



# **OPERATIONAL PERFORMANCE REPORT**

**February 2014**

**Issue date: 02.04.2014**

## AKFEN HOLDING - RECENT DEVELOPMENTS & DATA

As of February 28, 2014; the price of Akfen Holding's corporate bond with the ISIN code TRSAKFH31411 (maturity date March 7<sup>th</sup>, 2014 and issue amount TL200mn) was TL99.950 (dirty price). Total trading volume in February was TL 2,324,505 and the yield as of 28<sup>th</sup> February 2014 corresponded to 11.68% + 288bps spread. The bonds with a total nominal amount of TL200mn and a maturity of two years have matured and were redeemed as of 7 March 2014 and the fourth coupon amount totalling to TL 13,103,199.40 was paid.

As of February 28, 2014; the price of Akfen Holding's corporate bond with the ISIN code TRSAKFH11710 (maturity date January 9<sup>th</sup>, 2017 and issue amount TL140mn) was TL99.900 (dirty price). Total trading volume in February was TL 2,560,184 and the yield as of 28 February 2014 corresponded to 10.93% + 267bps spread.

Based on the Capital Markets Board approval dated 14 March 2014 and numbered 8/245 our Company issued corporate bonds with a nominal value of TL200 million through a public offering. The bonds have a maturity of 3 years and coupon payments will be made semi-annually. Annual compound interest rate of the first coupon payment amounts to 15.0930% (simple interest rate: 14.5614%). Following the book building on 24-25-26 March 2014 the issue amount of the bond offering was TL200mn.

Our Company's total share purchases within the frame of the 'Share Buyback Program' as of 01 April 2014 have reached 18,752,668 shares. During the period 27 November 2012 – 11 November 2013, Akfen Insaat has purchased a total of 6,992,099 Akfen Holding shares, and thus in total share purchases have reached 25,744,767 shares. Meanwhile, share purchases have reached 8.85% of the Company's paid-in capital. Including Akfen Insaat's previous stake, which it held prior to Akfen Holding's public offering on May 14<sup>th</sup>, 2010, share purchases have reached 11.59%.

The Board of Akfen Holding has recommended to the General Assembly to distribute a gross cash dividend of TL0.0412 per share (net TL0.0350 per share) for each TL1 nominal valued A and B type shares. The total amount of the gross cash dividend to be distributed to shareholders is TL12,000,000 (net TL10,200,000).

**BUSINESS LINES - OPERATIONAL PERFORMANCE & DEVELOPMENTS**
**1) Airports/Terminals: TAV Airports**
**Passenger Figures\* (as of 28 February 2014)**

	2014 LTM	2013	YTD Chg.	YoY Chg.	LTM Chg.
<b>Ataturk Airport</b>	<b>52,267,421</b>	<b>51,320,875</b>	<b>13%</b>	<b>12%</b>	<b>13%</b>
International	34,771,753	34,096,770	15%	13%	13%
Domestic	17,495,668	17,224,105	11%	9%	12%
<b>Esenboga Airport</b>	<b>11,185,613</b>	<b>10,928,403</b>	<b>17%</b>	<b>13%</b>	<b>19%</b>
International	1,577,166	1,573,943	1%	-7%	-3%
Domestic	9,608,447	9,354,460	19%	16%	23%
<b>Izmir Airport</b>	<b>10,373,377</b>	<b>10,208,627</b>	<b>13%</b>	<b>12%</b>	<b>9%</b>
International	2,504,818	2,467,436	25%	24%	5%
Domestic	7,868,559	7,741,191	11%	10%	11%
<b>Gazipaşa Airport</b>	<b>384,465</b>	<b>363,024</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>
International	249,944	242,949	n.m.	n.m.	n.m.
Domestic	134,521	120,075	n.m.	n.m.	n.m.
<b>TAV Turkey Total</b>	<b>74,210,876</b>	<b>72,820,929</b>	<b>14%</b>	<b>12%</b>	<b>14%</b>
International	39,103,681	38,381,098	15%	12%	13%
Domestic	35,107,195	34,439,831	14%	12%	15%
<b>Medinah</b>	<b>5,048,526</b>	<b>4,669,181</b>	<b>51%</b>	<b>30%</b>	<b>6%</b>
<b>Monastir+Enfidha Airports</b>	<b>3,443,784</b>	<b>3,437,849</b>	<b>4%</b>	<b>1%</b>	<b>4%</b>
<b>Tbilisi + Batumi Airports</b>	<b>1,664,487</b>	<b>1,642,597</b>	<b>12%</b>	<b>10%</b>	<b>18%</b>
<b>Macedonia (Skopje&amp;Ohrid)</b>	<b>1,076,953</b>	<b>1,067,467</b>	<b>8%</b>	<b>20%</b>	<b>17%</b>
<b>Zagreb Airport</b>	<b>2,298,273</b>	<b>0</b>	<b>-1%</b>	<b>1%</b>	<b>-3%</b>
<b>TAV TOTAL**</b>	<b>85,708,794</b>	<b>83,638,023</b>	<b>19%</b>	<b>16%</b>	<b>16%</b>
International	48,714,684	47,429,862	22%	18%	15%
Domestic	36,994,110	36,208,161	15%	13%	17%

\* Both departing and arriving passengers, including transfer pax.

\*\* 2013 TAV Totals do not include Zagreb Airport.

**Air Traffic Movements\* (as of 28 February 2014)**

	2014 LTM	2013	YTD Chg.	YoY Chg.	LTM Chg.
<b>Ataturk Airport</b>	<b>394,651</b>	<b>387,965</b>	<b>12%</b>	<b>11%</b>	<b>12%</b>
International	265,784	260,686	13%	13%	12%
Domestic	128,867	127,279	9%	8%	10%
<b>Esenboga Airport</b>	<b>86,270</b>	<b>85,241</b>	<b>8%</b>	<b>8%</b>	<b>14%</b>
International	13,001	13,133	-7%	-5%	-4%
Domestic	73,269	72,108	11%	10%	18%
<b>Izmir Airport</b>	<b>70,897</b>	<b>70,057</b>	<b>9%</b>	<b>9%</b>	<b>6%</b>
International	17,542	17,215	31%	32%	4%
Domestic	53,355	52,842	6%	6%	6%
<b>Gazipaşa Airport</b>	<b>2,767</b>	<b>2,577</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>
International	1,865	1,805	n.m.	n.m.	n.m.
Domestic	902	772	n.m.	n.m.	n.m.
<b>TAV Turkey Total</b>	<b>554,585</b>	<b>545,840</b>	<b>11%</b>	<b>11%</b>	<b>12%</b>
International	298,192	292,839	13%	13%	12%
Domestic	256,393	253,001	9%	9%	12%
<b>Medinah</b>	<b>42,517</b>	<b>40,000</b>	<b>42%</b>	<b>29%</b>	<b>13%</b>
<b>Monastir+Enfidha Airports</b>	<b>30,019</b>	<b>30,077</b>	<b>-3%</b>	<b>-6%</b>	<b>10%</b>
<b>Tbilisi + Batumi Airports</b>	<b>23,708</b>	<b>23,512</b>	<b>7%</b>	<b>7%</b>	<b>1%</b>
<b>Macedonia (Skopje&amp;Ohrid)</b>	<b>12,384</b>	<b>12,380</b>	<b>0%</b>	<b>8%</b>	<b>9%</b>
<b>Zagreb Airports</b>	<b>38,636</b>	<b>0</b>	<b>-5%</b>	<b>-5%</b>	<b>-1%</b>
<b>TAV TOTAL**</b>	<b>668,395</b>	<b>651,809</b>	<b>18%</b>	<b>17%</b>	<b>14%</b>
International	388,081	376,719	23%	22%	14%
Domestic	280,314	275,090	13%	12%	14%

\* Commercial Flights Only

\*\* 2013 TAV Totals do not include Zagreb Airport.

**Abbreviations:**

LTM: Last twelve months

YTD: Year-to-date (January - February 2014/January- February 2013)

YoY: Year-over-Year (February 2014/ February 2013)

n.m. Not Meaningful

On 21.03.2014 TAV Airports won the tender held by the General Directorate of State Airports Authority (DHMI) for the leasing of the operating rights of the Milas-Bodrum Airport's Existing International Terminal, CIP/General Aviation Terminal, Domestic Terminal and its auxiliaries, as the highest bidder. As per the tender specifications, TAV Airports, has the operation right of the international terminal starting from October 22, 2015 to December 31, 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from delivery

date by DHMI to December 31, 2035. The service charges per passenger have been determined as EUR15 for outgoing international passengers and EUR3 for outgoing domestic passengers throughout the operation period. EUR717 million (VAT excluded) shall be paid as the total concession lease amount to DHMI for the entirety of the operating period until end of 2035.

TAV Airports announced that the dividend distribution approved at the General Assembly on 24 March 2014 totaling to TL199 million (TL0. 5478000 gross per share) started on 26 March 2014.

## 2) Airport Construction: TAV Construction

### Ongoing Projects (as of 31 January 2014)

Project Name	Employer	TAV Construction's Share	Contract Value (US\$m)	Physical Completion as of 31.12.2013	Physical Completion as of 31.01.2014	Change
Dubai-Marina 101	M/S SHEFFIELD HOLDINGS LIMITED	100%	207	65.6%	66.2%	0.6%
Libya-Tripoli	THE LIBYAN CIVIL AVIATION AUTHORITY	25%	2,103	36.9%	36.9%	-
Libya-Sebha	THE LIBYAN CIVIL AVIATION AUTHORITY	50%	229	7.0%	7.0%	-
Doha	GOVERNMENT OF THE STATE OF QATAR	35%	4,040	99.9%	99.9%	-
Doha International Airport Facility Management Works**	Government Of The State Of Qatar	70%	31	0.0%	0.0%	-
Oman MC1	SULTANATE OF OMAN MINISTRY OF TRANSPORT AND COMM.	50%	1,169	86.5%	87.2%	0.7%
Izmir International Airport	TAV EGE TERMINAL YATIRIM VE İŞLETME A.Ş.	82%*	362	90.8%	93.8%	3.0%
Madinah International Airport	TİBAH JV	50%	959	61.1%	65.9%	4.8%
King Abdul Aziz International Airport	SAUDIA AEROSPACE ENGINEERING INDUSTRIES	40%	765	6.5%	7.0%	0.5%
Abu Dhabi Int. Airport Midfield Terminal Building Construction Works	ADAC	33%	2,942	12.7%	14.2%	1.5%
Riyad KKIA Terminal 5 Havalimanı	General Authority Of Civil Aviation (Gaca)	50%	336	7.2%	7.7%	0.5%
Damac Towers	Damac Development	100%	289	3.6%	4.3%	0.8%
Emaar Square N1&N2 Structural Works	EMAAR	60%	61	1.7%	4.6%	2.9%
<b>TOTAL</b>			<b>13,492</b>			

\*The contract of Izmir Int. Airport project is carried out 100% by TAV Construction. However, imports within the scope of the contract are conducted through a TAV Airports group company, TAV Ege Terminal Yatırım Yapım ve İşletme A.Ş.. The table therefore depicts TAV Construction's share after the import items are deducted from the total contract value.

\*\* This Project is not in the scope of the core business of Doha International Airport. It is added as Variation Order.

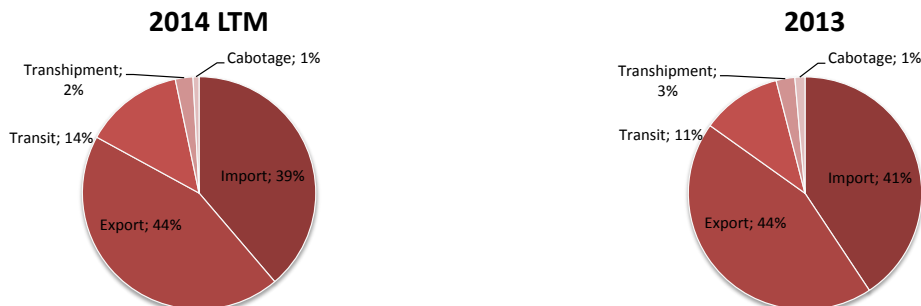
## 3) Port Operations: Mersin International Port (MIP)

### Container & Conventional Cargo Statistics (as of 28 February 2014)

	2014 LTM	2013	YTD Chg.	YoY Chg.	LTM Chg.
Container Volumes (TEU)	1,426,042	1,378,800	23%	20%	13%
Conventional Throughput (Ton)*	7,782,119	7,561,602	22%	47%	10%

\* General Cargo – Dry Bulk – Liquid Bulk

### Container Regime Breakdown



As of February 28, 2014; the price of MIP's corporate bond with the ISIN code XS0957598070 (Bloomberg Code: EJ778815) (maturity date August 12<sup>th</sup>, 2020 and issue amount USD450 mn) was USD99.684. The yield as of 28 February 2014 corresponded to 2.122% + 445 bps spread. (Source: Bloomberg)

#### 4) Real Estate: Akfen REIT

(as of 28 February 2014)

Hotels	Room Number*	Occupancy Rate			Rev Par (EUR)**			Total Rev Par (EUR)***		
		2014 YTD	2014 LTM	2013	2014 YTD	2014 LTM	2013	2014 YTD	2014 LTM	2013
Zeytinburnu Ibis	228	69%	78%	78%	43	58	60	50	68	70
Zeytinburnu Novotel	208	64%	79%	80%	48	67	68	64	90	92
Eskisehir Ibis	108	71%	78%	79%	27	33	34	32	38	40
Trabzon Novotel	200	50%	73%	73%	28	50	50	44	77	77
Gaziantep Ibis	177	71%	74%	72%	22	26	26	28	32	32
Gaziantep Novotel	92	70%	77%	77%	41	43	43	61	69	68
Kayseri Ibis	160	59%	58%	56%	19	18	18	23	24	24
Kayseri Novotel	96	53%	59%	61%	23	28	29	33	41	44
Bursa Ibis	200	52%	57%	58%	19	24	25	23	28	30
Yaroslavl Ibis	177	59%	68%	69%	29	36	37	39	47	48
Samara Ibis	204	53%	59%	57%	27	31	31	38	45	44
Adana Ibis	165	65%	53%	51%	20	18	18	26	23	23
Esenyurt Ibis	156	50%	54%	52%	22	27	27	26	32	32
İzmir Ibis	140	75%	n.m.	62%	27	n.m.	26	31	n.m.	30
Kaliningrad Ibis	167	23%	n.m.	26%	11	n.m.	13	14	n.m.	16
Turkey Total	1,930	62%	67%	67%	29	37	38	37	49	49
Russia Total	548	46%	63%	58%	23	33	31	31	46	42
<b>Grand Total</b>	<b>2,478</b>	<b>58%</b>	<b>67%</b>	<b>65%</b>	<b>27</b>	<b>37</b>	<b>36</b>	<b>36</b>	<b>49</b>	<b>48</b>

\* Mercure Hotel in Northern Cyprus with 299 rooms is not included

\*\* Rev Par = Average Room Rate x Occupancy Rate

\*\*\* Total Rev Par = Rev Par + Other Revenues (food&beverage, seminar-congress, banquet revenues, etc.)

#### Russia & Turkey Projects' Physical Completion Status (as of 28 February 2014)

##### Russia Projects

City	Room Number	Type	Status	Completion (%)
Moskova	317	Ibis Hotel Moskova	Under construction	56%

##### Turkey Projects

City	Room Number	Type	Status	Completion (%)
Istanbul	200	Novotel Karakoy	Under construction	47%
Ankara	147	Ibis Hotel Esenboğa Ankara	Under construction	95%
Istanbul	200	Ibis Otel Tuzla	Under Planning	-

In the period January- February 2014; average occupancy rate of Ibis & Novotel located in Turkey & Russia reached 58%, down by 0.3% compared to the same period of previous year. During the same period, Rev-Par and T-RevPar decreased 15% and 14%, respectively.

On 1 March 2014, a lease agreement related to developing of the Ibis Hotel Project with 200 rooms in Aydinli village/Tuzla/Istanbul by Akfen REIT and leasing of the project to Accor S.A. has been signed. Lease term is 25+/- 10 years and lease payment was established as 25% of gross revenue or the higher of 85% of the AGOP (Adjusted Gross Operating Profit).

**5) Water & Waste Water Utilities: Akfen Water**
**Invoiced Water & Treated Waste Water Volumes (m<sup>3</sup>)**

	2014 LTM	2013	YTD Chg.	YoY Chg.	LTM Chg.
<b>Akfen Su Gulluk (as of 31 January 2014)</b>					
Invoiced Water Volume	539,858	539,789	0%	0%	2%
<b>Akfen Su Dilovasi (as of 28 February 2014)</b>					
Treated Waste Water Volume	2,438,076	2,615,571	-32%	-29%	-5%

As of end of January, Akfen Su Gullük served 6,070 subscribers.

As of end of February, the number of operating factories in Dilovası Organised Industrial Zone was 207.

**6) Energy**
**6.1) Akfen HEPP**
**Operational HEPPs (as of February 2014)**

Company	HEPP	Installed Capacity (MW)	Generation Capacity (GWh/yr)	Commercial Operation Date (COD)	Realized Generation Output (GWh/yr) 2013	Realized Generation Output (GWh/yr) YTD
<b>Beyobası</b>	Otluca	47.7	224.0	April 2011	160.07	19.90
	Sirma	6.0	23.2	June 2009	20.83	0.00
	Sekiyaka II HES 1	2.3	12.3	January 2014	0.00	1.37
<b>Çamlıca</b>	Camlica III	27.6	104.5	April 2011	61.54	6.20
	Saracbendi	25.5	100.5	May 2011	75.55	5.14
<b>Pak</b>	Demirciler	8.4	34.5	August 2012	34.40	5.84
	Kavakcali	11.1	44.3	March 2013	21.43	7.26
	Gelinkaya	6.9	25.8	June 2013	2.23	0.04
<b>BT Bordo</b>	Yagmur	9.0	31.5	November 2012	20.20	2.00
<b>Total</b>		<b>144.5</b>	<b>600.6</b>		<b>396.26</b>	<b>47.76</b>

**HEPPs Under Construction**

Company	HEPP	Installed Capacity (MW)	Generation Capacity (GWh/yr)	Civil Work Progress Ratio (%)
<b>Elen</b>	Dogancay	30.2	171.7	83.4%
<b>Yenidoruk</b>	Doruk	28.3	75.5	99.7%
<b>H.H.K. Enerji *</b>	Çalıkobası	17.0	46.4	-
<b>Kurtal*</b>	Çiçekli 1-II	6.7	21.9	-
<b>Total</b>		<b>82.2</b>	<b>315.5</b>	

\*Preliminary works with regards to the construction is ongoing at Çalıkobası and Çiçekli 1-II HEPPs. Construction of the access roads to the site at Çalıkobası HEPP and to the headpond at Çiçekli 1-II HEPP is currently continuing.

**HEPPs at Planning Stage**

Company	HEPP	Installed Capacity (MW)	Generation Capacity (GWh/yr)
<b>Zeki</b>	Catak <sup>1</sup>	10.0	42.5
<b>Laleli</b>	Laleli	101.6	256.7
<b>Değirmenyanlı</b>	Adadağı	4.7	18.2
<b>Beyobası</b>	Sekiyaka II HES 2	1.1	4.8
<b>Total</b>		<b>117.4</b>	<b>322.2</b>

(1) Following the decision that declares the land including the plant area as "protected area", a law suit demanding the cancellation of this decision was filed, which was settled with the decision of Rize Administrative Court (2010/487 Es, 2011/661 Kr) declaring that, the land within the zone of Catak HEPP project is not protected area. The decision was declared to us and the case is in the supreme court stage and Stay of Execution is currently in force. The administrative process regarding the report, which was prepared within the frame of protected area regulation to cancel the decision and to remove the mentioned area from the protected area, is still ongoing.

Annual generation capacities of the power plants have been revised in line with the amendments on the licenses due to the modifications in the projects necessitated from time to time and are shown in the tables above.

As of the reporting period, Akfen Holding continued to generate electricity through its 9 operating hydroelectric power plants, having a total installed capacity of 144.5 MW and a projected annual electricity generation capacity of 600.6 GWh, whereas the construction in 4 plants having a total installed capacity of 82.2 MW and a projected annual electricity generation capacity of 315.5 GWh is ongoing. Out of these 4 plants; construction have

progressed and have come closer to commissioning in Doruk HEPP ve Doğançay HEPP whereas preliminary works have recently commenced in Çalıkobası HEPP ve Çiçekli 1-II HEPP.

## 6.2) Akfen Energy

Application was made to EMRA for the increase of the current installed capacity of 570 MW on the license to 1,148.4 MW on 18 December 2012, eligibility of Energy Market Regulatory Authority ("EMRA") has been obtained. Environmental Impact Assessment ("EIA") Report prepared in regard to the capacity increase was reviewed, evaluated and accepted as final by the Ministry of Environment and Urbanization within the scope of EIA Regulation Article 12. After the completion of the EIA report process as of 13 January 2014 EMRA approved the increase of the installed capacity on the license.

The construction of transformer station was completed and provisional acceptance was fulfilled. The disassembly works on the site were completed. EPC contract process is currently ongoing. Upon selection of EPC Supplier and the completion of the EPC contract, limited notice to proceed will be issued to start preliminary construction works.

## 7) Construction: Akfen Construction

As of February 28, 2014; the total contract value of Akfen Construction's ongoing HEPP projects was EUR45.8 million and the total amount of cumulated progress payments of ongoing HEPP projects reached EUR37.8 million. This amount corresponds to 83% of the total contract value.

As of February 28, 2014; the total contract value of Akfen Construction assignments in ongoing REIT projects was EUR28.4 million and the total amount of cumulated progress payments of ongoing REIT projects reached EUR11.6 million. This amount corresponds to 41% of the total contract value.

As of February 28, 2014; the total contract value of Akfen Construction assignments in ongoing Incek Loft project was EUR120.2 million and the total amount of cumulated progress payments of ongoing Incek Loft project reached EUR2.2 million. This amount corresponds to 1.9% of the total contract value.

As of February 28<sup>st</sup>, 2014; Akfen Construction's current backlog (Incek Loft, REIT and HEPP projects) was EUR142.8 million.

## 8) Sea Transportation: IDO

### Number of Passengers and Vehicles Transported

	2014 LTM	2013	YTD Chg.	YoY Chg.	LTM Chg.
<b>Number of Passengers</b>	49,966,025	50,527,752	-8%	-12%	-3%
Fast Ferry	6,439,248	6,337,335	13%	9%	12%
Sea Bus	7,383,850	7,520,151	-14%	-16%	-7%
Conventional Ferry*	36,142,927	36,670,266	-10%	-14%	-4%
<b>Number of Vehicles</b>	7,909,768	7,852,086	5%	0%	1%
Fast Ferry**	1,282,720	1,269,961	8%	2%	17%
Conventional Ferry	6,627,048	6,582,125	5%	0%	-2%

\* Number of passengers travelling with vehicles using Ekihisar-Topçular conventional ferry line are calculated through applying coefficients for each type of mode of transport as laid out in the following table :

Mode of Transport	Automobile	Mnivan	Jeep/Pickup Truck /Minibus	Midi bus (21+)	Truck / 2 Axles Bus	3 Axles Bus, Tractor and Trailer	Over 4 axles vehicles	Motorcycles
In Vehicle Passenger Coefficient	3	3	6	9	26	26	2	1

\*\* Vehicle transport numbers by Fast Ferry are measured in Car Equivalent Units ("CEU"). CEU is calculated through applying coefficients for each type of transport compared to a single car.

Mode of Transport	Motorcycles	Automobile	Disabeki Car	Mnivan	Mini bus (12 pass.)	Jeep	Mini bus (19 pass.)	Midi bus	Pickup Truck 0-2000 kg	Pickup Truck 2001-2500 kg	Truck 2501-3500 kg	Bus	Towed Vehicles
Coefficient	0,25	1	1	1	1,25	1,25	1,5	2	1,5	2	2	5	1,5

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