3.190
Financial investments	158.179	--	--	158.179
Derivative financial instruments	58	--	[58]	--
Restricted cash	135.042	--	[1.347]	133.695
Inventories	115.451	--	[16.213]	99.238
Prepaid expenses	--	13.266	--	13.266
Current tax assets	--	11.288	--	11.288
Other current assets	133.588	[31.542]	[75.593]	26.453
Non-Current Assets	3.656.207	--	[1.127.323]	2.528.884
Trade receivables	56.213	13.763	[56.213]	13.763
- Due from related parties	2.391	--	[2.391]	--
- Trade receivables from third parties	53.822	13.763	[53.822]	13.763
Other receivables	54.392	--	1.690	56.082
- Due from related parties	43.211	--	2.330	45.541
- Other receivables from third parties	11.181	--	[640]	10.541
Financial investments	91	--	[91]	--
Equity accounted investees	1.621	--	320.464	322.085
Investment property	1.098.761	--	[8.416]	1.090.345
Property, plant and equipment	1.038.143	--	[228.766]	809.377
Intangible assets	1.132.062	--	[1.066.438]	65.624
Goodwill	41.072	--	[37.763]	3.309
Deferred tax asset	54.465	--	[19.757]	34.708
Prepaid expenses	--	15.921	--	15.921
Other non-current assets	179.387	[29.684]	[32.033]	117.670
TOTAL ASSETS	4.814.857	--	[1.671.661]	3.143.196

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	31 December 2012			
LIABILITIES	As previously reported	Reclassifications (*)	Adjustments	As restated
Current Liabilities	921.113	--	[522.708]	398.405
Short term loans and borrowings	613.589	[376.232]	[166.748]	70.609
Short term portion of long term loans and borrowings	--	376.232	[95.616]	280.616
Derivative financial instruments	38.643	--	[38.643]	--
Trade payables	107.665	2.638	[85.210]	25.093
- Due to related parties	14.889	--	[13.934]	955
- Trade payables to third parties	92.776	2.638	[71.276]	24.138
Other payables	105.376	[2.202]	[87.290]	15.884
- Due to related parties	30.441	--	[30.341]	100
- Other payables to third parties	74.935	[2.202]	[56.949]	15.784
Employee benefit obligations	--	1.760	--	1.760
Provisions	13.780	[1.741]	[10.574]	1.465
Employee benefits	--	1.741	--	1.741
Other current liabilities	42.060	[2.196]	[38.627]	1.237
Non-Current Liabilities	2.179.137	--	[1.126.764]	1.052.373
Long term loans and borrowings	1.917.631	--	[976.823]	940.808
Derivative financial instruments	81.486	--	[71.782]	9.704
Trade payables	42.316	--	[9.579]	32.737
- Due to related parties	621	--	[621]	--
- Trade payables to third parties	41.695	--	[8.958]	32.737
Other payables	59.929	--	[44.565]	15.364
- Due to related parties	17.103	--	[9.604]	7.499
- Other payables to third parties	42.826	--	[34.961]	7.865
Deferred tax liability	56.237	--	[4.749]	51.488
Employee benefits	15.366	--	[13.602]	1.764
Provisions	1.105	--	[597]	508
Other non-current liabilities	5.067	--	[5.067]	--
EQUITY	1.714.607	--	[22.189]	1.692.418
Total Equity Attributable to Equity Holders of the Parent	1.318.206	--	[14.468]	1.303.738
Paid in capital	145.500	--	--	145.500
Adjustments to share capital	[7.257]	--	--	[7.257]
Capital adjustments due to cross-ownership [-]	[37.751]	13.885	--	[23.866]
Treasury shares [-]	--	[13.885]	--	[13.885]
Business combination of entities under common control	6.236	--	--	6.236
Revaluation reserve	108	--	--	108
Actuarial gain/loss arising from defined benefit plans	--	[3.241]	--	[3.241]
Cash flow hedge reserves	[84.473]	--	--	[84.473]
Foreign currency translation reserve	37.187	--	42	37.229
Restricted reserves allocated from profit	10.095	--	[10.095]	--
Other reserves	[105.650]	105.650	--	--
Share premium	454.782	[105.650]	--	349.132
Retained earnings	236.575	3.241	[4.321]	235.495
Profit/(loss) for the period	662.854	--	[94]	662.760
Non-controlling interest	396.401	--	[7.721]	388.680
TOTAL LIABILITIES AND EQUITY	4.814.857	--	[1.671.661]	3.143.196

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	1 January-31 December 2012			
	As previously reported	Adjustments	Reclassifications [*]	As restated
Revenue	1.124.705	542	[1.034.369]	90.878
Cost of sales [-]	[785.408]	--	750.636	[34.772]
GROSS PROFIT	339.297	542	[283.733]	56.106
General administrative expenses [-]	[149.859]	--	97.548	[52.311]
Other operating income	663.682	[570.342]	[23.875]	69.465
Other operating expense	[53.710]	[1.568]	1.665	[53.613]
Share on profit of equity-accounted investees, net of tax	--	--	130.336	130.336
OPERATING PROFIT	799.410	[571.368]	[78.059]	149.983
Income from investment activities	--	589.642	--	589.642
Expense from investment activities	--	[3.288]	--	[3.288]
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	799.410	14.986	[78.059]	736.337
Financial income	253.220	[19.843]	[50.191]	183.186
Financial expense [-]	[338.902]	4.857	105.573	[228.472]
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS	713.728	--	[22.677]	691.051
Tax income/(expense) of continued operations	[42.859]	--	23.942	[18.917]
Tax expense	[27.476]	--	27.246	[230]
Deferred tax income/(expense)	[15.383]	--	[3.304]	[18.687]
PROFIT FOR THE PERIOD FROM CONTINUED OPERATIONS	670.869	--	1.265	672.134
Profit attributable to:				
Non-controlling interest	8.015	--	1.359	9.374
Equity holders of the parent	662.854	--	[94]	662.760
Profit for the period	670.869	--	1.265	672.134
Earnings per share (full TL)	4,705	--	[2,353]	2,352

	1 January - 31 December 2012			
	As previously reported	Reclassifications [*]	Adjustments	As restated
Profit for the period	670.869	--	1.265	672.134
Net cash provided by operating activities	[40.355]	104.531	[79.454]	[15.278]
Net cash provided by investing activities	266.187	--	111.664	377.851
Net cash provided by financing activities	[179.337]	[104.531]	[29.042]	[312.910]
NET CHANGE IN CASH AND CASH EQUIVALENTS	46.495	--	3.168	49.663
CASH AND CASH EQUIVALENTS AT 1 JANUARY	218.425	--	[131.435]	86.990
CASH AND CASH EQUIVALENTS AT PERIOD END	264.920	--	[128.267]	136.653

[*] Reclasses made on financial statements as at 31 December 2012

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According to the decision taken in the meeting dated in 7 June 2013 and with numbered 20/670, for the capital market institutions in scope of Communiqué of the Principals Related to Financial Reporting in Capital Market, financial statement models and guidance to be valid for the periods after 31 March 2013 was issued. In accordance with aforesaid models, various reclassifications were made in the financial statements of the Group. The adjustments in Group's consolidated balance sheet as at 31 December 2012 are shown as below;

Advances given and prepaid expenses amounting TL 13.266 and TL 15.921, respectively were reclassified into prepaid expenses, a new financial statement item, from other current assets and other non-current assets.

Income accruals amounting TL 6.988 were reclassified into "Trade Receivables from Third Parties" from other current assets.

Prepaid taxes amounting TL 11.288 were reclassified into current tax assets, a new financial statement item, from other current assets.

Income accruals amounting TL 13.763 were reclassified into non-current trade receivables from third parties, from other long term assets.

Expense accruals amounting TL 2.638 were reclassified from other current liabilities to current trade payables to third parties.

Short term borrowings amounting TL 280.616 were reclassified into short term portion of long term loans and borrowings.

Social security taxes payable and due to personnel amounting TL 1.760 were reclassified into employee benefit obligations, a separate financial statement item, from other payables to third parties.

Vacation pay liability amounting TL 1.741 was reclassified into "Employee Benefits" from provisions.

Reclassifications Made on Statement of Profit or Loss and Other Comprehensive Income for the Year Ending 31 December 2012

Changes made in "Statement of Profit or Loss and Other Comprehensive Income", which was named as "Statement of Comprehensive Income" previously, are summarized.

Foreign exchange gains arising from Group's trading activities amounting TL 1.963 are reclassified into "Other Operating Income" from financial income.

Foreign exchange losses arising from Group's trading activities amounting TL 1.568 are reclassified into "Other Operating Expense" from financial expenses.

Group's profit arising from sale of long term financial investments amounting TL 561.860 has been reclassified to "Income From Investment Activities" from other operating income.

Gains arising from sale of securities amounting TL 11.057 are reclassified into "Income from Investment Activities" from Other Operating Income.

Interest income received from Group's time deposits with maturities longer than 3 months amounting TL 6.281 are reclassified into "Income From Investment Activities".

Reclassifications Made on Statement of Cash Flows for the Year Ending 31 December 2012

Group's interest paid amounting TL 104.531 was reclassified into Cash Flows from Financing Activities from Cash Flows from Operating Activities.

Reclassifications Made on Statement of Changes in Equity for the Year Ending 31 December 2012

Required changes and reformations regarding CMB's Communiqué serial II, No: 14.1 announcement related to "Capital Market Communiqué on Principles Regarding Financial Reporting" are completed for Statement of Changes in Equity for the year ending 31 December 2012.

Repurchased shares of Akfen Holding amounting TL 2.478 was reclassified into a separate financial statement item, "Repurchased Shares", from share premiums.

Other reserves, which include the effects of share purchase/sale profits of subsidiaries still under control started to being presented under Share Premiums.

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(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, 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.

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 and expenses is discussed in note 2.3 [n].

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.

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.

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(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 instruments and hedged item, 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.

The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. The amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss. The ineffective portion of the hedge is directly recognised in 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.

(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 TAS 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) 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.

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(iii) Depreciation

Depreciation is recognised in the profit or loss on a straightline 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:

Description	Years
Buildings	2-50
Furniture and fixtures	2-15
Machinery and equipment	3-40
Vehicles	5-25
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.

(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) 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.

(vi) Amortisation

Amortisation is recognised in the consolidated statement of comprehensive income on a straightline 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:

	Year
Licenses and development costs	3-49
Other intangible assets	3-5

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(d) 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 2.3.k.

(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 peer comparison method.

(e) 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.

(f) 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.

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[g] 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.

[h] 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.

[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.

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(i) 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] 3.254 and TL 3.034 as at 31 December 2013 and 2012, respectively. As it is stated on Note 24, Group management has used some assumptions for the calculation. Actuarial gains and losses are accounted in other comprehensive income.

(j) 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.

(k) 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 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.

(ii) 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.

(iii) 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.

(iv) Other businesses

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.

(l) 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 loss.

(m) 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.

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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.

[n] Finance income and expenses

Finance income comprises interest income, foreign exchange gain, dividend income, 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.

Discount and foreign exchange gains and losses arising from trading transactions are accounted under other operating income and expense.

[o] 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.

[p] 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.

[r] 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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(s) 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 2013, and have not been applied in preparing these consolidated financial statements. As at 31 December 2013, the standards not effective yet are TFRS 9 and TAS 32. The Group does not plan to adopt these standards early and the extent of their impact has not been evaluated yet.

(t) Resolutions Promulgated by POA

The POA has promulgated the following resolutions regarding the implementation of TAS for companies to set and issue financial statements in compliance with TAS in order to ensure relevance, transparency, reliability, ensure independency and impartiality of audit.

The details of the resolutions and the effects on the Group are as follows:

The POA promulgated Financial Statement Examples and User Guide (2013-1) on May 20, 2012 in order to ensure the uniformity of financial statements and facilitate their audit. The financial statement examples within this framework were published to serve as an example to financial statements to be prepared by companies obliged to apply TAS. The Group made reclassifications stated in Note 2.2 in order to comply with the requirements of this regulation.

The following resolutions will be valid for reporting periods after 31 December 2012 and applied to reporting periods after the publishing date of 21 July 2013. It is expected for these resolutions to not have an impact on the financial statements of the Group.

In accordance with the Recognition of Mergers of Entities under Joint Control (2013-2) resolution it has been decided that combination of entities under common control should be recognized using the pooling of interest method and thus, goodwill should not be included in the financial statements. The Effects of mergers of entities under common control should be recorded in the offset account "Effect of Mergers of Entities Under Common Control" under equity. The financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurred.

Recognition of Dividend Right Certificates (2013-3), clarification has been provided on the conditions and circumstances where the redeemed share certificates and evaluation of measurements and recognition based on financial instruments.

Recognition of Cross Shareholding Investment (2013-4), if a subsidiary of a parent entity holds shares of the parent, then this is defined as cross shareholding investment and accounting of this cross investment is assessed based on the type and different recognition principles adopted. The subsidiary holding the equity based financial instruments of the parent, the associates or joint ventures holding the equity based financial instruments of the parent and equity based financial instruments are held by an entity which is accounted as an investment within the scope of TAS 39 and TFRS 9. Recognition guidelines to be used by investors in such cases have been determined.

(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. Fair value, according to valuation techniques used are classified into the following levels:

Level 1: For identical assets or liabilities in active markets (unadjusted) prices;

Level 2: Prices other than those quoted in Level 1 and asset or liability, either directly (as prices) or indirectly (ie derived from prices) observable data ;

Level 3: Asset or liability not based on observable market data in relation to the data (non- observable data).

(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 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 fair values of other intangible assets are carried at cost and are considered to approximate its respective carrying amount.

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(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 2.3.d.

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.

The fair values of investmet properties are within the Level 3 of valuation techniques. The movement for the changes in fair values is shown in Note 17.

(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. Corporate Risk

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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 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.

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 2013, 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 DHMI.

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.

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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. 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. Loan borrowed by İDO amounting USD 700 million is hedged by 75% through interest rate swaps. 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.

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.

2.4 Significant Accounting Assesment, Estimates and Assumptions

Use of estimates and judgements

The preparation of consolidated financial statements in conformity with TFRS 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.

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.

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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 20 – goodwill
- Note 17-valuation of investment property
- Note 18 and 19-economic useful lives of tangible and intangible assets,
- Note 24-reserve for employee severance indemnity
- Note 22-provisions and contingent liabilities
- Note 37-utilisation of financial losses
- Note 9 and 40- provision for doubtful receivables, valuation of financial instruments

3 ACQUISITION OF SUBSIDIARIES

Participation in Adana İpekyolu

On 22 November 2013, Akfen Enerji participated to Adana İpekyolu by 50% which is founded to build a thermal power plant with a capacity of 615 MWm-600 MWe in Adana-Yumurtalık and committed capital injection at an amount of TL 50.513 at General Assembly Meeting since the other shareholders did not use their preemptive rights. TL 12.656 portion of the capital commitment was paid on 25 November 2013 and 29 November 2013.

This transaction is evaluated as a business combination under TFRS 3, and the fair values of assets and liabilities acquired at the acquisition date are shown below:

	Carrying amounts before acquisition	Fair Value Adjustment	Acquisition Value
Total assets	30	--	30
Total liabilities	[111]	--	[111]
Net identifiable assets and liabilities	[81]	--	[81]
Consideration paid in cash			6.190
Deferred consideration			17.263
Goodwill arising at acquisition			23.534

4 SEGMENT REPORTING

For management purposes, the Group is currently organised into three operating segments. 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 Akfen İnşaat, Akfen GYO, and HEPP Group.

Other

Subsidiaries and jointly controlled entities in other operations segment are Akfen Enerji and Sim-Er and Akfen Holding is included in the other industrial segment as well.

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1 January-31 December 2013	Akfen İnşaat	Akfen GYO	HEPP Group	Other	Investment in equity accounted investees	Inter segment eliminations	Total
External revenues	--	41.262	52.347	17.837	--	--	111.446
Inter segment revenue	122.994	--	10.104	636	--	(133.734)	--
Total revenue	122.994	41.262	62.451	18.473	--	(133.734)	111.446
Cost of sales	(113.079)	(5.339)	(29.345)	(18.424)	--	120.322	(45.865)
Gross profit/[loss]	9.915	35.923	33.106	49	--	(13.412)	65.581
General administrative expenses	(8.076)	(6.977)	(5.998)	(34.068)	--	2.407	(52.712)
Other operating income	4.693	211.362	9.075	62.412	--	(69.020)	218.522
Other operating expense	(405)	(4.106)	(6.630)	(151)	--	270	(11.022)
Investment in equity accounted investees	--	--	--	--	(13.337)	--	(13.337)
Operating profit/ [loss]	6.127	236.202	29.553	28.242	(13.337)	(79.755)	207.032
Income from investment activities	--	--	23	41.507	--	--	41.530
Expense from investment activities	--	--	--	(10.399)	--	--	(10.399)
Financial income	25.872	53.113	32.107	67.686	--	(32.712)	146.066
Financial expense	(29.294)	(143.664)	(178.335)	(82.748)	--	32.438	(401.603)
Profit / [loss] of continuing operations before tax	2.705	145.651	(116.652)	44.288	(13.337)	(80.029)	(17.374)
Tax income/(expense) for the period	(1.766)	(21.266)	22.642	(1.149)	--	--	(1.539)
Profit/(loss) of continuing operations after tax	939	124.385	(94.010)	43.139	(13.337)	(80.029)	(18.913)
Profit [loss] for the period attributable to the parent of the Company	939	121.037	(93.295)	43.212	(13.337)	(131.729)	(73.173)
Depreciation and amortisation expenses	820	52	15.319	487	--	--	16.678
Investments of tangible and intangible assets	2.763	92.811	121.085	13.332	--	--	229.991
31 December 2013							
Segment assets	519.468	1.518.526	1.217.408	1.749.963	437.433	(2.050.194)	3.392.604
Segment liabilities	330.836	585.734	742.479	432.476	--	(461.793)	1.629.732

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1 January-31 December 2012	Akfen İnşaat	Akfen GYO	HEPP Group	Other	Investment in equity accounted investees	Inter segment eliminations	Total
External revenues	846	32.048	54.368	3.616	--	--	90.878
Inter segment revenue	140.385	--	1.544	14.959	--	(156.888)	--
Total revenue	141.231	32.048	55.912	18.575	--	(156.888)	90.878
Cost of sales	(132.202)	(4.494)	(27.743)	(2.809)	--	132.476	(34.772)
Gross profit/(loss)	9.029	27.554	28.169	15.766	--	(24.412)	56.106
General administrative expenses	(14.743)	(7.889)	(14.501)	(29.538)	--	14.360	(52.311)
Other operating income	6.155	60.201	4.560	2.606	--	(4.057)	69.465
Other operating expense	(349)	(45.319)	(10.782)	(849)	--	3.686	(53.613)
Investment in equity accounted investees	--	--	--	--	130.336	--	130.336
Operating profit/ (loss)	92	34.547	7.446	(12.015)	130.336	(10.423)	149.983
Income from investment activities	10.326	--	--	579.316	--	--	589.642
Expense from investment activities	--	--	--	(3.288)	--	--	(3.288)
Financial income	13.189	50.246	45.414	89.149	--	(14.812)	183.186
Financial expense	(22.718)	(60.650)	(58.930)	(101.593)	--	15.419	(228.472)
Profit / (loss) of continuing operations before tax	889	24.143	(6.070)	551.569	130.336	(9.816)	691.051
Tax income/(expense) for the period	(1.783)	936	(83)	(17.987)	--	--	(18.917)
Profit/(loss) of continuing operations after tax	(894)	25.079	(6.153)	533.582	130.336	(9.816)	672.134
Profit (loss) for the period attributable to the parent of the Company	(894)	26.367	(6.400)	533.586	130.336	(20.235)	662.760
Depreciation and amortisation expenses	678	61	13.214	471	--	--	14.424
Investments of tangible and intangible assets	2.277	38.225	171.413	43.653	--	--	255.568
31 December 2012							
Segment assets	478.406	1.179.028	1.015.783	1.845.148	322.085	(1.697.254)	3.143.196
Segment liabilities	295.636	340.836	530.694	593.227	--	(309.615)	1.450.778

Geographical Information

In geographical reporting, segment revenues are presented according to geographical location that revenue is obtained.

	2013	2012
Turkey	93.182	77.512
Cyprus	12.005	10.344
Russia	6.259	3.022
Consolidated revenue	111.446	90.878

In geographical reporting, segment assets are presented according to geographical location that asset is located in.

	2013	2012
Turkey	2.819.833	2.724.451
Russia	341.257	226.727
Cyprus	231.514	192.018
Total assets	3.392.604	3.143.196

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5 CASH AND CASH EQUIVALENTS

As at 31 December cash and cash equivalents are comprised of following:

	2013	2012
Cash on hand	380	257
Cash at banks	54.237	78.225
- Demand deposits	19.145	27.939
- Time deposits	35.092	50.286
Project reserve and assignment accounts	52.950	5.861
Other cash and cash equivalents[*]	39.863	58.171
Cash and cash equivalents	147.430	142.514
Project, reserve accounts	(52.950)	(5.861)
Cash and cash equivalents in the statement of cash flow	94.480	136.653

[*] As at 31 December 2013, the whole amount of other cash and cash equivalents are comprised of overnight repo balances belonging to Akfen Holding and Akfen İnşaat (31 December 2012: TL 58.075).

As at 31 December the distribution of the cash and cash equivalents of the Group on company basis is as follows:

	2013	2012
Akfen Holding	44.639	97.824
HEPP Group	63.456	13.832
Akfen GYO	30.327	28.002
Akfen İnşaat	8.350	1.264
Other	658	1.592
Total	147.430	142.514

As at 31 December the distribution of demand deposits, foreign currency and Turkish Liras of the Group are as follows:

Currency	2013	2012
TL	9.800	4.433
Euro	6.884	4.865
US Dollar	2.328	18.166
Other	133	475
	19.145	27.939

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 %	2013
TL	January 2014	5,00-5,50	7.516
US Dollar	January-February 2014	0,50 - 3,35	17.488
Euro	January 2014	2,75	6.372
Other	January 2014	5,50 - 7,75	3.716
			35.092

Currency	Maturity	Interest rate %	2012
TL	January 2013	5,75	1.222
US Dollar	January 2013	2,76 - 2,84	20.063
Euro	January - March 2013	0,40 - 2,00	23.068
Other	February 2013	6,00 - 8,00	5.933
			50.286

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Project reserve and assignment accounts

Within the scope of loan agreements, HES I and Akfen GYO (for the Karaköy Novotel Project of Akfen Karaköy) has opened bank accounts for repayment of borrowings, investment expenditures, funding operational and administrative expenses, which are Assignment Accounts and Project Accounts, respectively. As at 31 December, the distribution of Group's project reserve and assignment accounts is as follows:

	2013	2012
HES I	45.070	5.861
Akfen GYO	7.880	--
Total	52.950	5.861

The detail of the project reserve and assignment accounts and interest rates of the Group as at 31 December is as follows:

Currency	Interest Rate %	2013
TL	5,50-6,00	8.892
US Dollar	0,10-0,30	39.073
Euro	0,50	4.889
		52.854
Demand deposits		96
		52.950

As at 31 December 2012, all project reserve accounts are comprised of demand deposits and Euro denominated.

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 40. As at 31 December 2012, except for the balances stated as restricted cash [Note:11], there is no blokkage.

6 FINANCIAL INVESTMENTS

Current financial investments

As at 31 December the current financial investments are as follows:

	2013	2012
Time deposits with maturity of more than 3 months	--	98.326
Available for sale financial assets	5.614	59.853
	5.614	158.179

As at 31 December available for sale assets are comprised of government and private sector bonds.

As at 31 December 2012, the maturity and interest rate details of time deposits with maturity of more than 3 months is as follows:

Currency	Maturity	Interest rate %	31 December 2012
TL	June- December 2013	11-11,3	98.326
			98.326

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7 SHORT TERM AND LONG TERM 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 40:

The detail of Group's financial liabilities as at 31 December 2013 is as follows:

Current financial liabilities	Nominal Value	Carrying Amount
Short term secured bank loans	70.703	74.443
	70.703	74.443
Current portion of long term financial liabilities		
Current portion of long term secured bank loans	154.097	191.875
Current portion of long term issued bonds	154.090	160.763
	308.187	352.638
Non-current financial liabilities		
Long term secured bank loans	1.044.478	1.017.317
	1.044.478	1.017.317

The detail of Group's financial liabilities as at 31 December 2012 is as follows:

Current financial liabilities	Nominal Value	Carrying Amount
Short term secured bank loans	66.885	70.198
Short term unsecured bank loans	400	411
	67.285	70.609
Current portion of long term financial liabilities		
Current portion of long term secured bank loans	167.695	203.940
Current portion of long term issued bonds	70.940	76.676
	238.635	280.616
Non-current financial liabilities		
Long term secured bank loans	823.115	786.718
Long term issued bonds	154.090	154.090
	977.205	940.808

As at 31 December 2013, Group's total bank loans and issued bonds are as follows:

	Nominal Value	Carrying Amount
Bank loans	1.269.278	1.283.635
Bonds	154.090	160.763
	1.423.368	1.444.398

As at 31 December 2012, Group's total bank loans and issued bonds are as follows:

	Nominal Value	Carrying Amount
Bank loans	1.058.095	1.061.267
Bonds	225.030	230.766
	1.283.125	1.292.033

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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 2013 are as follows:

	Current liabilities	Non-current liabilities	Total
Carrying Amount			
Akfen Holding	247.673	44.110	291.783
Akfen İnşaat	10.642	28.639	39.281
Akfen GYO	92.287	408.512	500.799
HEPP Group	76.479	536.056	612.535
	427.081	1.017.317	1.444.398
Nominal Value			
Akfen Holding	240.620	44.110	284.730
Akfen İnşaat	6.623	32.169	38.792
Akfen GYO	86.811	408.825	495.636
HEPP Group	44.836	559.374	604.210
	378.890	1.044.478	1.423.368

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:

	Current liabilities	Non-current liabilities	Total
Carrying Amount			
Akfen Holding	190.994	352.133	543.127
Akfen İnşaat	1.084	18.120	19.204
Akfen GYO	74.075	243.855	317.930
HEPP Group	85.072	326.700	411.772
	351.225	940.808	1.292.033
Nominal Value			
Akfen Holding	177.899	357.408	535.307
Akfen İnşaat	165	18.900	19.065
Akfen GYO	69.087	244.929	314.016
HEPP Group	58.769	355.968	414.737
	305.920	977.205	1.283.125

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	
	2013	2012	2013	2012
Within 1 year	378.890	305.920	427.081	351.225
1 - 2 years	228.905	348.263	245.935	352.165
2 - 3 years	162.244	222.008	172.545	210.125
3 - 4 years	167.229	82.169	167.497	81.997
5 years and more	486.100	324.765	431.340	296.521
	1.423.368	1.283.125	1.444.398	1.292.033

As at 31 December the currency distribution of bank loans and issued bonds is as follows:

	Nominal Value		Carrying Amount	
	2013	2012	2013	2012
US Dollar	613.776	187.107	622.227	188.656
Euro	564.181	841.272	569.662	842.589
TL	245.411	254.746	252.509	260.788
	1.423.368	1.283.125	1.444.398	1.292.033

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Since majority 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:

	2013[*]			2012[*]		
	TL	USD	EUR	TL	USD	EUR
Fixed rate loans				Fixed rate loans		
The Lowest	10,00%	5,50%	6,95%	The Lowest	10,00%	4,75%
The Highest	11,40%	7,20%	8,75%	The Highest	12,35%	7,20%
Floating interest rate loans				Floating interest rate loans		
The Lowest	1,50%	3,50%	3,75%	The Lowest	4,00%	1,25%
The Highest	5,26%	3,50%	7,50%	The Highest	4,40%	3,50%

[*] For the floating interest rate loans, additional interest rate is added to Euribor, Libor and Base Interest rates of 31 December 2013 and 31 December 2012. Group has obtained project loans for refinancing of existing HEPP Group loans, investments of hydroelectrical power plants under construction and hotel projects that will be built within the scope of MoU signed with Accor.

As at 31 December 2013, total amount of project loans is TL 1.131.988 (31 December 2012: TL 730.019) and its share on total loans is 78% (31 December 2012: 57%).

The details of the loans and borrowings for each subsidiary are given below:

Akfen Holding

The breakdown of bank loans as at 31 December 2013 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	Libor+3,50	2014	9.486	9.544
Secured bank loans ⁽²⁾	EUR	Euribor+4,00	2014	77.045	77.367
Secured bank loans ⁽³⁾	TL	9,25 ^(*)	2015	13.692	13.692
Secured bank loans ⁽⁴⁾	TL	12,28 ^(*)	2015	10.025	10.025
Secured bank loans ⁽⁵⁾	TL	10,09 ^(*)	2015	2.196	2.196
Secured bank loans ⁽⁶⁾	TL	10,32 ^(*)	2015	18.196	18.196
Bond ⁽⁷⁾	TL	GDS ^(**) + 4,00	2014	154.090	160.763
				284.730	291.783

⁽¹⁾ Sureties are given by Akfen İnşaat and Hamdi Akin.

⁽²⁾ Akfen GYO shares are pledged as a surety.

⁽³⁾ Represents the share purchase loan. Akfen Holding shares and Akfen GYO shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.

⁽⁴⁾ Represents the share purchase loan. Akfen Holding shares and TAVHL shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.

⁽⁵⁾ Represents the share purchase loan. Akfen GYO shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.

⁽⁶⁾ Represents the share purchase loan. TAVHL shares are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.

⁽⁷⁾ 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 4th period coupon payment date is 7 March 2014.

According to determined additional rate of return, coupon interest rate that will be given for 4th period coupon payment is 6,55%.

As at 31 December 2013, 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.

^(*) Overnight interest rate of share purchase loan as at 31 December 2013.

^(**) 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 BİAŞ Treasury Bills and Bonds Trade Market, of discounted indicator of the furthest future dated treasury bills issued by Undersecretariat of Treasury.

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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	133.694	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
				535.307	543.127

⁽¹⁾ 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 Akin and Akfen İnşaat.

⁽³⁾ Cash collateral.

⁽⁴⁾ Shares of Akfen GYO were pledged.

⁽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 made 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 BİAŞ Treasury Bills and Bonds Trade Market, of discounted indicator of the furthest future dated treasury bills issued by Undersecretariat of Treasury.

As at 31 December the repayment schedule of the bank loans and bonds is as follows:

	Nominal Value		Carrying Amount	
	2013	2012	2013	2012
Within 1 year	240.620	177.899	247.673	190.994
1 - 2 years	44.110	223.714	44.110	229.877
2 - 3 years	--	133.694	--	122.256
	284.730	535.307	291.783	543.127

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Akfen İnşaat:

The breakdown of bank loans as at 31 December 2013 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	7,2	2014	80	148
Secured bank loans ⁽²⁾	TL	12,28 ^(*)	2015	20.017	20.017
Secured bank loans ⁽³⁾	TL	10,56	2014	3.099	3.246
Secured bank loans ⁽³⁾	TL	10,92	2015	4.193	4.270
Secured bank loans ⁽³⁾	TL	11,40	2015	1.730	1.785
Secured bank loans ⁽³⁾	TL	11,28	2015	8.365	8.498
Secured bank loans ⁽³⁾	TL	10,80	2015	697	706
Secured bank loans ⁽²⁾	TL	9,25 ^(*)	2015	611	611
				38.792	39.281

⁽¹⁾ The sureties are given by Hamdi Akin.

⁽²⁾ Represents the share purchase loan. Shares of Akfen Holding are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.

⁽³⁾ The sureties are given by Akfen Holding.

^(*) Overnight interest rate of the share purchase loan as at 31 December 2013.

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	9.054
Secured bank loans ⁽³⁾	TL	9,9 ^(*)	2014	9.834	9.833
				19.065	19.204

⁽¹⁾ The sureties are given by Hamdi Akin.

⁽²⁾ The sureties are given by Akfen Holding.

⁽³⁾ Represents the share purchase loan. Shares of Akfen Holding are kept in reserve accounts as sureties. As long as the shares are kept in reserve accounts, the maturity of the loan will continue.

^(*) Overnight interest rate of the share purchase loan as at 31 December 2012.

The repayment schedules of financial liabilities are as follows:

	Nominal Value		Carrying Amount	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Within 1 year	10.442	165	10.642	1.084
1 - 2 years	28.350	18.900	28.639	18.120
	38.792	19.065	39.281	19.204

Akfen GYO:

The detail of loans and borrowings is as follows:

	Nominal Value		Carrying Amount	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Akfen GYO	355.828	222.107	359.752	224.527
RHI	81.147	74.271	82.134	75.606
RPI	22.024	17.638	22.248	17.797
HDI	36.637	--	36.665	--
	495.636	314.016	500.799	317.930

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As at 31 December 2013, the detail of loans and borrowings is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	EUR	8,75	2014	14.683	15.030
Secured bank loans ⁽¹⁾	EUR	6,95	2014	9.969	10.025
Secured bank loans ⁽¹⁾	EUR	7,5	2014	17.619	17.995
Secured bank loans ⁽²⁾	EUR	Euribor + 5,25	2017	44.048	44.550
Secured bank loans ⁽³⁾	EUR	Euribor + 4,60	2018	39.643	40.168
Secured bank loans ⁽⁴⁾	EUR	Euribor + 3,75	2020	166.307	167.743
Secured bank loans ⁽⁴⁾	EUR	Euribor + 5,00	2022	17.619	17.801
Secured bank loans ⁽⁵⁾	EUR	Euribor + 6,35	2024	37.440	37.936
Secured bank loans ⁽¹⁾	TL	12,00	2014	3.500	3.502
Secured bank loans ⁽⁶⁾	TL	13,30	2014	5.000	5.002
				355.828	359.752

⁽¹⁾ Sureties are given by Akfen Holding.

⁽²⁾ The loan borrowed is secured by the following:

2nd degree pledge on Merit Park Hotel in Akfen Ticaret's portfolio is given in favor of creditor.

There is joint and consecutive surety of Akfen Ticaret given for the total outstanding loan amount.

⁽³⁾ The loan borrowed is secured by the following:

- Rent revenue of the casino in Merit Park Hotel is alienated in favor of the creditors,
- Rent revenue of Merit Park Hotel is alienated in favor of the creditors,,
- Sureties of Akfen GYO is given for the total outstanding loan amount,
- Right of tenancy of Merit Park Hotel is pledged in favor of the creditor.

⁽⁴⁾ The Company signed a loan agreement amounting Euro 100 million on 30 July 2008 to finance the ongoing hotel projects based on the Memorandum of Understanding ("MoU") signed between the Company and ACCOR S.A. to develop hotel projects in Turkey. The loan is secured by the following: Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa, Zeytinburnu and Ankara Esenboğa land and the lands on which hotels are going to be built in Esenyurt and Adana are pledged in favor of the creditors in first degree,

- Rent revenue of these hotels is pledged to the creditors,
- Demand deposits in banks and financial institutions related with these projects are pledged in favor of the creditors,
- Sureties of Akfen Holding and Akfen İnşaat Turizm ve Ticaret A.Ş., the shareholders' of the Company, are given for the completion guarantee of Ankara Esenboğa Hotel project.

⁽⁵⁾ The loan is secured by following:

- Rent revenue which occurs after Karaköy Novotel starts its operations is alienated in favor of the creditor,
- The deposit accounts opened in bank and financial corporations under Karaköy Novotel project are pledged to the favor of creditor,
- The total revenue that may be gained in the future under the insurance made for Karaköy Novotel project are pledged to the favor of the creditor,
- Hotel operation subject to Karaköy Novotel Project is pledged to the favor of creditors,
- All receivables of principal shareholders from Akfen Karaköy due to principal shareholders' delivering capital amounts are pledged to the favor of the creditor,
- The shares and share certificates/securities belonging to shareholders of Akfen Karaköy are pledged to the favor of the creditor,
- The right of tenancy of the hotels in Esenyurt, Kayseri, Trabzon, Gaziantep, Bursa, Adana and Zeytinburnu and right of tenancy of lands in Adana and Ankara Esenboğa are pledged to the favor of the creditor as second-degree and first rank mortgage.

⁽⁶⁾ Sureties are given by Akfen Holding and Akfen İnşaat.

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The detail of loans and borrowings as at 31 December 2012 is as follows:

	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	11,05-12,30	2013	2.050	2.093
Unsecured bank loans	TL	12,35	2013	400	411
Secured bank loans ⁽⁵⁾	TL	10,00	2016	8.433	8.628
				222.107	224.527

⁽¹⁾ Sureties are given by Akfen Holding.

⁽²⁾ The loan was borrowed against the letter of guarantee provided from the bank for refinancing of the bank borrowings obtained from various banks for financing the construction of Merit Hotel [previously named Mercure Hotel] in Northern Cyprus. The letter of guarantee provided from the respective bank is secured by the followings:

- Share pledge on Akfen GT.
- Rental revenue of the casino in Merit Hotel in Northern Cyprus is alienated in favor of the creditors,
- Rental revenue of Merit Hotel in Northern Cyprus is alienated in favor of 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 the creditors.

⁽³⁾ Loans are secured by 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 alienated in favor of 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 are given by Akfen Holding and Akfen İnşaat

⁽⁵⁾ To finance the construction of TRNC Merit Hotel loans borrowed are secured by the following:

Letter of guarantees from various banks are obtained,

The surety is given by Akfen İnşaat, the shareholder of Akfen GYO, for the total loan amount.

RHI:

The detail of loans and borrowings as at 31 December 2013 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	EUR	Euribor +6,50	2021	34.780	35.203
Secured bank loans ⁽²⁾	EUR	Euribor+6,50	2022	20.600	20.850
Secured bank loans ⁽³⁾	EUR	Euribor+6,50	2023	25.767	26.081
				81.147	82.134

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The detail of loans and borrowings as at 31 December 2012 is as follows:

	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

⁽¹⁾ The loan obtained for Samara Hotel Project is secured by 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 Akfen GYO, were pledged in favor of creditors.
- Operating rent revenue of Samara Ibis Hotel is alienated in favor of the creditor.

⁽²⁾ The loan obtained for Yaroslavl Hotel Project is secured by 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 and hotel building that belongs to Akfen GYO, were pledged in favor of creditors.
- Operating rent revenue of Yaroslavl Hotel is alienated in favor of the creditor.

⁽³⁾ The loan obtained for Kaliningrad Hotel Project is secured by 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 and hotel building that belongs to the Akfen GYO, were pledged in favor of creditors.
- Operating rent revenue of Kaliningrad Hotel Project is alienated in favor of the creditor.

RPI:

The detail of loans and borrowings as at 31 December 2013 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	EUR	Euribor+7,00	2019	22.024	22.248
				22.024	22.248

The detail of loans and borrowings as at 31 December 2012 is as follows:

	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

⁽¹⁾The loans borrowed by RPI are secured by following:

- Pledge on land
- Pledge of Volgostroykom shares owned 100%
- Sureties of Akfen GYO and Akfen GT
- Pledge on the office building
- Alienation of operating revenue

HDI:

The detail of loans and borrowings as at 31 December 2013 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	EUR	Euribor+7,35	2019	36.637	36.665
				36.637	36.665

⁽¹⁾The loans borrowed by HDI are secured by following:

- Pledge of Severnyi Avtovokzal Limited Company shares owned by 100%
- Pledge on land
- Sureties of Akfen GYO and Akfen GT
- Alienation of rent revenue

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The repayment schedule of loans and borrowings is as follows:

	Nominal Value		Carrying Amount	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Within 1 year	86.883	69.087	92.287	74.075
1 - 2 years	62.947	54.726	62.613	53.384
2 - 3 years	71.546	37.389	71.556	37.092
3 - 4 years	75.515	31.245	75.525	31.216
5 years and more	198.745	121.569	198.818	122.163
	495.636	314.016	500.799	317.930

HEPP Group

The detail of loans and borrowings is given below:

	Nominal Value		Carrying Amount	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
HES I ^(*)	604.210	87.154	612.535	85.728
HES II	--	155.504	--	156.330
HES IV ^(**)	--	65.370	--	64.553
HES V	--	106.709	--	105.161
	604.210	414.737	612.535	411.772

^(*)On 28 March 2013, HES I, HES II, HES III and HES V companies were merged under HES I.

^(**)As at 6 June 2013, Group's share on Karasular was transferred to Aquila.

As at 31 December 2013, the detail of loans is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans ⁽¹⁾	USD	5,60	2020	582.867	591.103
Secured bank loans ⁽²⁾	USD	5,50	2026	21.343	21.432
				604.210	612.535

⁽¹⁾ As part of the project financing, 100% of shares of borrowers, Beyobası, Çamlıca, Pak, Elen, BT Bordo Yeni Doruk, were pledged in favor of creditors. In addition to share pledges, loans are secured by following:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables
- Assignment of receivables arising from the letter of guarantee
- Assignment of project incomes
- Commercial enterprise pledge
- 1st degree pledge on real estate
- Undertaking about electricity production licence
- Assignment of consecutive receivables

As at 31 December 2013, the completion guarantee of Akfen İnşaat continued for HEPP Companies Beyobası, Yeni Doruk and Elen. The completion guarantee will be ended on the condition that all the relevant permissions are obtained, operating insurances are made and all assigned guarantees are valid.

Within the supporting guarantee; Beyobası, Çamlıca, Pak, Elen, BT Bordo, Yeni Doruk and Akfenhes Yatırımları ve Enerji Üretim A.Ş. [HES I] as the shareholders and HES I and Akfen Holding as the guarantors, guarantee the payment of excess project costs and and in the case of default on payment of the loans guarantee the payment of loan through capital increase.

There is no commitment for Debt Payment Enablement Ratios to be reached within the scope of loan agreements. In the case of having excess cash after periodical loan repayments, use of excess cash and dividend payment option is permissive.

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⁽²⁾ For the loans of HEPP Companies; HHK and Kurtal, shares of Akfen HES on HHK and Kurtal, equal to 100% of total shares, are pledged for the project financing in favor of creditor. In addition to share pledges, loans are secured by following:

- Deposit pledge on accounts of the Company
- Assignment of insurance receivables
- Assignment of project incomes
- Commercial enterprise pledge
- 1st degree pledge on real estate

HEPP Group Companies of Akfen Holding, HHK and Kurtal guarantees pay back of loan during the operation period.

Within the contractor guarantee, Akfen İnşaat guarantees the completion of HEPP projects of HHK and Kurtal convenient with project agreements and documents and with no deficiency and obstacle to operate in the construction period. Contractor guarantee will be valid until the creditor gives a written confirmation that HEPP construction is finished on time and inline with project agreement and documents.

There is cross surety of HHK and Kurtal during the loan life.

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 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 creditors 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

The repayment schedules of the HES I bank loans are as follows:

	Nominal Value		Carrying Amount	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Within 1 year	44.836	14.202	76.479	19.984
1 - 2 years	89.672	10.809	110.573	10.666
2 - 3 years	90.688	10.809	100.989	10.666
3 - 4 years	91.704	10.809	91.972	10.666
5 years and more	287.310	40.525	232.522	33.746
	604.210	87.154	612.535	85.728

HES II

As at 28 March 2013, HES II is transferred to HES I and loans are shown under 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+5,50	2021	155.504	156.330
				155.504	156.330

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All shares owned by Akfen Group in HES II and HES II subsidiaries were put in pledge to creditors within the context of project finance and in addition to the 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
- 1st degree pledge on real-estate

Within the Guarantee of Completion, Akfen Holding, Akfen İnşaat and HES I guarantees that each HEPP within the context of project will be constructed on time and without any deficits and inline with its purpose of use as it was stated in EPC and Subcontractor Agreements, all HEPP's will have the qualifications and sufficiencies complying with the predicted electricity production performance and operate within the context of investment plans of HEPPs.

- 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 2013	31 December 2012	31 December 2013	31 December 2012
Within 1 year	--	17.765	--	26.694
1 - 2 years	--	17.765	--	17.765
2 - 3 years	--	17.765	--	17.765
3 - 4 years	--	17.765	--	17.765
5 years and more	--	84.444	--	76.341
	--	155.504	--	156.330

HES IV

As a result of the sale agreement signed with Aquila, Company's shares in Karasular were transferred to Aquila on 6 June 2013.

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 creditors 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

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- Assignment of 1st degree pledge on real-estate

- Within the Guarantee of Completion, Akfen Holding, Akfen İnşaat and HES I guarantees that each HEPP within the context of project will be constructed on time and without any deficits and inline with its purpose of use as it was stated in EPC and Subcontractor Agreements, all HEPP's will have the qualifications and sufficiencies complying with the predicted electricity production performance and operate within the context of investment plans of HEPPs.
- 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 Enability 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 2013	31 December 2012	31 December 2013	31 December 2012
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

HES V

As at 28 March 2013, HES V is transferred to HES I and loans are shown under HES I.

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 Çamlica and HES V subsidiaries put in pledge to creditors 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 realestate
- Within the Guarantee of Completion, Akfen Holding, Akfen İnşaat and HES I guarantees that each HEPP within the context of project will be constructed on time and without any deficits and inline with its purpose of use as it was stated in EPC and Subcontractor Agreements, all HEPP's will have the qualifications and sufficiencies complying with the predicted electricity production performance and operate within the context of investment plans of HEPPs.
- 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 V that lasts during the whole loan period.

There is a cross surety between HES I and HES V companies (Beyobasi, Çamlica) 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 Çamlica. In order to ensure desired level of Debt Payment Enability Ratios determined by loan agreements Akfen Holding, HES IV and shareholders of Çamlica will (i) increase the capital, (ii) make payment of shareholder debt ant time during the loan.

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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 2013	31 December 2012	31 December 2013	31 December 2012
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

8 DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2013, the Group does not have any derivative financial instruments. As at 31 December 2012, long-term derivative financial instruments comprised the following:

	2012		
	Assets	Liabilities	Net Amount
Interest rate swap	--	[9.704]	[9.704]
		[9.704]	[9.704]

As at 31 December 2012 the long-term derivative financial liabilities comprised of HEPP Group derivative instruments.

As at 31 December 2012, Beyobası and Çamlıca used interest rate swap to manage its exposure to Euribor interest rate movements of its bank debts. Mentioned loans were under protection against interest rate risk with interest rate swap during its use life with the rates of 74,11% and 69,31%, respectively. After payment of related loans, interest rate swap agreement has ended.

9 TRADE RECEIVABLES AND PAYABLES

Current trade receivables

As at 31 December, short term trade receivables of the Group comprised the following:

	2013	2012
Due from related parties	37	--
Trade receivables from third parties	16.916	26.250
	16.953	26.250

As at 31 December trade receivables from third parties comprised the following:

	2013	2012
Trade receivables	14.851	20.275
Income accruals	3.122	6.988
Notes receivable	118	114
Allowance for doubtful receivables [-]	[1.175]	[1.127]
	16.916	26.250

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The distribution of the trade receivables per Group companies as at 31 December is as follows:

	2013	2012
Akfen GYO	6.042	6.321
Akfen İnşaat	5.977	7.418
HEPP Group	3.802	11.408
Other	1.095	1.103
	16.916	26.250

As at 31 December 2013, TL 5.659 of construction receivables of Akfen İnşaat arises from Aliağa Project. TL 1.194 and TL 403 of remaining trade receivables are comprised of receivables of Beyobası and Çamlıca from Türkiye Elektrik İletim A.Ş. ["TEİAŞ"] for electricity sale. The major part of the Akfen GYO's trade receivables arises from rental revenue receivables from Tamaris, the operator of the hotels in Turkey and Russian Hotel Management Company, the operator of hotels in Russia amounting TL 3.499 and TL 2.323, respectively.

TL 3.413 of income accruals are comprised of unbilled revenues of HEPP Group companies for electricity sales to TEİAŞ.

As at 31 December 2013, TL 10.449 (31 December 2012: TL 13.009) represents overdue amount of trade receivables in which any allowance has not been booked. The aging of respective trade receivables is as follows:

	31 December 2013	31 December 2012
0-3 months overdue	1.597	6.427
3-12 months overdue	809	31
1-5 years overdue	8.484	7.088
Overdue more than 5 years	734	590
	11.624	14.136
Impairment	(1.175)	(1.127)
Credit risk	10.449	13.009

The movement of allowance for doubtful trade receivables as at 31 December is as follows:

	2013	2012
Opening balance	(1.127)	(1.048)
Currency differences	(48)	(79)
Closing balance	(1.175)	(1.127)

Current trade payables

As at 31 December current trade payables of the Group comprised the following:

	2013	2012
Due to related parties [Note 39]	828	955
Trade payables to third parties	25.828	24.138
	26.656	25.093

As at 31 December current trade payables to third parties comprised the following:

	2013	2012
Trade payables	25.445	21.500
Expense accruals	383	2.638
	25.828	24.138

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As at 31 December, the distribution of trade payables per Group companies is as follows:

	2013	2012
HEPP Group	10.301	11.909
Akfen İnşaat	7.816	5.336
Akfen GYO	5.957	3.315
Akfen Holding	720	836
Other	1.034	2.742
	25.828	24.138

As at 31 December 2013, trade payables include payables to Hangzhou Yatai Hydro Equipment Completing Co.Ltd. and Andritz Hydro SAS related with the hydroelectrical power plants of HES I companies amounting TL 3.467 and TL 4.222, respectively.

As at 31 December 2013 and 2012, trade payables of Akfen İnşaat are comprised of payables to various subcontractors as a result of the construction of hydroelectrical power plants and hotels.

As at 31 December 2013, trade payables of Akfen GYO are comprised of payables to Kasa Stroy and Elba because of the construction works of hotels in Russia amounting TL 1.741 (2012: TL 1.486) and TL 1.225 (2012: TL 684), respectively.

Currency and liquidity risks for Group's trade payables are given in Note 40.

Non-Current Trade Payables

As at 31 December, non-current trade payables are comprised of following:

	2013	2012
Trade payables to third parties	24.609	32.737
	24.609	32.737

As at 31 December 2013, other trade payables include payables to PA due to Mersin Combined Natural Gas Plant amounting TL 24.360 (2012: TL 24.360).

As at 31 December, the aging of the trade payables (excluding expense accruals) is as follows:

	2013	2012
0-3 months	10.698	7.929
3 months - 1 year	14.747	13.571
More than 1 year	24.609	32.737
	50.054	54.237

10 OTHER RECEIVABLES AND PAYABLES

Other current receivables

As at 31 December other short term receivables are comprised of following:

	2013	2012
Due to related parties	560	239
Other receivables from third parties	4.439	3.190
	4.999	3.429

As at 31 December 2013, other short term non-trade receivables are comprised of tax receivables from tax offices belonging to Akfen İnşaat amounting TL 2.703 (2012: TL 1.590).

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As at 31 December, the distribution of other receivables from third parties per Group companies is as follows:

	2013	2012
Akfen İnşaat	3.985	2.089
HEPP Group	172	1.061
Other	282	40
	4.439	3.190

Other non-current receivables

As at 31 December, other non-current receivables comprised the following:

	2013	2012
Due from related parties (Note 39)	27.442	45.541
Other receivables from third parties	14.680	10.541
	42.122	56.082

As at 31 December, the distribution of other non-current receivables per Group companies is as follows:

	2013	2012
Akfen GYO	9.780	7.417
Akfen İnşaat	3.157	2.638
HEPP Group	1.506	474
Other	237	12
	14.680	10.541

As at 31 December 2013, other non-current receivables include capital receivables of Akfen Ticaret from Akfen Karaköy and other shareholders of RHI and RPI amounting TL 7.600 and TL 2.068, respectively (31 December 2012: TL 5.828 and TL 1.589).

As at 31 December 2013, other long term receivables include deposits and guarantees given amounting TL 958.

Other current payables

As at 31 December, other current payables of the Group are as follows:

	2013	2012
Due to related parties (Note 39)	17.920	100
Other payables to third parties	14.919	15.784
	32.839	15.884

As at 31 December, the distribution of other current payables per Group companies is as follows:

	2013	2012
Akfen İnşaat	10.245	9.958
Akfen Holding	2.145	3.301
HEPP Group	676	795
Other	1.853	1.730
	14.919	15.784

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As at 31 December, other current payables are comprised of the following:

	2013	2012
Deposits and guarantees received	9.028	9.657
Taxes and duties payable	5.061	4.564
Corporate tax payable	484	1.460
Other	346	103
	14.919	15.784

As at 31 December 2013, TL 9.028 of deposits and guarantees received arises from deposits and guarantees taken from subcontractors for construction works by Akfen İnşaat (31 December 2012: TL 9.549).

Other non-current payables

As at 31 December Group's other non-current payables are as follows:

	2013	2012
Due to related parties (Note 39)	7.730	7.499
Other payables to third parties	5.918	7.865
	13.648	15.364

As at 31 December the distribution of other non-current payables per Group companies is as follows:

	2013	2012
Akfen GYO	3.500	2.973
HEPP Group	2.365	4.838
Akfen İnşaat	53	54
	5.918	7.865

As at 31 December 2013, TL 3.500 of other payables to third parties is comprised of rent accruals belonging to Akfen GYO (31 December 2012: TL 2.768) and TL 2.365 arises from deposits and guarantees received by HEPP Group companies (31 December 2012: TL 638).

11 RESTRICTED CASH

As at 31 December 2013 there is no restricted cash. As at 31 December 2012, restricted cash is comprised of demand deposit taken as a guarantee for loans of Akfen Holding amounting TL 133.695.

12 RECEIVABLES AND PAYABLES FROM FINANCIAL ACTIVITIES

The Group does not have any receivables and payables from financial activities as at 31 December 2013 and 2012.

13 INVENTORIES

As at 31 December 2013, inventories are comprised of investments made for İncek Project of Akfen İnşaat amounting TL 169.842 (31 December 2012: TL 99.238).

14 BIOLOGICAL ASSETS

The Group does not have any biological assets as at 31 December 2013 and 2012.

15 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

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16 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

As at 31 December, Group's share in net asset value of equity accounted investees is as follows:

	Ownership Rate [%]	2013	Ownership Rate [%]	2012
MIP	50,00	229.227	50,00	166.945
TAV Havalimanları	8,12	132.867	8,12	87.828
TAV Yatırım	21,68	39.070	21,68	24.772
İDO	30,00	22.747	30,00	31.278
Akfen Su	50,00	13.522	49,98	11.262
		437.433		322.085

As at 31 December, Group's share in profit or loss of equity accounted investees is as follows:

	2013	2012
MIP	18.268	59.739
TAV Havalimanları	27.288	40.297
TAV Yatırım	11.797	2.818
İDO	(70.487)	26.663
Akfen Su	(203)	819
	(13.337)	130.336

As at 31 December 2013 the movement of investments in equity accounted investees is as follows:

	31 December 2012	Profit for the period	Other movements in equity	Dividend distribution	31 December 2013
MIP	166.945	18.268	94.959	(50.945)	229.227
TAV Havalimanları	87.828	27.288	29.355	(11.604)	132.867
TAV Yatırım	24.772	11.797	2.995	(494)	39.070
İDO	31.278	(70.487)	61.956	--	22.747
Akfen Su	11.262	(203)	2.463	--	13.522
	322.085	(13.337)	191.728	(63.043)	437.433

Equity effects arising from hedging agreements made by joint venturers and functional currency differences between Akfen Holding and joint ventures are accounted under other comprehensive income.

As at 31 December 2013 TL 56.340 of other comprehensive income of İDO arises from revaluation of vessels owned. İDO revaluated the vessels together with maintenances of these vessels as at 31 December 2013. Revaluation was done by regarding market conditions. Revaluation reserve is free of tax and shown in other comprehensive income.

As at 31 December 2013, fair value of vessels owned by İDO was measured by TÜDET A.Ş., an independent vessel buying and selling brokerage and consulting firm. TÜDET A.Ş. has the sufficient experience and qualifications in fair value measurement. The fair value of vessels owned was determined by market comparison approach which reflects present transaction prices.

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MIP:

As at 31 December the summary of financials of MIP is as follows:

	2013	2012
Total Assets	1.893.990	1.595.980
Total Liabilities	1.435.537	1.262.090
Net Assets	458.453	333.890
Group's share on net assets of MIP	229.227	166.945
	2013	2012
Revenue	529.942	444.616
Gross profit/(loss)	292.047	284.931
General administrative expenses	(40.951)	(68.733)
Other operating income/(loss), net	923	--
Operating profit/(loss)	252.019	216.198
Profit/(loss) before tax	59.317	145.857
Profit/(loss) after tax	36.499	119.474
Profit/(loss) attributable to equity holders of parent	36.499	119.474
Group's share on MIP's profit	18.268	59.739
Amortisation and depreciation expenses	58.527	49.197

TAV Havalimanları:

As at 31 December, the summary of financials of TAV Havalimanları is as follows:

	2013	2012
Total Assets	6.641.076	4.980.503
Total Liabilities	4.897.257	3.791.418
Net Assets (*)	1.743.819	1.189.085
Group's share on net assets of TAV Havalimanları	141.583	96.544
	2013	2012
Revenue	2.594.925	1.863.616
Gross profit/(loss)	860.250	709.076
General administrative expenses	(378.582)	(346.500)
Other operating income/(loss), net	139.585	121.726
Operating profit/(loss)	706.232	546.467
Profit/(loss) before tax	475.439	377.487
Profit/(loss) after tax	335.492	304.493
Profit/(loss) attributable to equity holders of parent	336.088	297.170
Group's share on TAV Havalimanları's profit	27.288	40.297
Amortisation and depreciation expenses	173.709	153.002
Construction revenue (**)	531.992	89.985
Construction cost (**)	(531.992)	(89.985)

(*) As at 31 December 2013, Group's share on TAV Havalimanları's net asset includes goodwill amounting TL 8.716 [31 December 2012: TL 8.716]. In addition, non-controlling interest amounting TL 7.731 is included in net assets of TAV Havalimanları [31 December 2012: TL 6.192].

(**) Arises from TAV Havalimanları's revenue from TFRIC 12.

As at 31 December 2013, ATÜ Turizm İşletmeciliği A.Ş., ATÜ Georgia Operation Services LLC, ATÜ Tunisie SARL, ATÜ Macedonia Dooel, AS Riga Airport Commercial Development, TAV Gözen Havaçılık İşletme ve Ticaret A.Ş., Cyprus Airport Services Ltd., TGS Yer Hizmetleri A.Ş., SAUDI HAVAS Ground Handling Services Limited, BTU Lokum Şeker Gıda San. ve Tic. A.Ş., BTU Gıda Satış ve Paz. A.Ş., BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. ["BTA Denizyolları"], Tibah Airports Development Company Limited, Tibah Airports Operation Limited and ZAIC-A companies are included in investment in equity accounted investees in the financials of TAV Havalimanları.

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TAV Yatırım:

As at 31 December the summary of financials of TAV Yatırım is as follows:

	2013	2012
Total Assets	2.144.922	1.351.155
Total Liabilities	1.964.672	1.240.944
Net Assets	180.250	110.211
Group's share on net assets of TAV Yatırım	39.070	24.772
	2013	2012
Revenue	1.620.204	1.010.482
Gross profit/[loss]	124.211	60.915
General administrative expenses	(43.487)	(39.425)
Other operating income/[loss], net	(4.275)	(1.991)
Operating profit/[loss]	76.449	19.499
Profit/[loss] before tax	60.174	17.615
Profit/[loss] after tax	54.417	11.104
Profit/[loss] attributable to equity holders of parent	54.425	13.614
Group's share on TAV Yatırım's profit	11.797	2.818
Amortisation and depreciation expenses	20.371	13.972
Commission expenses of letter of guarantee included in cost of sales	17.204	12.662

İDO:

As at 31 December the summary of financials of İDO is as follows:

	2013	2012
Total Assets	1.599.654	1.483.012
Total Liabilities	1.523.831	1.378.750
Net Assets	75.823	104.262
Group's share on net assets of İDO	22.747	31.278
	2013	2012
Revenue	507.484	475.699
Gross profit/[loss]	151.799	134.046
General administrative expenses	(49.677)	(46.590)
Other operating income/[loss], net	2.901	4.441
Operating profit/[loss]	106.366	94.423
Profit/[loss] before tax	(233.942)	85.588
Profit/[loss] after tax	(234.956)	88.876
Profit/[loss] attributable to equity holders of parent	(234.956)	88.876
Group's share on İDO's profit	(70.487)	26.663
Amortisation and depreciation expenses	59.334	59.956

As at 31 December, Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. and BTA Denizyolları are included in consolidated financials of İDO as investments in equity accounted investees.

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Akfen Su:

As at 31 December the summary of financials of Akfen Su is as follows:

	2013	2012
Total Assets	71.603	59.963
Total Liabilities	44.549	32.605
Net Assets	27.054	27.358
Group's share on net assets of Akfen Su^(*)	13.522	11.262
	2013	2012
Revenue	10.847	9.287
Gross profit/(loss)	4.845	4.406
General administrative expenses	(2.831)	(2.655)
Other operating income/(loss), net	(914)	(400)
Operating profit/(loss)	1.100	1.351
Profit/(loss) before tax	426	2.696
Profit/(loss) after tax	372	2.261
Profit/(loss) attributable to equity holders of parent	(406)	1.639
Group's share on Akfen Su's profit	(203)	819
Amortisation and depreciation expenses	417	509
Guaranteed revenue	3.538	3.212
Construction revenue (**)	609	938
Construction cost (**)	(554)	(853)
Other operating income	110	117

(*) As at 31 December 2013, non-controlling interest amounting TL 3.464 is included in net assets of Akfen Su (31 December 2012: TL 2.413).

(**) Arises from Akfen Su's revenue from TFRIC 12.

17 INVESTMENT PROPERTY

As at 31 December, investment property is comprised of following:

	2013	2012
Operating investment properties	1.129.196	872.850
Investment property under development	289.703	217.495
	1.418.899	1.090.345

Operating investment properties

	2013	2012
Balance at 1 January	872.850	763.678
Transfers from investment property under development	106.161	167.843
Additions	4.653	1.106
Fair value gain/(loss) [Note 32]	129.096	(43.809)
Foreign currency translation difference	16.436	(925)
Disposals	--	(15.043)
Balance at 31 December	1.129.196	872.850

As at 31 December 2013, transfers from investment property under development arise from completed projects İzmir İbis Hotel and Kaliningrad İbis Hotel (As at 31 December 2012, transfers from investment property under development arise from completed projects Adana İbis Hotel, Esenyurt İbis Hotel, Samara İbis Hotel and Samara Ofis Project which were completed during the period).

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As at 31 December 2012 and 31 December 2013, the fair value adjustment on investment property is recognized based on the fair values of the investment property. Fair values of the Group'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 Group'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 Group management.

The fair values of the investment properties of which right of buildings are held, are determined as the present value of aggregate of the estimated cash flows expected to be received from renting out the property and the fair values of the investment properties which the company owns, are determined as the present value of aggregate of the estimated cash flows for the period of lease agreement made with ACCOR S.A. 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 2013 and 31 December 2012, the fair values of operating investment properties in Turkey and Northern Cyprus are as follows:

Name of the property	31 December 2013			31 December 2012		
	Date of appraisal report	Appraisal report value	Fair value	Date of appraisal report	Appraisal report value	Fair value
Zeytinburnu Novotel and Ibis Hotel	31 December 2013	247.380	247.380	31 December 2012	211.310	211.310
Merit Park Hotel	31 December 2013	218.946	218.946	31 December 2012	180.100	180.100
Trabzon Novotel	31 December 2013	96.770	96.770	31 December 2012	78.470	78.470
Gaziantep Novotel and Ibis Hotel	31 December 2013	65.317	65.317	31 December 2012	52.080	52.080
Kayseri Novotel and Ibis Hotel	31 December 2013	60.817	60.817	31 December 2012	56.234	56.234
Esenyurt Ibis Hotel	31 December 2013	57.700	57.700	31 December 2012	46.140	46.140
Bursa Ibis Hotel	31 December 2013	54.440	54.440	31 December 2012	48.200	48.200
İzmir Ibis Hotel Project	31 December 2013	46.833	46.833	--	--	--
Adana Ibis Hotel	31 December 2013	39.500	39.500	31 December 2012	37.030	37.030
Eskişehir Ibis Hotel and Fitness Center	31 December 2013	16.948	16.948	31 December 2012	16.169	16.169
Total		904.651	904.651		725.733	725.733

As at 31 December 2013, the investment properties of RHI and RPI located in Russia, of which Akfen GT has 95% shares, are recorded with fair values which are calculated on the basis of a valuation carried out jointly by a certified company that is included in the approved list of CMB for "Property Appraisal Companies" and the Company's management. Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, operating in Russia, owned by RHI have fair values at amounts of TL 69.226 TL 73.906 and TL 54.881 [31 December 2012: Yaroslavl Ibis Hotel TL 57.785, Samara Ibis Hotel TL 66.817 and Kaliningrad Ibis Hotel TL 45.118] and discount rate used for fair value calculation of operating investment properties as of 31 December 2013 is 12.5% [31 December 2012: 12.5%]. Samara office project, owned by RPI which has started to operate as at 31 December 2013, has fair value amount of TL 26.533 [31 December 2012: TL 22.515] and discount rate used for fair value calculation of operating investment property as of 31 December 2013 is 12.5% [31 December 2012: 13%].

As at 31 December 2013, total insurance amount on operating investment properties is TL 1.086.971 [31 December 2012: TL 823.955].

As at 31 December 2013 the pledge amount on operating investment property is TL 651.169 [31 December 2012: TL 521.489].

According to the situations that ACCOR S.A. is the operator of the 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 the property	Discount Rates	
	31 December 2013	31 December 2012
Zeytinburnu Novotel and Ibis Hotel	%6,75 and %9,25	%6,50 and %9,00
Merit Park Hotel	%8,25 and %9,75	%6,50 and %9,00
Trabzon Novotel	%6,75 and %9,25	%6,50 and %9,00
Kayseri Novotel and Ibis Hotel	%6,75 and %9,25	%6,50 and %9,00
Gaziantep Novotel and Ibis Hotel	%6,50 and %9,50	%6,50 and %9,00
Bursa Ibis Hotel	%6,75 and %9,25	%6,50 and %9,00
Eskişehir Ibis Hotel and Fitness Center	%6,75 and %9,25	%6,50 and %9,00
Adana Ibis Hotel	%7,75 and %9,50	%6,50 and %9,00
Esenyurt Ibis Hotel	%7,50 and %9,50	%6,50 and %9,00
İzmir Ibis Hotel Project	%7,50 and %9,75	--

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Investment property under development

	2013	2012
Balance at 1 January	217.494	306.517
Additions	88.104	37.384
Transfers to operating investment properties	(106.161)	(167.843)
Fair value gain [Not 32]	79.545	42.165
Foreign currency translation differences	10.721	(728)
Balance at 31 December	289.703	217.495

As at 31 December 2013 and 31 December 2012, the fair values of investment properties under development in Turkey and TRNC are as follows:

Investment property	31 December 2013			31 December 2012		
	Date of appraisal report	Appraisal report value	Fair value	Date of appraisal Report	Appraisal report value	Fair value
Karaköy Hotel Project	31 December 2013	132.000	132.000	31 December 2012	92.120	92.120
İzmir Ibis Hotel Project	--	--	--	31 December 2012	46.720	46.720
Ankara Ibis Hotel Project	31 December 2013	35.270	35.270	31 December 2012	23.328	23.328
Tuzla Ibis Hotel Project	31 December 2013	16.470	16.470	--	--	--
Kuzey Kıbrıs Bafra Hotel Project	31 December 2013	8.399	8.399	31 December 2012	6.800	6.800
Total		192.139	192.139		168.968	168.968

Fair values of the Group's investment properties under development of RHI and RPI firms, located in Russia are calculated jointly by a real estate appraisal company included in the list of authorized valuation firms to offer appraisal services within the framework of the CMB legislation for "Property Appraisal Companies" and the Company's management.

Investment property under development of HDI incorporated in Holland in 2011 of which Akfen GYO has 100% of shares are comprised of costs incurred for the planned project in Moscow and Moscow Ibis Hotel project of which construction has started in 2 September 2013. Their fair values are calculated jointly by a real estate appraisal company included in the list of authorized valuation firms to offer appraisal services within the framework of the CMB legislation for "Property Appraisal Companies" and the Company's management TL 94.156 [31 December 2012: None]. The discount rate used for fair value calculation of operating investment properties as of 31 December 2013 is 15.5% [31 December 2012: None].

The fair value of other hotel project of HDI which is planned to be developed in Moscow, is composed of the expenditures related to the project and the fair value is TL 3.408 as of 31 December 2013 [31 December 2012: TL 3.408].

According to the situations 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 the property	Discount Rates	Discount Rates
	31 December 2013	31 December 2012
Karaköy Hotel Project	%7,75 and %9,50	%7,50 and %9,25
Ankara Ibis Hotel Project	%7,75 and %10,25	%7,50 and %10,00
Tuzla Ibis Hotel Land	%10,50	--
Kuzey Kıbrıs Bafra Hotel Project	Peer comparison	Peer comparison

As at 31 December 2013, total insurance amount on investment properties under development is TL 115.434 [31 December 2012: TL 88.161].

As at 31 December 2013 the pledge amount on investment property under development is TL 144.623 [31 December 2012: None].

As at 31 December 2013, directly attributable operating costs incurred for operating investment properties and investment properties under development are TL 3.520 and TL 1.819, respectively [31 December 2012: TL 2.491 and TL 2.003]. Directly attributable operating costs mainly comprise operating lease, insurance, maintenance, tax and duties expenses.

As at 31 December 2013, Group capitalised its interest expense amounting TL 3.299 in investment property [31 December 2012: TL 1.435].

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18 PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2013, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
Costs								
Balance at 1 January 2013	71.379	474.722	1.403	10.373	62	285.689	388	844.016
Effect of change in Group structure ^(*)	(38.445)	(94.951)	(219)	(138)	--	--	--	(133.753)
Additions ^(**)	736	9.538	12	335	--	124.827	1.324	136.772
Transfers	12.407	62.014	--	--	--	(74.421)	--	--
Disposals	--	(159)	(232)	--	--	--	--	(391)
Balance at 31 December 2013	46.077	451.164	964	10.570	62	336.095	1.712	846.644
Less: Accumulated depreciation								
Balance at 1 January 2013	(2.517)	(22.229)	(577)	(9.095)	(62)	--	(159)	(34.639)
Effect of change in Group structure	1.576	4.296	82	29	--	--	--	5.983
Depreciation charge for the period	(1.620)	(12.519)	(239)	(594)	--	--	(114)	(15.086)
Disposals	--	29	202	--	--	--	--	231
Balance at 31 December 2013	(2.561)	(30.423)	(532)	(9.660)	(62)	--	(273)	(43.511)
Net book value								
Net book value at 31 December 2012	68.862	452.493	826	1.278	--	285.689	229	809.377
Net book value at 31 December 2013	43.516	420.741	432	910	--	336.095	1.439	803.133

^(*) Since Karasular was sold as a result of the sale agreement signed with Aquila, decreases on property, plant and equipment are shown under effect of change in Group structure.

^(**) As at 31 December 2013, TL 112.129 of additions, which corresponds to 82% of additions, arises from construction in progress additions of HEPP projects. As at 31 December 2013, capitalized finance expense amounting TL 12.729 arises from HEPP projects (31 December 2012: TL 8.885).

As at 31 December 2013 and 2012 there is no property, plant and equipment acquired by financial leasing.

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As at 31 December 2012, the movements of the property, plant and equipment and related accumulated depreciation are as follows:

	Land and buildings	Machinery, facility and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Construction in progress	Leasehold improvements	Total
Costs								
Balance at 1 January 2012	52.368	380.795	1.366	10.152	62	182.992	363	628.098
Additions ^(*)	103	3.460	700	288	--	212.132	25	216.708
Transfers ^(**)	18.968	90.467	--	--	--	[109.435]	--	--
Disposals	[60]	--	[663]	[67]	--	--	--	[790]
Balance at 31 December 2012	71.379	474.722	1.403	10.373	62	285.689	388	844.016
Less: Accumulated depreciation								
Balance at 1 January 2012	[817]	[12.179]	[908]	[8.431]	[62]	--	[85]	[22.482]
Depreciation charge for period	[1.700]	[10.050]	[258]	[709]	--	--	[74]	[12.791]
Disposals	--	--	589	45	--	--	--	634
Balance at 31 December 2012	[2.517]	[22.229]	[577]	[9.095]	[62]	--	[159]	[34.639]
Net book value								
Net book value at 31 December 2011	51.551	368.616	458	1.721	--	182.992	278	605.616
Net book value at 31 December 2012	68.862	452.493	826	1.278	--	285.689	229	809.377

^(*) As at 31 December 2013, TL 211.990 of additions, which corresponds to 98% of additions, arises from construction in progress additions of HEPP projects.

^(**) As at 31 December 2012, transfers arise from capitalization of HEPP projects.

19 INTANGIBLE ASSETS

As at and 31 December, movement of cost of intangible fixed assets is as follows:

	Development costs	Licenses	Other intangible assets	Total
Costs				
Balance at 1 January 2012	159	65.464	1.824	67.447
Business combinations ^(*)	--	6.653	--	6.653
Additions	--	149	221	370
Disposals	[159]	--	--	[159]
Balance at 31 December 2012	--	72.266	2.045	74.311
Balance at 1 January 2013				
Effect of change in Group structure ^(**)	--	[10.406]	--	[10.406]
Additions	--	147	315	462
Disposals	--	[3]	--	[3]
Balance at 31 December 2013	--	62.004	2.360	64.364

^(*) Business combinations effect on licenses arises from the acquisition of H.H.K and Kurtal.

^(**) Since Karasular was sold as a result of the sale agreement signed with Aquila, decreases on intangible assets are shown under effect of change in Group structure.

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As at 31 December, movement of amortization of intangible assets is as follows:

	Licenses	Other intangible assets	Total
Accumulated amortization			
Balance at 1 January 2012	(5.859)	(1.195)	(7.054)
Amortization charge for the period	(1.446)	(187)	(1.633)
Disposals	--	--	--
Balance at 31 December 2012	(7.305)	(1.382)	(8.687)
Balance at 1 January 2013	(7.305)	(1.382)	(8.687)
Effect of change in Group structure [*]	1.213	--	1.213
Amortization charge for the period	(1.353)	(239)	(1.592)
Balance at 31 December 2013	(7.445)	(1.621)	(9.066)
Net book value			
Net book value at 31 December 2012	64.961	663	65.624
Net book value at 31 December 2013	54.559	739	55.298

20 GOODWILL

Cost	
Net Book Value at 1 January 2012	3.309
Net Book Value 31 December 2012	3.309
Net Book Value at 1 January 2013	3.309
Additions	23.534
Net Book Value at 31 December 2013	26.843

In 2013, additions amounting TL 23.534 (Note 3), arise from joining in Adana İpekyolu. As at 31 December 2012, goodwill amounting TL 3.309 arises from purchase of shares of Akfen GYO by the Company. Impairment of goodwill is conducted through use of market value.

21 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 July 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. İDO makes use of discounts of corporate tax and income tax in this scope.

As at 31 December 2013 and 2012, TAV Esenboğa and TAV İzmir have investment grants.

There are VAT and customs duty exemptions for the investments done for HEPP projects through various investment incentive certificates.

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22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Current provisions

As at 31 December, the short term debt provisions are as follows:

	2013	2012
Provision for litigations	123	1.465
Employee benefits (Note 24)	2.311	1.741
	2.434	3.206

Provision for litigations

As at 31 December 2013, major part of the provisions for litigations arises from the continuing legal cases of employees.

As at 31 December, the movement of provision for litigations is as follows:

Provision for litigations	2013	2012
Balance at the beginning of the period	1.465	2.411
Provision expense for the period	85	96
Provisions released during period	(1.427)	(1.042)
Balance at the end of the period	123	1.465

Non-current provisions

Provision for litigations

As at 31 December 2013, TL 508 of non-current debt provisions amounting TL 530 arised from provision for litigations of Akfen İnşaat (2012: TL 508). These provisions are determined by taking into account professional advices and sample cases.

23 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	2013	2012
A. Total amount of CPM is given on behalf of own legal personality	1.211.919	869.117
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	954.276	649.794
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	13.892	27.368
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	13.892	27.368
ii. Total amount of CPM given to the third parties not included in the Article C	--	--
Total	2.180.087	1.546.279

As at 31 December 2013 the ratio of total amount of other CPM given by the group to its equity is 1% [31 December 2012: 2%].

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As at 31 December, the distribution of CPM given per Group companies is as follows:

	2013	2012
Akfen GYO	926.825	631.377
HEPP Group	638.344	456.429
Akfen Holding	469.698	335.068
Akfen İnşaat	92.683	77.210
Akfen Enerji	52.537	46.195
	2.180.087	1.546.279

As at 31 December the currency distribution of foreign currency based CPM given by the Group is as follows:

	2013 (*)		2012 (*)	
	Euro	US Dollar	Euro	US Dollar
Total amount of CPM is given on behalf of own legal personality	754.159	192.066	555.277	105.282
Total amount of CPM is given in favor of subsidiaries which are fully consolidated	282.270	604.210	569.003	1.256
Other CPMs given	12.918	974	--	17.024
	1.049.347	797.250	1.124.280	123.562

(*) All amounts are expressed by TL equivalencies.

[b] Letter of Guarantees Received

As at 31 December 2013, Akfen Holding and its subsidiaries received cheques, notes and letter of guarantees which have nature of letter of guarantees amounting TL 202.274 [31 December 2012: TL 105.273] from subcontractors. As at 31 December 2013 TL 47.398 [31 December 2012: TL 28.501] of notes were given to constructions companies of Akfen Holding and its subsidiaries, TL 2.626 [31 December 2012: TL 3.160] were given to hydro electrical power plants of the Group.

TAV Havalimanları

TAV Havalimanları is obliged to give 6% of the total rent amount of USD 152.580 of TAV İstanbul as a letter of guarantee according to the rent agreement made with DHMİ. The total obligation has been provided by the Group.

TAV Havalimanları is obliged to give a letter of guarantee at an amount equivalent of TL 56.912 to GACA according to the BTO agreement signed with GACA in Saudi Arabia [31 December 2012: TL 47.434]. Furthermore, the Group is obliged to provide a letter of guarantee at an amount equivalent of TL 340.437 to National Commercial Bank which is included in letters of guarantee given to third parties [31 December 2012: TL 284.338]. The total obligation has been provided by TAV Havalimanları.

TAV Havalimanları is obliged to give a letter of guarantee at an amount equivalent of TL 31.862 [31 December 2012: TL 16.422] to the Ministry of State Property and Land Affairs and TL 16.743 [31 December 2012: TL 9.742] to OACA according to the BOT agreements and its amendments signed with OACA in Tunisia. The total obligation has been provided by TAV Havalimanları.

TAV Ege is obliged to pay an aggregate amount of EUR 610,000 plus VAT during the rent period according to the concession agreement. 5% of this amount is already paid in two installments. The remaining amount will be paid in equal installments at the first business days of each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of TL 100.591 to DHMİ. The total obligation has been provided by TAV Havalimanları .

Majority of letters of guarantee given to third parties includes the guarantees given to customs, lenders and some customers.

[c] Contractual obligations

TAV İstanbul

TAV İstanbul is bound by the terms of the Rent Agreement made with DHMİ. If TAV İstanbul does not comply with 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 the rent agreement, the contractual obligations of TAV İstanbul include the rental of the above mentioned contractual 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.

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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 companies 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 [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 such extension on 10 May 2007. After granting of temporary acceptance by DHMİ in year 2007, final acceptance was granted by DHMİ on 21 March 2008.

After granting of temporary acceptance by DHMİ in year 2007, 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 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.

HAVAŞ

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ and HAVAŞ undertake the liability of all losses incurred by their personnel to DHMİ or to third parties. In this framework, HAVAŞ covers those losses by an insurance policy amounting to USD 50.000. HAVAŞ also takes 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 is required to provide DHMİ with letters of guarantee amounting to USD 1.000. 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. 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 is obliged to complete the collateral at its original amount which is USD 1.000 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 immovable in the area free of charge.

TAV Tbilisi

TAV Tbilisi is bound 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 Transportation Association, International Civil Aviation Organization or European Civil Aviation Conference
- 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 concluded in May 2011.

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Tax legislation and contingencies

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 five years. Management believes 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.

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 concluded in March 2012.

TAV Tunisia

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 was 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.
- 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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In accordance with the general ground handling agreement, the Company undertakes the liabilities of all the losses incurred by their personnel to third parties. In this framework, TAV Tunisia covers those losses by an operator third party insurance policy amounting to USD 500,000 related with all operations.

The Conceding Authority and TAV Tunisia 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 Tunisia 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.

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.

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 issued labor force invoices to TAV Security and TAV Security should have 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 Company 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 Company. 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 TRL 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, so no provision is recorded in the accompanying consolidated financial statements.

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Georgian Tax Authority criticised the deduction of the VAT stemming from the construction of Batumi Airport Terminal which was undertaken by TAV Tbilisi in return for the extension of the operation period of Tbilisi Airport. The inspectors claimed that this transaction was a barter transaction and hence, TAV Tbilisi should have transferred the Batumi Airport Terminal to the competent authority by calculating VAT. As a result, VAT amounting to GEL 9.797 [TL 12.041] has been assessed and it has been charged together with GEL 8.263 [TL 10.156] of penalty [GEL 18.061 [TL 22.197] in total]. The management, lawyers and the tax advisors do not agree with the claim of the Georgian Tax Authority. Therefore, TAV Tbilisi has proceeded the appeal process and management believe that the appeal process will be concluded in the TAV Tbilisi's favor. Accordingly, no provision is recorded in the accompanying consolidated financial statements .

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.

HEPP Group

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 found fit 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.

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.

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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, Doğançay 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].

The Company which has obtained a license from EPDK by signing the Water Use Right Agreement with DSİ, pays the annual "Reservoir Hydrological Observation, Evaluation and Examination Service Fee" to DSİ. This fee is calculated by multiplying the yearly energy production of manufacturing plants by 0,07933 per kWh. The fee will be calculated regarding the production of the previous year and paid by the end of January of each year for hydroelectrical plants following the beginning of production for the duration of their licenses.

Liabilities due to Share Transfer Agreement

In the Beyobası, Pak and Elen projects located under HEPP Group, 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.

Group as a Lessee

Operating lease agreements

Akfen GYO

As at 31 December 2013, Akfen GYO concluded 12 Operating Lease agreements in capacity of the Lessee;

- Akfen GYO 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 2013 is USD 10.712 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.

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- Akfen GYO signed a rent agreement with Trabzon Dünya Ticaret Merkezi A.Ş. 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 Industry 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 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 lease agreement on 18 February 2009 for land of Kaliningrad projects with Kaliningrad Municipality amounting to TL 38.781 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.
- 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 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.
- Severny company of which the Group purchased all shares in 15 August 2013, signed a lease agreement with Moscow City Board on 20 April 2010 related to land on which Moscow Ibis Hotel will be constructed and all object is projected as hotel, to be valid till 24 September 2056. An additional lease agreement was signed on 02 June 2011 related to aforesaid lease agreement. Rent amount is approximately TL 24.388 in 2013. The Group 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.

Most of operating lease contracts contain clauses on review of market conditions in the event that the Group exercises its option to renew.

Payments recognized as an expense

	31 December 2013	31 December 2012
Lease payments	4.104	4.065
	4.104	4.065

Non-cancellable operating lease commitments

	31 December 2013	31 December 2012
Less than one year	1.474	800
Between one and five years	11.467	9.978
More than five years	127.522	128.470
	140.463	139.248

In respect of non-cancellable operating leases of Akfen GYO, the following liabilities have been recognized:

	31 December 2013	31 December 2012
Accrued rent expense		
Current	535	725
Non-current	3.500	2.768
	4.035	3.493

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Group as a Lessor

Operating lease agreements

As at 31 December 2012, the Group has undergone 23 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.
- 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 start 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.
- Akfen GYO has signed a rent agreement with Accor on 28 March 2012 to lease a hotel which is planned to complete and starts its operations in 2014 in Ankara Esenboğa.

All of the eleven 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.
- In Ankara Esenboğa Ibis Otel, 25% 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 according to formula given below:

AGOP= GOP [Gross Operating Profit] - 4% of revenue borne by Accor - 4% of revenue corresponding to furniture, fixture and equipment (FF&E) reserve fund.

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 or gross revenue ratio actualized in related quarter.

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Akfen GYO has additional eleven operating lease arrangements as lessor other than operating lease agreements signed with ACCOR S.A. 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 31 December 2010. The annual rent is paid quarterly (March, June, September and December). Since 1 July 2010 annual lease payment amounting to Euro 3.209.840 will be effective. 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. This agreement with Voyager is terminated on 1 October 2012.
- Akfen GYO has signed a rent agreement with Serenas Turizm Kongre ve Organizasyon Hizmetleri Limited Şirketi (“Serenas Turizm”) to lease Merit Park 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 is paid quarterly (February, May, August and November). The agreement with Serenas Turizm has been terminated on 1 October 2012.
- Voyager has operating the casino of 5 star Merit Park Hotel placed in Kyrenia, Northern Cyprus within the portfolio of Akfen GT since 2007. An agreement related to rental of Merit Park 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. 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 name of the hotel has changed as “Merit Park Hotel” as at 6 October 2012.
- Akfen GYO has signed rent agreement with Sportif Makine A.Ş. for Eskişehir İbis Hotel Fitness Center on 1 September 2006. The rent payments begin after two months from 1 January 2007 which the fitness center is delivered. The length of rent the agreement is 7 years and the rent increases at the beginning of the period depending on Euribor rate. VAT excluded monthly rent amount for the year 2013 is Euro 5.150 for June, July and August and Euro 6.200 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. VAT excluded monthly rent amount for the year 2013 is TL 5.550.
- Russian Hotel through its subsidiary 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 term is 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. The parties agreed that 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 S.A. operates in Russia. It was signed on 15 October 2009 in Moscow. The building has been delivered to ACCOR S.A. in the third quarter of 2011. The operation of hotel has been started in September 2012. In addition to first agreement related to Yaroslavl Hotel, the Company has signed a long term agreement with ACCOR S.A. in 1 July 2011. The lease term is 25 years with right of 10 years’ of prolongation of ACCOR S.A. 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. The Minimum Annual Guaranteed Rent the highest price is Euro 14.000 per a room. ACCOR S.A. has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement.
- 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 S.A. operates in Russia. It was signed on 8 September 2010 in Moscow. The building is delivered to ACCOR S.A. in the third quarter of 2013. The lease term is 25 years with right of 10 years’ of prolongation of ACCOR S.A. 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. The parties agreed that the Minimum Annual Guaranteed Rent the highest price is Euro 12.000 per a room. ACCOR S.A. has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement.
- Russian Property leased 1.562 squaremeter area of total rentable 4.637 squaremeter area of Samara Office in portfolio of Russian Property through its subsidiary Volgastroykom, to OAO Bank VTB with an agreement signed on 1 March 2013. The duration of the agreement is 6 years and monthly rent amount is approximately TL 123.469. The delivery of the rented offices was made in 15 March 2013. According to lease agreement, there will be no increase to the rent for the first year and for the upcoming year, the rent increase will be 10% with the condition of proving the rent increase in the market with an expertise report.
- Russian Hotel signed an lease agreement for a store including in Yaroslavl İbis Hotel Project through its subsidiary LLC YaroslavlOtelInvest. The maturity of the rent is 22 June 2014 and the monthly rent revenue for 2013 is approximately TL 9.717, including VAT.
- In 2 September 2013, Russian Hotel signed an lease agreement for a fitness center including in Yaroslavl İbis Hotel Project through its subsidiary LLC YaroslavlOtelInvest. The maturity of the rent is 01 August 2014 and the monthly rent revenue for 2013 is approximately TL 5.830, including VAT.
- Russian Property leased 1,869 squaremeter area of total rentable 4,637 squaremeter area of Samara Office in portfolio of Russian Property through its subsidiary Volgastroykom, to Rosneft Oil Company with an agreement signed in 2 December 2013 with duration of 24 months. Monthly rent amount is approximately TL 78.594, including VAT and rent payment will start on 1 April 2014.

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Non-cancellable operating lease receivables

	31 December 2013	31 December 2012
Less than one year	26.171	18.534
Between one and five years	102.746	77.321
More than five years	285.626	248.249
	414.543	344.104

Memorandum of understanding signed between Akfen Holding and Accor

Akfen Holding signed a Memorandum of Understanding ("MoU") 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 MoU" 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 will 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 MoU 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 arrangements that the Company is lessor are based on MoU.

According to MoU:

- Any sale of a controlling shareholding of the Company 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 Company becomes a publicly listed entity.
- For securitisation of further investments, Akfen Holding and Accor agree that the share capital of the Company could be increased by the entry 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.
- According to MoU 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 the 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.
- Till 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 İstanbul Metropolitan Municipality ("İBB") for operating the terminals, lines and sea vessels belonging to İBB. 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 2013, 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 İBB 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 İBB and the Group. IDO and İBB concluded a lease protocol on 1 August 2010 and the rate applicable is 5,1 % over the vessel revenues.

Pursuant to the agreement concluded between IDO and İBB on 30 July 2010, IDO has been authorized to operate 5 sea buses, 2 fast ferries belonging to İBB for 30 years against usufruct price. Monthly usufruct price that IDO is liable to pay to İBB is determined as 5,1 % of the gross revenue.

Usufruct right of 26 docks and terminal areas remaining under the authorization of İBB were taken through tendering for 30 years period against TL 590+VAT [Group's share is TL 197] starting from 1 November 2010. Rent amount is updated every year based on the increase in PPI rates.

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With an agreement concluded on 8 December 2010, İDO obtained public transport licence for 6 sea bus lines and 1 ferryboat line. According to the agreement, İDO is liable to pay 1 % of the annual gross revenue provided that it is not less than TL 2.001 (Group's share is TL 670).

With the agreement concluded on 15 March 2011, İDO 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+VAT (Group's share is TL 833) lease fee. Rent amount is updated every year based on the increase in PPI rates.

The usufruct right of Ambarlı Ro-Ro project was tendered from Financial Office of İstanbul on 1 April 2011. The usufruct right comprises sea apart of 2nd parcel of Ambarlı land. Within the frame of agreement, İDO will make investments in 4 years, after the investment period Usage Permission Agreement will be signed and usufruct will be obtained by completing the period to 30 years. According to conditions of preliminary permission contract, 20% of the rent payments TL 2.665 (Group's share: TL 888) will be paid until the start of the operation and the remaining amount will be paid when the operation is started. The rent amount will be increased by PPI rate.

Usufruct right of 14 docks remaining under the possession of Istanbul Internal Revenue Office was taken through tendering for 30 years period against TL 587 (Group's share is TL 196) starting from 5 July 2011.

İDO's 30-year lease agreement with annual payment of TL 180 + VAT (Group's share: TL 60) signed on 7 March 2011 for the land owned by İ.M.M. with 779/2 parcels. The rent amount is updated every year based on PPI rate of increase.

İDO's 30-year lease agreement with annual payment of TL 600 + VAT (Group's share: TL 200) signed on 28 March 2011 for the land owned by İ.M.M. with 779/1 parcels. The rent amount is updated every year based on PPI rate of increase.

İDO's lease agreement with annual payment of TL 40 (Group's share: TL 20) signed on 4 October 2011 for the property in Bostancı port. The leased property is used for kiosk in Bostancı port. The rent amount is updated every year based on PPI rate of increase.

24 EMPLOYEE BENEFITS

As at 31 December 2013 and 31 December 2012, employee benefits are comprised of vacation pay liabilities and reserve for employee severance indemnity. As at 31 December employee benefits are as follows:

	2013	2012
Vacation pay liability – short term	2.311	1.741
Employee severance indemnity – long term	2.335	1.764
	4.646	3.505

As at 31 December, the movement for vacation pay liability is as follows:

	2013	2012
Opening balance	1.741	1.329
Paid during the year	(94)	(165)
Increase in current year provision	664	577
Closing balance	2.311	1.741

As at 31 December, the movement of employee severance indemnity is as follows:

	2013	2012
Opening balance	1.764	915
Interest cost	167	91
Service cost	517	262
Paid during the year	(317)	(295)
Effect of change in Group structure	(97)	--
Actuarial difference	301	791
Closing balance	2.335	1.764

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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 3.254 as at 31 December 2013 (31 December 2011: full TL 3.034). 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 TAS 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:

	2013	2012
Salary increase rate	6,00%	5,00%
Discount rate	10,00%	8,00%
Net discount rate	3,77%	2,86%
Anticipated retirement turnover rate	84,00-99,00	81,00-99,00

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.

25 RETIREMENT PLANS

The Group does not have any retirement plans as at 31 December 2013 and 31 December 2012.

26 OTHER ASSETS AND LIABILITIES

Other current assets

As at 31 December, other current assets comprised the following:

	2013	2012
VAT carried forward	39.309	19.237
Advances given to sub-contractors	28.381	6.967
Other	575	249
	68.265	26.453

As at 31 December 2013 VAT carried forward is comprised of VAT receivables of Akfen İnşaat, HEPP Group, Akfen GYO and Akfen Enerji amounting TL 16.880, TL 15.858, TL 4.842 and TL 1.729, respectively.

As at 31 December 2013, the major part of the advances given to subcontractors are comprised of advances given by Akfen İnşaat for İncek Loft project, hotel projects and hydroelectrical power plant projects amounting TL 17.318, TL 6.514 and TL 2.247, respectively.

Other non-current assets

As at 31 December, other non-current assets comprised the following:

	2013	2012
VAT carried forward	102.419	113.421
Taxes and funds to be refunded through progress billings	6.099	4.210
Other	39	39
	108.557	117.670

As at 31 December 2013, TL 69.221 of VAT carried forward arises from the VAT payments done for investments in hydroelectrical power plants (31 December 2012: TL 72.494). Since these hydroelectrical power plants are in construction process, Group does not have enough VAT liability to offset. Akfen GYO has VAT carried forward amounting TL 33.198 (31 December 2012: TL 27.798). According to new corporate tax law real estate investment trusts have tax exemption for their income. However, they should bear up 18% of VAT from construction agreements.

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27 PREPAID EXPENSES

As at 31 December, current prepaid expenses are as follows:

	2013	2012
Prepaid expenses ^(*)	3.895	4.409
Advances given	776	7.866
Advances given to personnel	564	490
Job advances	164	501
	5.399	13.266

As at 31 December, non-current prepaid expenses are as follows:

	2013	2012
Advances given	7.689	6.803
Prepaid expenses ^(*)	3.601	9.118
	11.290	15.921

^(*) 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 İstanbul, Beyoğlu, 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 2013 the amount of expenses paid in advance for short and long-term is TL 1.562 (31 December 2012: TL 1.562) and TL 3.405 (31 December 2012: TL 6.516), respectively.

28 EQUITY

As at 31 December 2013, Akfen Holding had 291.000.000 shares, each has TL 1 of nominal value. As at 31 December 2013, the whole of TL 291.000 capital was paid.

	31 December 2013	31 December 2012
Registered equity ceiling	1.000.000	1.000.000
Paid in capital	291.000	145.500

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57,458,736 shares of Hamdi Akın, the shareholder of the company, are the registered shares in Group A and 233,541,264 B Group shares are wholly bearer shares.

	2013		2012	
	Share Amount	Ownership Rate %	Share Amount	Ownership Rate %
Hamdi Akın ^(*)	198.500	68,21	99.250	68,21
Akfen İnşaat ^(**)	7.990	2,75	3.995	2,75
Other shareholders	2.278	0,78	1.139	0,78
Publicly traded shares ^(***)	82.232	28,26	41.116	28,26
Paid in capital [nominal]	291.000	100	145.500	100

^(*)109.074 of public in nature belong to Hamdi Akın.

^(**)Public in nature

^(***) There are 6.992.099 shares of Akfen İnşaat which are public in nature

On 10 April 2013, Akfen Holding increased its paid in capital from TL 145.500 to TL 291.000. Whole amount of the increase is done through share premiums.

As at 31 December 2013, 13.230.488 shares were bought by Akfen Holding within the frame of buy back program.

As at 3 December 2013 and 2012 there is no pledge on Akfen Holding shares.

Concessions related with 57,458,736 shares in Group A are as follows:

In General Assemblys there are three voting rights for each shares of Group A and these have also voting session.

One of the two auditors 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.

Dividend Payments

Publicly held companies distribute dividends based on the Capital Market Board ["CMB"] Dividend Communique numbered II-19.1 effective from 1 February 2014.

Companies distribute their profits in accordance with their dividend policy determined by the General Assembly and with General Assembly resolution in accordance with provisions of the relevant legislation. According to the aforementioned communique, a minimum distribution rate has not been determined. Companies pay dividends according to their articles of association or dividend distribution policy. In addition, dividends may be paid in equal or different amount of installments, and cash dividend advances may be distributed over profit for the period presented in interim financial statements.

As a result of the General Assembly held on 28 May 2013, Company decided to distribute dividend from the profit of 2012 and previous years with a gross amount of TL 25.529 [TL 24.141 net] after the allocation of required legal reserves within the frame of legislation. Payments were started to be made on 30 May 2013 and completed on 3 June 2013.

Treasury shares and capital adjustments due to cross-ownership

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.

In the frame of the Buy Back Programme approved in the General Assembly of the Company on 12 September 2011 and expanded for 18 months on 28 May 2013 and amended on 24 October 2013, 13.230.488 and 6.992.099 Akfen Holding A.Ş. shares were purchased by Akfen Holding and Akfen İnşaat amounting TL 57.159 and TL 30.952, respectively.

As at 31 December 2013, the number of shares purchased shares within the frame of Buy Back Programme is 20.222.587 and proportion of purchased shares to total shares has reached 6,95%. Together with the 2,75% shares of Akfen İnşaat on Akfen Holding before initial public offering, as at 31 December 2013 the ownership rate of the Company and its subsidiary has reached 9,69%.

Translation reserve

As at 31 December 2013 the translation reserve amounting TL 101.270 [31 December 2012: TL 37.229] is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, Akfen Su, TAV Yatırım, Akfen GYO, Akfen İnşaat 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 2013 the hedging reserve amounting to, TL 12.027 (İDO TL 1.182 and TAV Havalimanları: TL 10.845) is recognized in equity which is related to the interest rate swap contracts made by İDO and TAV Havalimanları (31 December 2012: TL 84.473 [HES I-IV-V: TL 7.763, MIP TL 53.188, TAV Havalimanları TL 17.293, İDO: TL 6.229]).

Revaluation surplus

The customer relationship and DHMİ license 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. In addition, vessels owned by İDO has been revaluated in 2013 and respective revaluation increase is shown under revaluation reserve in financial statements.

The accompanying consolidated financial statements include the Group's share of the revaluation surplus as at 31 December 2013 and 2012.

Entities under common control

Shares 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.

Share premium

During the public offerings carried out on 14 May 2010 and special sales made to corporate investor at BİAŞ Wholesale Market on 24 November 2010, because of sale of company shares at 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 at the capital increases in the future.

Akfen Holding increased its paid in capital from TL 145.500 to TL 291.000 through share premiums.

All gain or loss realized on sale and purchase of non-controlling interest in a subsidiary is also included in share premium. Akfen GYO increased its capital by 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. After these transactions ownership has changed without losing control, and these transactions were recognized under the share premium item after the transaction costs were netted off.

Company bought 32.000 shares of Akfen GYO, whose 56,56% shares it owned, on 27 December 2013 for a consideration of TL 1,10. Together with this transaction Group's share on Akfen GYO's total share has reached 56,81% as at 31 December 2013. After the purchases number of shares belonging to Akfen Holding has reached 104.526.899 and 9.370.515 (5,09% of total shares) of them are publicly traded on the BİAŞ.

As at 30 November 2012, the Company sold 40% of its share on HES IV to Aquila with a consideration of Euro 22.908 [TL 52.936]. Since the control did not change, transaction has been accounted under share premiums.

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 2013 and 31 December 2012, the amounts classified under the 'non-controlling interest' item in the balance sheet are TL 406.187 and TL 388.680, respectively. In addition, 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 periods ended 31 December 2013 and 2012 are TL 54.260 and TL 9.374, respectively.

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29 REVENUE AND COST OF SALES

29.1 Revenue

For the years ended 31 December, revenue comprised the following:

	2013	2012
Revenue from electricity sales	70.012	57.976
Rent income from investment property	41.233	31.506
Contract revenue	--	846
Other	201	550
	111.446	90.878

29.2 Cost of sales

For the years ended 31 December, cost of sales comprised the following:

	2013	2012
Depreciation and amortization	15.554	13.398
Outsourcing expenses	11.843	5.655
Personnel expenses	5.142	4.748
Insurance expenses	3.835	2.447
Rent expenses	3.642	3.525
Construction contract cost [*]	2.655	1.030
Cost of raw materials	28	823
Other	3.166	3.146
	45.865	34.772

[*]As at 31 December 2013, depreciation and amortisation expenses related with contract expenses amounting TL 233 is included in depreciation and amortisation expenses.

30 SELLING, 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:

	2013	2012
Personnel expenses	27.574	27.200
Consultancy expenses	4.982	6.567
Rent expenses	3.301	3.057
Grant and charities	3.251	918
Taxes and duties	2.302	1.620
Advertisement expenses	1.387	1.623
Travel expenses	1.308	1.333
Depreciation and amortisation expenses	1.124	1.026
General office expenses	911	933
Office supplies expenses	545	523
Representation expenses	468	320
Outsourcing expenses	315	668
Insurance expenses	192	185
Other	5.052	6.338
	52.712	52.311

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31 EXPENSES BY NATURE

As at 31 December 2013 and 2012, The Group's expenses are presented on a functional basis and details are given in Note 29 and Note 30.

32 OTHER INCOME/EXPENSE

For the years ended 31 December, other income comprised the following:

	2013	2012
Gain on fair value of investment properties (Note 17)	208.641	42.165
Insurance compensation income	4.953	1.659
Foreign exchange gain from trade receivables and trade payables	2.044	1.963
Reversal of provisions	1.676	13.939
Other	1.208	9.739
	218.522	69.465

As at 31 December 2013, TL 1.436 of reversal of provisions is the income amount derived from cancellation of previous periods' provisions of Akfen GYO occurred by prediction of impossibility of receivable collection from Razveev – ex-owner of Samara Office land belonging to RPI, by collection of the amount in related period.

As at 31 December 2012, TL 12.601 of reversal of provisions arises from the cancellation of VAT receivables occurs from Akfen GYO's projects in Russia, which was predicted as not possible to net off from VAT payables previously.

For the years ended 31 December, other expenses comprised the following:

	2013	2012
Foreign exchange loss from trade receivables and trade payables	3.430	1.568
Litigation claims	2.421	--
Loss on fair value of investment properties[*]	--	43.809
Provision expenses	--	3.786
Insurance damage expenses	--	3.721
Other	5.171	729
	11.022	53.613

As at 31 December 2013, TL 2.534 of other expenses arises from investment expenditures of operating HEPP projects.

[*]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.

33 INCOME/EXPENSE FROM INVESTMENT ACTIVITIES

As at 31 December, the detail of income from investment activities is as follows:

	2013	2012
Profit from sale of subsidiary	33.079	--
Profit from sale of securities	5.418	11.057
Interest income from time deposits with maturity longer than three months	3.010	6.281
Gain on sale of property, plant and equipment	23	69
Profit from sale of joint ventures	--	561.860
Profit from sale of investment property	--	10.326
Dividend income from affiliates	--	49
	41.530	589.642

As at 31 December 2013, profit from sale of subsidiary arises from sale of shares on Karasular to Aquila.

As at 31 December 2012, profit from sale of affiliates arises from sale of shares on TAV Havalimanları and TAV Yatırım.

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Expense from investment activities

As at 31 December 2013, expense from investment activities amounting TL 10,399 arises from loss from sale of securities (2012: TL 3,288).

34 FINANCIAL INCOME

For the years ended 31 December, financial income comprised the following:

	2013	2012
Foreign exchange gain	117.231	162.721
Interest income	28.835	20.465
	146.066	183.186

For the periods ended 31 December, financial income/(expenses) accounted in other comprehensive income as a result of hedging agreements and functional-reporting currency differences of subsidiaries and joint ventures are as follows:

	2013	2012
Finance income/(expense) of investments in equity accounted investees	134.693	(28.504)
Foreign currency translation differences	1.586	(1.328)
Hedging reserve	5.701	(1.980)
Tax benefit/(expense) from other comprehensive income items	(1.425)	(495)
	146.417	(32.307)

As at 31 December finance income/(expense) accounted under other comprehensive income arises from MIP, TAV Yatırım, Akfen Su, Akfen GYO, Akfen İnşaat, HEPP Group and TAV Havalimanları.

As at 31 December 2013 foreign exchange translation differences accounted under equity amounting TL 101.270 is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım, Akfen Su, Akfen GYO, Akfen İnşaat and TAV Havalimanları conversion from their functional currency of USD and EUR to the presentation currency TL (31 December 2012: TL 37.229, TAV Yatırım, MIP, Akfen Su, Akfen İnşaat, Akfen GYO ve TAV Havalimanları).

35 FINANCIAL EXPENSE

For the years ended 31 December, financial expenses comprised the following:

	2013	2012
Foreign exchange loss	286.057	112.366
Interest expenses	87.573	104.531
Bank commissions	12.612	2.826
Commissions for letters of guarantee	2.196	3.174
Other	13.165	5.575
	401.603	228.472

36 ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

As at 31 December 2013, the amount of Company's other comprehensive income not to be classified to profit or loss is TL 57,579 [income] (31 December 2012: TL 1,571, loss) and other comprehensive income to be classified to profit or loss is TL 140,555 [income] (31 December 2012: TL 32,307, loss).

37 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.

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As at 31 December 2013, the tax rates [%] used in the deferred tax calculation by taking into account the tax regulations in force in each country are as follows:

Country	Tax Rate
Tunisia	25
Georgia	15
Egypt	20
Macedonia	10
Latvia	15
Libya (*)	15-40
Qatari	10
Oman	12
Cyprus	23,5
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 25% 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.

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.

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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.

37.1 Taxation income/[expense]

The taxation charge for the years ended 31 December comprised the following items:

	2013	2012
Corporate tax expense	(2.662)	(230)
Deferred tax benefit/[expense]	1.123	(18.687)
Tax expense recognized in profit / loss	(1.539)	(18.917)
Deferred tax expense recognized in comprehensive income	(1.350)	(337)
Total	(2.889)	(19.254)

The movement of deferred tax income/[expense] by years is as follows:

	1 January 2012	Deferred tax expense of current period	Amount recognized in other comprehensive income	31 December 2012
Trade and other receivables	1.952	446	--	2.398
Tangible and intangible fixed assets	13.485	(3)	--	13.482
Derivative financial instruments	2.436	--	(495)	1.941
Investment incentives	16.012	(1.038)	--	14.974
Investment properties	(58.132)	1.166	158	(56.808)
Tax losses carried forward	28.015	(20.408)	--	7.607
Loans and borrowings	(1.202)	226	--	(976)
Other temporary differences	(322)	924	--	602
	2.244	(18.687)	(337)	(16.780)

	1 January 2013	Deferred tax expense of current period	Effect of sale of subsidiary	Amount recognized in other comprehensive income	31 December 2013
Trade and other receivables	2.398	(2)	--	--	2.396
Tangible and intangible fixed assets	13.482	11.584	(7.014)	--	18.052
Derivative financial instruments	1.941	--	(516)	(1.425)	--
Investment incentives	14.974	(336)	--	--	14.638
Investment properties	(56.808)	(25.296)	--	--	(82.104)
Tax losses carried forward	7.607	14.734	(1.527)	--	20.814
Loans and borrowings	(976)	1.194	(273)	--	(55)
Other temporary differences	602	(755)	27	75	(51)
	(16.780)	1.123	(9.303)	(1.350)	(26.310)

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Reconciliation of effective tax rate

The reported taxation charges in the profit or loss for the years ended 31 December are different than the amounts computed by applying statutory tax rate to profit before tax. Related reconciliation is shown as follows:

Reconciliation of tax provision:

	2013		2012	
	Amount	%	Amount	%
(Loss)/Profit for the period	(18.913)		672.134	
Total income tax expense	(1.539)		(18.917)	
(Loss)/Profit before tax	(17.374)		691.051	
Income tax using the Company's statutory tax rate	3.475	(20,0)	(138.210)	(20,0)
Effect of tax rates in foreign jurisdictions	(1.418)	8,2	366	0,1
Disallowable expenses	(1.766)	10,2	(6.864)	(1,0)
Tax exempt income (*)	10.670	(61,4)	94.853	13,7
Prior year losses for which no deferred tax was recognized	--	--	8.367	1,2
Current year losses that are not subject to deferred tax	(10.027)	57,7	(1.534)	(0,2)
Investments in equity accounted investees	(2.667)	15,4	26.067	3,8
Effect of other adjustments	194	(1,1)	(1.962)	(0,3)
Taxation charge	(1.539)	(9,0)	(18.917)	(2,7)

(*) Arises from gain on sale of subsidiaries and dividends.

37.2 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.

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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	
	2013	2012	2013	2012	2013	2012
Trade and other receivables	2.396	2.398	--	--	2.396	2.398
Tangible and intangible fixed assets	30.729	26.864	(12.677)	(13.382)	18.052	13.482
Derivative financial instruments	--	1.941	--	--	--	1.941
Investment incentives	14.638	14.974	--	--	14.638	14.974
Investment properties	--	--	(82.104)	(56.808)	(82.104)	(56.808)
Tax losses carried forward	20.814	7.607	--	--	20.814	7.607
Loans and borrowings	21	92	(76)	(1.068)	(55)	(976)
Other temporary differences	304	751	(355)	(149)	(51)	602
Subtotal	68.902	54.627	(95.212)	(71.407)	(26.310)	(16.780)
Net-off tax	(17.096)	(19.919)	17.096	19.919	--	--
Total deferred tax assets/(liabilities)	51.806	34.708	(78.116)	(51.488)	(26.310)	(16.780)

According to the Tax Procedural Law, statutory losses can be carried forward maximum for five years. Group management has assessed that it is possible for the Company to have taxable profit in the years ahead and as at 31 December 2013 has reflected TL 20.814 (31 December 2012: TL 7.607) 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 95.977 (2012: TL 45.844) available for offset against future profits that is unused. TL 19.196 deferred tax asset (31 December 2012: TL 9.169) was not recorded since the profit for the future cannot be estimated.

The expiry dates of previous years losses that are not recognized as deferred tax asset are as follows:

	31 December 2013	31 December 2012
2014	1.365	1.365
2015	103	103
2016	38.622	38.622
2017	5.754	5.754
2018	50.133	--
	95.977	45.844

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.

38 EARNINGS PER SHARE

For the periods ended 31 December amounts of earning per share as TL (73.173) and TL 662.760, 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.

	2013	2012
Income/(loss) on attributable to main shareholders of the Company	(73.173)	662.760
The weighted average number of shares outstanding during the period ⁽¹⁾	276.726.912	281.778.944
[Loss]/Profit per share from operations [full TL]	(0,2644)	2,3521

⁽¹⁾ Earnings per share calculation is done by excluding 4.509.654 and 3.179.588 shares of Akfen İnşaat and Akfen Holding at the beginning of the period and 2.482.445 and 10.050.900 share purchases of Akfen İnşaat and Akfen Holding during the period.

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39 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.

39.1 Related party balances

As at 31 December, short term receivables and payables balances are as follows:

	2013	2012
Trade receivables	37	--
Non-trade receivables	560	239
	597	239
Trade payables	828	955
Non-trade payables	17.920	100
	18.748	1.055

As at 31 December, long term receivables and payables balances are as follows:

	2013	2012
Non-trade receivables	27.442	45.541
	27.442	45.541
Non-trade payables	7.730	7.499
	7.730	7.499

All transactions between Company and subsidiaries 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.

As at 31 December, the Group had the following long term non trade receivables from its related parties:

Due from related parties (long term-non trade):	2013	2012
İDO	16.025	--
Hyper Foreign Holland N.V.	6.686	5.552
Akfen Gayrimenkul Yatırımları Ticaret A.Ş.["Akfen GYT"]	2.689	38.334
Other	2.042	1.655
	27.442	45.541

As at 31 December, the Group had the following short term non trade payables to its related parties:

Due to related parties (short term-non trade):	2013	2012
Adana İpekyolu [Note 3] ⁽¹⁾	17.263	--
Other	657	100
	17.920	100

⁽¹⁾ Capital commitments arising from acquisition of Adana İpekyolu.

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As at 31 December, the Group had the following long term non trade payables to its related parties:

Due to related parties (long term-non trade):	2013	2012
TAV Yatırım	7.692	7.499
TAV Havalimanları	38	--
	7.730	7.499

39.2 Related party transactions

For the years ended 31 December, services rendered to related parties comprised the following:

Services rendered to related parties: Company	2013		2012	
	Amount	Transaction	Amount	Transaction
Akfen GYT	2.910	Financial income	6.389	Financial income
	2.910		6.389	

For the years ended 31 December, services obtained from related parties comprised the following:

Services obtained from related parties: Company	2013		2012	
	Amount	Transaction	Amount	Transaction
Ibs Sigorta Brokerlik Hiz. A.Ş.	2.998	Purchases	2.632	Purchases
	2.998		2.632	

39.3 Key management personnel compensation

Total short term benefits provided to key management personnel for the Group and subsidiaries amounted to TL 8.751 as at 31 December 2013 (31 December 2012: TL 7.931).

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40 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date is as follows:

31 December 2013	Receivables						
	Trade Receivables		Other Receivables		Deposits on Banks	Derivative Instruments	Other (*)
	Related Parties	Third Parties	Related Parties	Third Parties			
Exposure to maximum credit risk as at reporting date [A+B+C+D+E]	37	30.192	28.002	19.119	147.050	--	5.614
- Portion of maximum risk covered any guarantee (**)	--	6.851	--	--	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue ⁽²⁾	37	19.743	28.002	19.119	147.050	--	--
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⁾	--	10.449	--	--	--	--	--
- The portion covered by any guarantee	--	6.851	--	--	--	--	--
D. Net carrying value of impaired assets ⁽⁴⁾	--	--	--	--	--	--	--
- Past due [gross book value]	--	1.175	--	--	--	--	--
- Impairment [-]	--	[1.175]	--	--	--	--	--
- Not past due [gross book value]	--	--	--	--	--	--	--
- Impairment [-]	--	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--	--

31 December 2013	Receivables	
	Trade Receivables	Other Receivables
Past due 1-30 days	1.597	--
Past due 1-3 months	--	--
Past due 3-12 months	809	--
Past due 1-5 years	8.484	--
More than 5 years	734	--
Total undue receivables	11.624	--
Total allowances	[1.175]	--
Amount secured by guarantees etc.	6.851	--

(*) As at 31 December 2013, government and private sector bonds amounting TL 5.164 are shown in other cash and cash equivalents [Note 6]

(**) Amounts represent the receivables that are secured by letter of guarantees, cheques and notes.

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	Receivables							
	Trade Receivables		Other Receivables			Deposits on Banks ⁽¹⁾	Derivative Instruments	Other ^(**)
	Related Parties	Third Parties	Related Parties	Third Parties				
31 December 2012								
Exposure to maximum credit risk as at reporting date [A+B+C+D+E]	--	40.013	45.780	13.731	374.278	--	--	59.853
- Portion of maximum risk covered any guarantee	--	6.366	--	--	--	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue ⁽²⁾	--	27.004	45.780	13.731	374.278	--	--	59.853
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⁾	--	13.009	--	--	--	--	--	--
- The portion covered by any guarantee	--	6.366	--	--	--	--	--	--
D. Net carrying value of impaired assets ⁽⁴⁾	--	--	--	--	--	--	--	--
- Past due [gross book value]	--	1.127	--	--	--	--	--	--
- Impairment [-]	--	[1.127]	--	--	--	--	--	--
- Not past due [gross book value]	--	--	--	--	--	--	--	--
- Impairment [-]	--	--	--	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--	--	--	--

	Receivables	
	Trade Receivables	Other Receivables
31 December 2012		
Past due 1-3 months	6.427	--
Past due 3-12 months	31	--
Past due 1-5 years	7.088	--
More than 5 years	590	--
Total undue receivables	14.136	--
Total allowances	[1.127]	--
Amount secured by guarantees etc.	6.366	--

⁽¹⁾ As at 31 December 2012, deposit amounting TL 133.695 is included in restricted cash.

^(**) As at 31 December 2012, government and private sector bonds amounting TL 59.853 is shown in other [Note 6].

Impairment

Movement in the allowance for doubtful receivables for the years ended 31 December was as follows:

	2013	2012
Balance at the beginning of the period	[1.127]	[1.048]
Foreign exchange difference	[48]	[79]
Balance at the end of the period	[1.175]	[1.127]

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Liquidity risk

The following tables provide an analysis of financial liabilities of the Group into relevant maturity groupings including interest payments based on the remaining periods to repayment as at 31 December 2013:

31 December 2013							
	Note	Carrying Amount	Expected Cash Flow	3 months or Less	03 - 12 Months	1-5 Years	More than 5 years
Financial liabilities							
Loans and borrowings	7	1.283.635	(1.551.727)	(51.456)	(250.504)	(978.036)	(271.731)
Bonds	7	160.763	(164.185)	(164.185)	--	--	--
Trade payables	9	50.437	(50.807)	(12.424)	(13.774)	(24.609)	--
Due from related parties	9-10-39	26.478	(26.478)	(137)	(18.611)	(7.730)	--
Other payables ⁽¹⁾		8.966	(8.966)	(2.930)	(2.012)	(4.024)	--
Total		1.530.279	(1.802.163)	(231.132)	(284.901)	(1.014.399)	(271.731)

⁽¹⁾ The non-financial instruments such as deposits and advances received, deferred income are not included in the other payables.

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:

31 December 2012							
	Note	Carrying Amount	Expected Cash Flow	3 months or Less	03 - 12 Months	1-5 Years	More than 5 years
Financial liabilities							
Loans and borrowings	7	1.061.267	(1.238.111)	(41.617)	(240.798)	(651.209)	(304.487)
Bonds	7	230.766	(258.008)	(10.413)	(84.829)	(162.766)	--
Trade payables	9	56.875	(56.985)	(9.720)	(14.528)	(32.737)	--
Due from related parties	9-10-39	8.554	(8.554)	(179)	(854)	(7.521)	--
Other payables ⁽¹⁾		14.187	(14.187)	(8.071)	(2.477)	(3.639)	--
Interest rate swap		9.704	(10.039)	--	(3.906)	(6.133)	--
Total		1.381.353	(1.585.884)	(70.000)	(347.392)	(864.005)	(304.487)

⁽¹⁾ The non-financial instruments such as deposits and advances received, deferred income are not included in the other payables.

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Currency risk

Exposure to currency risk

As at 31 December 2013, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below.

31 December 2013

	TL Equivalent	USD	EUR	Other (*)
1. Trade receivables	8.652	6	2.942	--
2a. Monetary Financial Assets (including Cash and Cash at Banks)	99.311	22.574	17.411	5
2b. Non-monetary Financial Assets	10.447	38	3.530	--
3. Other	10.042	1.019	2.679	--
4. Current Assets (1+2+3)	128.452	23.637	26.562	5
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-monetary Financial Assets	--	--	--	--
7. Other	37.284	11.836	4.091	8
8. Non-current Assets (5+6+7)	37.284	11.836	4.091	8
9. Total Assets (4+8)	165.736	35.473	30.653	13
10. Trade Payables	14.697	1.741	3.740	--
11. Financial Liabilities	247.347	40.387	54.878	--
12a. Other Monetary Liabilities	9.734	590	2.886	--
12b. Other Non-monetary Liabilities	8.232	2	2.802	--
13. Short Term Liabilities (10+11+12)	280.010	42.720	64.306	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	945.068	251.397	139.115	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	5.106	1.267	818	--
17. Long Term Liabilities (14+15+16)	950.174	252.664	139.933	--
18. Total Liabilities (13+17)	1.230.184	295.384	204.239	--
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	--	--	--	--
19a. Amount of Derivative Off-Balance Sheet Items in Foreign Currency in Asset Characteristics	--	--	--	--
19b. Amount of Off Derivative-Balance Sheet Items in Foreign Currency in Liability Characteristics	--	--	--	--
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(1.064.448)	(259.911)	(173.586)	13
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) [=1+2a+5+6a-10-11-12a-14-15-16a]	(1.108.883)	(271.535)	(180.266)	5
22. Total Fair Value of Financial Instruments Used for Currency Hedging	--	--	--	--
23. Hedged Amount of Foreign Currency Assets	--	--	--	--
24. Hedged Amount of Foreign Currency Liabilities	--	--	--	--

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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	Other ⁽¹⁾
1. Trade receivables	6.057	11	2.567	--
2a. Monetary Financial Assets (including Cash and Cash at Banks)	317.143	156.582	16.164	5
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	14.906	607	5.878	--
4. Current Assets (1+2+3)	338.106	157.200	24.609	5
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	7	--	--	7
6b. Non-monetary Financial Assets	--	--	--	--
7. Other	6.667	2.293	1.097	--
8. Non-current Assets (5+6+7)	6.674	2.293	1.097	7
9. Total Assets (4+8)	344.780	159.493	25.706	12
10. Trade Payables	14.549	2.246	4.485	--
11. Financial Liabilities	266.847	29.311	91.252	--
12a. Other Monetary Liabilities	428	--	182	--
12b. Other Non-monetary Liabilities	8.861	2	3.767	--
13. Short Term Liabilities (10+11+12)	290.685	31.559	99.686	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	764.399	76.521	267.037	--
16a. Other Monetary Liabilities	2.276	1.249	21	--
16b. Other Non-monetary Liabilities	3.889	--	1.654	--
17. Long Term Liabilities (14+15+16)	770.564	77.770	268.712	--
18. Total Liabilities (13+17)	1.061.249	109.329	368.398	--
19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b)	--	--	--	--
19a. Amount of Derivative Off-Balance Sheet Items in Foreign Currency in Asset characteristics	--	--	--	--
19b. Amount of Off Derivative-Balance Sheet Items in Foreign Currency in Liability characteristics	--	--	--	--
20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19)	(716.469)	50.164	(342.692)	12
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(725.292)	47.266	(344.246)	12
22. Total Fair Value of Financial Instruments Used for Currency Hedging	--	--	--	--
23. Hedged Amount of Foreign Currency Assets	--	--	--	--
24. Hedged Amount of Foreign Currency Liabilities	--	--	--	--

⁽¹⁾ Assets and liabilities in other currencies are presented by their TL equivalents.

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.

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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.

Sensitivity Analysis

31 December 2013

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net USD asset/liability	(55.473)	55.473	--	--
2- USD risk averse portion [-]	--	--	--	--
3- Net USD Effect [1+2]	(55.473)	55.473	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(50.973)	50.973	--	--
5- Euro risk averse portion [-]	--	--	--	--
6- Net Euro Effect [4+5]	(50.973)	50.973	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1	(1)	--	--
8- Other currency risk averse portion [-]	--	--	--	--
9- Net other currency effect [7+8]	1	(1)	--	--
TOTAL [3+6+9]	(106.445)	106.445	--	--

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 devaluation/appreciation by 10% of USD against TL				
1- Net USD asset/liability	8.942	(8.942)	--	--
2- USD risk averse portion [-]	--	--	--	--
3- Net USD Effect [1+2]	8.942	(8.942)	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(80.590)	80.590	--	--
5- Euro risk averse portion [-]	--	--	--	--
6- Net Euro Effect [4+5]	(80.590)	80.590	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	1	(1)	--	--
8- Other currency risk averse portion [-]	--	--	--	--
9- Net other currency effect [7+8]	1	(1)	--	--
TOTAL [3+6+9]	(71.647)	71.647	--	--

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Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2013	2012
Fixed rate instruments		
Financial assets	133.423	372.976
Financial liabilities	682.744	201.076
Variable rate instruments		
Financial assets	--	58.245
Financial liabilities	761.654	1.090.957

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 TL Base Interest Rate, Euribor or Libor rate, caused to approximately TL 7.617 (31 December 2012: TL 10.910) increase in the annual interest costs of floating interest rate liabilities of the Group. As at 31 December 2012 TL 1.850 of this amount was hedged with due interest rate swap (TL 635 HES I, TL 484 HES IV, TL 731 HES V). Because of this reason, as at 31 December 2012 the net risk on profit and loss is TL 9.060. The interest rate swap agreements has been ended in 2013.

As at 31 December 2013 and 31 December 2012, a one basis point increase in interest rates would affect the consolidated comprehensive income in the following way. All variables are assumed constant including foreign exchange rates during analysis.

Interest rate profile

	31 December 2013	31 December 2012
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		582
Financial Liabilities	(7.617)	(10.910)

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.

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As at 31 December, net financial liabilities/equity ratios are as follows:

	2013	2012
Total financial liabilities	1.444.398	1.292.033
Cash and banks ^(*)	[153.044]	[434.388]
Net financial liabilities	1.291.354	857.645
Equity	1.762.872	1.692.418
Net financial liability/equity ratio	0,73	0,51

(*) As at 31 December, in addition to cash and cash equivalents, time deposits with maturity of more than 3 months and available for sale financial assets shown in financial assets are included in cash and banks.

Fair values

Fair value and carrying amounts of assets and liabilities are shown in the table below;

	Note	2013		2012	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and cash equivalents	5	147.430	147.430	142.514	142.514
Restricted cash	11	--	--	133.695	133.695
Financial investments	6	5.614	5.614	158.179	158.179
Trade receivables (current)	9	16.916	16.916	26.250	26.250
Trade receivables from related parties	9 - 39	37	37	--	--
Other receivables from related parties	10 - 39	28.002	28.002	45.780	45.780
Other receivables ^(*)		19.119	19.119	13.731	13.731
Other current assets ^(*)		575	575	249	249
Trade receivables (non-current)		13.276	13.276	13.763	13.763
Financial liabilities					
Loans and borrowings	7	[1.444.398]	[1.444.398]	[1.292.033]	[1.292.033]
Derivative financial instruments	8	--	--	[9.704]	[9.704]
Trade payables to related parties	9 - 39	[828]	[828]	[955]	[955]
Other payables to related parties	10 - 39	[25.650]	[25.650]	[7.599]	[7.599]
Trade payables	9	[50.437]	[50.437]	[56.875]	[56.875]
Other payables ^(**)		[6.262]	[6.262]	[7.968]	[7.968]
Other current liabilities ^(**)		[252]	[252]	[795]	[795]
Net		[1.296.858]	[1.296.858]	[841.768]	[841.768]
Unrealised gain			--		--

(*) 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. 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 2013	Level 1	Level 2	Level 3
Available for sale financial assets	5.614	--	--
	5.614	--	--
31 December 2012	Level 1	Level 2	Level 3
Available for sale financial assets	59.853	--	--
Derivatives, (net)	--	(9.704)	--
	59.853	(9.704)	--

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41 SUBSEQUENT EVENTS

Akfen Holding and It's Subsidiaries

Akfen Holding

The Company's book building process for the bond with three years maturity and quarterly floating rate coupon payments was completed on 8-9 January 2014. The issue amount of the bond offering was determined at TL 140.000.000 and the allocation to domestic individual investors was 15,84% and to domestic institutional investors was 84,16%. Interest rate of the first coupon payment is determined as 3,23% and the annual compound interest rate of the first coupon payment is determined as 13,60% (simple interest rate: 12,92%).

As at report date, total number of shares of Akfen Holding purchased within the Buy Back Programme has reached to 15.724.102. The ratio of total purchased shares to capital has reached to 5,40%. On 20 February 2014, it was announced that the purchases within the Buy Back Programme has been ceased to comply with the 9th article of CMB's Repurchased Shares Notice numbered II.22.1 and dated 03.01.2014.

Company's ownership rate of Akfen GYO, which was 56,81% as at 31 December 2013, has reached to 56,88% because of the purchases made after 1 January 2014. Together with these purchases, the number of shares of Akfen GYO owned by Akfen Holding has reached to 104.656.831 and 9.500.447 (5,16% of total capital) of them are traded in BİAŞ.

To build Akfenres structure, the transition of Sim-Er, consolidated under Akfen Holding, to Akfenres Rüzgar Enerjisi Yatırımları A.Ş. was completed on 06 February 2014 and 7 new companies with specific purposes of setting up wind measurement poles and wind measurement are founded under Akfenres. Four other companies which has wind measurement poles settled up and measuring wind, are acquired on 10 February 2014.

Pursuant to the resolution of the Board of Directors dated February 10th, 2014, BOD decided to issue corporate bonds through a public offering with a nominal value of full TL 200.000.000 (TL twohundredmillions) and General Directorate was authorized to determine all terms and conditions related with public offering. The bond will have a maturity of 3 years with semiannual coupon payments and floating interest rate. Garanti Yatırım Menkul Kıymetler A.Ş. will be used as the stock brokerage firm.

Akfen GYO

HDI through its subsidiary Severy signed a lease agreement for IBIS Hotel building with 317 rooms located in Moscow, Russia. Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia was signed on 29 January 2014. The lease term is 25 years with right of 10 years' of prolongtion of ACCOR S.A. The rent shall be equal to 25% of gross profit or 85% of the AGOP (Adjusted Gross Operating Revenue).

Akfen Holding and It's Subsidiaries

HEPP Group

Beyobasi, which is a subsidiary of Akfenhes Yatırımları ve Enerji Üretim A.Ş., a subsidiary of Akfen Holding, obtained provisional acceptance for the 2.3 MW (with an annual generation capacity of 12.3 GWh) SEKİYAKA II HEPP 1 Project from the Ministry of Energy. The power plant, located in Muğla, started generating electricity as of 17 January 2014 at midnight.

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Equity Accounted Investees

TAV Havalimanları

On 18 February 2014, Board of Directors decided to submit cash dividend distribution for General Assembly's approval. Accordingly TL 0.5478 (54.78%) gross cash dividend per share having nominal value of TL 1 shall be distributed to their shareholders and total gross cash dividend distribution amount shall be TRL 199.008.765.

In accordance with the Communiqué numbered II-19.1 of the Capital Markets Board, TAV Havalimanları's "Dividend Policy" to be determined as follows. TAV Havalimanları determines the resolutions for distribution of profit by considering the Turkish Commercial Code, Capital Market Legislation, Capital Markets Board Regulations and Decisions, Tax Laws, the provisions of the other relevant legislations and articles of incorporation of TAV Havalimanları. Accordingly, 50% of the "consolidated net profit for the relevant period" calculated by considering the period financial statements that have been prepared under the Capital Market legislation and in conformity with the International Financial Reporting Standards (IFRS), will be distributed in cash or as gratis shares which will be issued by means of adding such amount to the share capital subject to the resolution to be rendered by the general assembly of shareholders of TAV Havalimanları. Sustainability of this dividend policy is one of the basic purposes of TAV Havalimanları, except for such special cases necessitated by investments and any other fund requirements that may be required for the long term development of TAV Havalimanları, its subsidiaries and affiliates and any extraordinary developments in economic conditions.

According to TAV Havalimanları's announcement dated 18 February 2014, under normal market circumstances TAV Havalimanları's targets are as follows:

- Growth in total number of passengers served by TAV Airports of 10 to 12 percent,
- Passenger growth in Istanbul Ataturk Airport of 8 to 10 percent,
- Revenue growth of 9 to 11 percent,
- EBITDA growth of 12 to 14 percent,
- Capex of €100 to 120 million,
- Significant improvement expected in the growth of net profit. [Note: All financial targets have been adjusted to reverse the effects of TFRIC 12. Financial targets are based on the assumption that passenger targets are attained].

On 18 February 2014, Ms. Nursel İlgen, Director of TAV Havalimanları Investor Relations Department, was chosen as the member of Corporate Governance Committee within the scope of Capital Market Board's 2nd clause of 11th article of Corporate Governance Communiqué [II-17.1] published on Official Gazette on 03.01.2014. In this context, Corporate Governance Committee took shape as follows:

President of Corporate Governance Committee: Tayfun Bayazıt

Members of Corporate Governance Committee: Augustin de Romanet, Edward Arkwright, Ali Haydar Kurtarcan, D. Sevdil Yıldırım, Pelin Akin, Nursel İlgen

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42 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.

43 DISCLOSURES FOR STATEMENT OF CASH FLOW

As at 31 December 2013, Company's amount of cash flows from operating activities is TL 113.404 (31 December 2012: TL 15.278), cash flows from investing activities is TL 40.789 (31 December 2012: TL 377.851) and cash flows from financing activities is TL 193.366 (31 December 2012: TL 312.910). Company has made dividend payment amounting TL 24.141 within the period and respective amount is shown in cash flow from investing activities.

44 DISCLOSURES FOR STATEMENTS OF CHANGES IN EQUITY

As at 31 December 2013, amount of the Company's total equity attributable to equity holders of the parent is TL 1.356.685 (31 December 2012: TL 1.303.738) and the amount of non-controlling interests is TL 406.187 (31 December 2012: TL 388.680) and total equity is TL 1.762.872 (31 December 2012: TL 1.692.418).

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