2015 ANNUAL REPORT



akfen





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akfen



WE ARE STRONGER **TOGETHER**

The symbol of abundance, prosperity and productivity throughout the human culture, the pomegranate also represents good wishes and hope for the future, as seen in the worldwide tradition of breaking a pomegranate at the doorstep.

While the pomegranate may be one singular fruit as a whole, it is actually plural: a cluster, made up of a multitude of seeds.

Just like the pomegranate, Akfen, one of Turkey's largest infrastructure investment platforms, is a whole, comprising its subsidiaries, affiliates, other assets, and all its stakeholders.

Ever evolving with its broad vision and innovative approach, Akfen is committed to further enhance its position in all its business areas, and expand its family in the coming period as well.

CONTENTS

OVERVIEW

About Akfen 4
Shareholding Structure 5
History ..... 6 - 7
2015 Milestones 8
Areas of Activity and 2015 Operational Performance ..... 10 - 15

Message from the Chairman ..... 16 - 17
Message from the CEO ..... 18 - 19

AKFEN HOLDING and GROUP COMPANIES IN 2015

2015 Financial Results ..... 20 - 25
2015 Operations
- MIP 26-39
- TAV Airports 40-53
- Akfen Energy 74-85
- Akfen REIT 72-83
- IDO 84-93
- Akfen Water 94-101
- TAV Investment / Akfen Construction 102-115

CORPORATE GOVERNANCE

Corporate Values and Future Perspective 116-119
Human Resources 120-121
Board of Directors 122-123
Senior Management 124-125
Management of Subsidiaries and Affiliates 126-127
Corporate Social Responsibility 128-136
2015 Corporate Governance Principles Compliance Report 137-151
General Information 152-156
Corporate Activities and Activity Highlights 156-165
Risks and Assessment of the Management 165-167
Other Matters 167-170

APPENDICES:
Results of 2014 Ordinary General Assembly Meeting and 2014 Dividend Distribution Table 170-171
Results of the Extraordinary General Assembly Meeting held on January 20, 2016 and Annexes:
Board Report on Capital Decrease 172-176
Independent Auditor Report in Relation to the Annual Report by the Board of Directors 178-179
Declarations of Independence 180-181

FINANCIAL STATEMENTS

Consolidated Financial Statements for the Year that Ended on December 31, 2015
Independent Auditor Report 183-322

Abbreviations and Descriptions 324-325

Akfen Holding: Turkey's infrastructure developer

Operating with a mission of creating value in all segments of business, Akfen Holding is a leading infrastructure developer contributing to the economic and social development of Turkey by paving the way for the establishment of new lines of business, thanks to its pioneering investments in areas showing high and sustainable growth potential in the long term.

Established in 1976, Akfen Holding brings its deep-rooted knowledge and experience into sectors in which it specializes, such as airport management and operations, construction, port operations, energy, real estate, marine transportation, water distribution and wastewater services.

In line with its growth plans, Akfen Holding places great emphasis on creating new lines of business, and takes an active approach in managing its portfolio accordingly. Thanks to its extensive experience in asset trade, the Company uses the resources obtained through sales to both enter into new sectors and to create funding for its existing investments.

Group companies continue their trend of rapid organic and inorganic growth, and complement this with investments funded by the effective use of financing instruments. In this context, the operational advantage gained through the growth of its subsidiaries also boosts the Company's profitability.

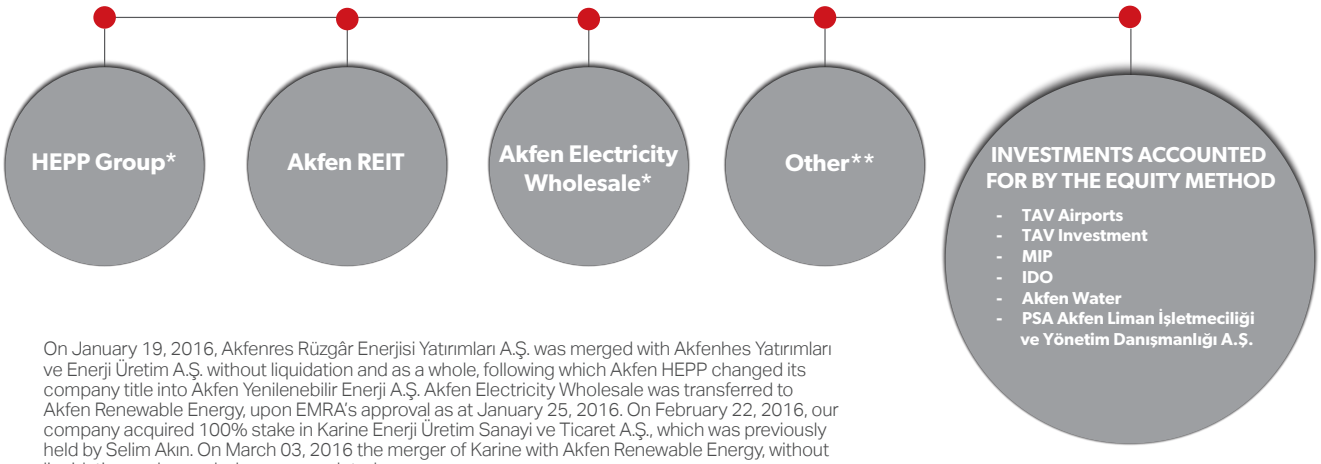
As in the past, Akfen Holding is committed to carry this vision into the future by developing new lines of business with new investments, as part of its efforts to create employment and contribute to the development of Turkey's economy while creating value to its shareholders.

With an innovative approach and its focus on accountability in all levels of operation, both within the Company itself and in its subsidiaries, Akfen forms strategic partnerships with the leading names in their respective fields to bring in foreign investments, playing a leading role in the development of the region.

A major factor in Akfen Holding's success, besides the solid financial structure of the Company and its subsidiaries, is its strong human capital. In addition to the qualified workforce trained by its well-established management team, Akfen has been taking part in the social development of Turkey with its focus on social responsibility for the last 39 years, particularly through its affiliate, TİKAV, alongside its contribution to the country's economy.

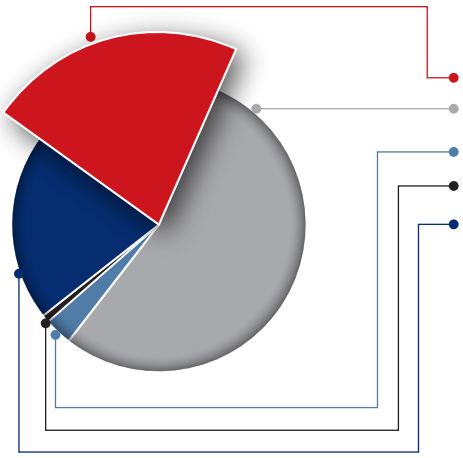
A reliable business partner for local and international markets thanks to its success in risk management, dedication and commitment to deliver, Akfen continues its course of strong growth.

Group Structure



* On January 19, 2016, Akfenres Rüzgâr Enerjisi Yatırımları A.Ş. was merged with Akfenhes Yatırımları ve Enerji Üretim A.Ş. without liquidation and as a whole, following which Akfen HEPP changed its company title into Akfen Yenilenebilir Enerji A.Ş. Akfen Electricity Wholesale was transferred to Akfen Renewable Energy, upon EMRA's approval as at January 25, 2016. On February 22, 2016, our company acquired 100% stake in Karine Enerji Üretim Sanayi ve Ticaret A.Ş., which was previously held by Selim Akın. On March 03, 2016 the merger of Karine with Akfen Renewable Energy, without liquidation and as a whole was completed.

** Subsidiaries and joint ventures in other areas are Akfen Thermal Energy, Akfenres Rüzgar Enerjisi Yatırımları A.Ş., and Akfen Enerji Dağıtım ve Ticaret A.Ş.



(%)	Group	Shareholder Name	Share Capital
21.94%	A	Hamdi Akın	57,458,736
53.85%	B	Hamdi Akın*	141,041,014
3.05%	B	Akfen Holding**	7,989,806
0.87%	B	Other Shareholders	2,278,224
20.29%	B	Free-Float***	53,132,220
100.00%		**Total ******	**261,900,000**

* Chairman of the Board Hamdi Akın has converted 50 million of his Akfen Holding shares to be traded on Borsa Istanbul.

** 7,989,806 shares in the portfolio of Akfen Holding A.Ş. are available for trading at Borsa Istanbul.

*** Of the free-float shares, 9,346,455 (3.57% of the paid-in capital) are owned by Hamdi Akın, 8,223,000 (3.14%) by Selim Akın, and 21,763,636 (8.31%) shares are owned by Akfen Altyapı Danışmanlık A.Ş.

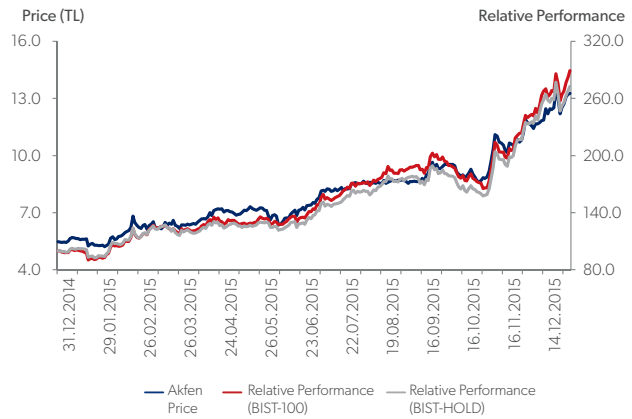
The free-float shares also include 6,829,508 (2.61% of the paid-in capital) shares repurchased by Akfen Holding as part of a share buyback program. Those shares were redeemed as part of a capital reduction on January 28, 2016.

**** 5.66% of the Company's paid-in capital was repurchased as of December 31, 2015 within the scope of a buyback program. With the capital reduction on January 28, 2016, the capital was reduced to TL 247,080,686. Group A shares represent 23.26% of the capital while Group B shares represent 76.74%.

Share capital consists of Class A (registered) and Class B (bearer) shares. As of 31.12.2015, Class A shares have an aggregate nominal value of TL 57,458,736, representing 21.94% of paid-in capital. Class A shares are not traded on the stock exchange. Class A shares are privileged shares that confer voting rights at General Assembly meetings, with three votes per share. Class B shares have an aggregate nominal value of TL 204,441,264, representing 78.06% of paid-in capital. 53,132,220 of Class B shares are traded on BİAŞ. Class B shares have no privileges.

SHARE PERFORMANCE

Source: Matriks



Share Price (TL)*	Akfen Holding
Ticker	AKFEN
January 2, 2015 Opening Price	5.48
January 2, 2015 Opening Market Capitalization (mn)	1,359
December 31, 2015 Closing Price	13.25
December 31, 2015 Closing Market Capitalization (mn)	3,287
Highest Closing Price in 2015	13.36
Lowest Closing Price in 2015	5.21
Average Closing Price in 2015	8.02
Average Daily Trading Volume in 2015 (TL mn)	2.86

* The list indicates prices that are adjusted retrospectively following the capital decrease by our Company on January 28, 2016.

HISTORY

1976
Hamdi Akın lays the foundation for Akfen by establishing Akınısı.

1977
Hamdi Akın's first company, Akfen Mühendislik Müşavirlik Müteahhitlik ve Mümessillik is founded.

1980
Akfen wins its first public tender from İller Bankası to manufacture forged parts and molds.

1986
Akfen Construction is established.

1990
First contract with DHMİ, regarding the renovation of Antalya Airport Terminal, is signed.

1992
Construction of runways and aprons at DHMİ's Isparta Airport begins.

1993
Akfen Construction enters the housing sector with the Ankara Oran Çarşı residences.

1997
- The BOT tender for Istanbul Airport International Terminal is won, leading to the establishment of TAV Istanbul, and laying the foundation for TAV Airports.
- Akfen Construction completes Bursa urban natural gas network.

1999
- With the establishment of Akfen Holding, all Akfen subsidiaries are reorganized under the Holding structure.
- TİKAV is founded

2000
TAV Airports commences operations at Istanbul Atatürk Airport International Terminal.

2003
- TAV Construction is established.
- Tender for the privatization of the Kuşadası cruise port is won in a joint venture with Royal Caribbean.

2004
- Akfen Holding sells its stake in Kuşadası cruise port to other shareholders
.• TAV Construction secures the contract for the Cairo Airport project in Egypt.

2005
- Akfen Holding wins the tender for the privatization of vehicle inspection stations, leading to the establishment of TÜVTURK as an equal stake partnership between Akfen, Doğuş Group and TÜV SÜD.
- PSA-Akfen joint venture wins the tender for the privatization of Mersin Port.
- TAV Airports assumes the construction and operation of Izmir Adnan Menderes International Terminal.
- TAV Airports wins the tender for Georgia's Tbilisi and Batumi International Airports.
- Akfen Holding and Accor sign a framework agreement for cooperation.

2006
- Izmir Adnan Menderes Airport International Terminal and Esenboğa Airport Domestic and International Terminals begin operations.
- Akfen Water wins the tender for the Water and Sewage Concession Project of Güllük Municipality and the facility begins its operations.
- Aksel Turizm Yatırımları ve İşletmecilik is restructured into Akfen REIT.
- TAV Construction is awarded the tender for the Doha Airport Project in Qatar.

2007

- TAV Airports' initial public offering is completed.
- Batumi International Airport commences operations.
- TAV Airports wins the tenders for Monastir and Enfidha Airports in Tunisia.
- TAV Airports wins the tender for the operation of Antalya Gazipaşa Airport.
- AkfenHES Yatırımları ve Enerji Üretim A.Ş. is established as a 100% subsidiary of Akfen.
- Mersin Port is taken over from TCDD.
- Four hotels belonging to Akfen REIT commence operations.

2008

- The BOT tender for the Wastewater Treatment Project at Dilovası Organized Industrial Zone is won.
- TÜVTURK İstanbul Taşıt Muayene İstasyonları İşletim A.Ş. commences operations.
- The company applies to EMRA for a generation license to build a natural gas power plant in Mersin.
- TAV Airports assumes the operation of Monastir Airport, Tunisia.
- TAV Airports wins the tender for the operation of Skopje and Ohrid airports, as well as the construction of the Shtip Cargo Airport, which it retains as an optional right to operate. The related concession contracts are signed.
- One hotel belonging to Akfen REIT becomes operational.

2009

- Akfen Holding sells its stake in TÜVTURK to Bridgepoint Capital Limited.
- Akfen's first renewable HEPP project is commissioned.
- TAV Gazipaşa begins its operations in Antalya Gazipaşa Airport.
- TAV Construction and its partner win the tender for Muscat Airport MC1 package.

2010

- Akfen Holding offers 28.3% of its shares to the public.
- Akfen Holding undertakes its first bond issuance of TL 100 million, the first and biggest real sector bond issuance in Turkey.
- Akfen sells the 22.5 MW Pirinçlik HEPP under its HEPP Group.
- TAV Airports assumes the operation of Skopje and Ohrid airports.
- Havaş purchases 50% of the shares of North Hub Services, which provides ground services at Latvia's Riga International Airport.
- Akfen Water commences wastewater treatment operations at Dilovası Organized Industrial Zone.
- 5 hotels belonging to Akfen REIT commence operations.

2011

- A consortium comprising Akfen Holding, Tepe İnşaat, Souter and Sera wins the privatization tender for İDO.
- 29.41% of Akfen REIT shares were offered to the public in May.
- Four HEPPs and one hotel commence operations.
- Akfen Holding successfully issues TL 80,000,000 in bonds to the public.

2012

- 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 ADP Group, is completed.
- Akfen Holding finalizes the sale of 40% stake in five power plants in Karasular to Aquila
- TAV Airports assumes the operation of Medinah Airport in which it has a 50% stake.
- A joint venture of TAV Construction wins the tender for the Midfield terminal in Abu Dhabi.
- Akfen Holding issues TL 200 million in bonds to the public.
- Two HEPPs and two hotels become operational.

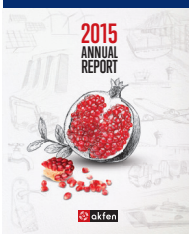
2013

- MIP issues US$ 450 million in bonds to be listed on the Irish Stock Exchange to qualified institutional investors located abroad.
- Akfen Construction wins the tender for the Isparta City Hospital, which will be a PPP.
- Akfen Construction commences work on the İncek Loft residence in Ankara.
- Akfen Holding finalizes the sale of its remaining 60% stake in İdeal A.Ş., which operates 5 power plants in Karasular, to Aquila.
- Two HEPPs and three hotels commence operation.
- Generation license for the Mersin Natural Gas Combined Cycle Power plant is expanded to 1,148 MW.
- Akfen Thermal Energy acquires 50% stake in Adana İpekyolu.
- TAV Construction wins the tender for the construction of the terminal building at Riyadh Airport in Saudi Arabia, and signs a contract for the "Damac Towers by Paramount" project in Dubai.
- The consortium including TAV Airports assumes the operations of Zagreb International Airport.

2014

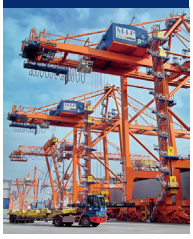
- Akfen Holding issues bonds worth TL 400 million in total; and the share buyback program was concluded in April 2014.
- MIP launches a new berth and harbor deepening investment worth US$ 170 million.
- TAV Airports takes over the Domestic Terminal at Milas-Bodrum Airport.
- TGS, 50% affiliate of HAVAŞ (subsidiary of TAV Airports), wins the ground services tender lodged for eight THY airports.
- Engineering News Records magazine selects TAV Construction as the "World's Biggest Airport Construction Company".
- Akfen Construction submits the highest bid in the Eskişehir City Hospital auction, and participates in the guesthouse project to be established within Hacettepe University with 45% stake.
- One HEPP and one hotel become operational.

AKFEN HOLDING



- In July 2015, Akfen Holding completed the second share buyback program launched in February 2015. The subsequent capital reduction was completed in January 2016 with the cancellation of shares amounting to TL 14,819,314 in nominal value.
- A gross cash dividend of TL 20 million was distributed in April 2015.
- As Hamdi Akın and shareholders acting in concert became the controlling partner, investors became eligible to exercise their sell-out right for the period from December 23, 2015 to March 22, 2016.
- TIKAV undertook various activities in 2015, such as the ongoing Personal Development Program at Elazığ Fırat University, My Mother and Me project implemented throughout the year with the support of the Young Businessmen Association of Turkey (TUGIAD), and the international Duke of Edinburgh's International Award for Young People program.

MIP



- Construction continued in the investment project to increase depth and expand port capacity.
- In April 2015, MIP distributed TL 63 million in cash dividends.
- MIP won the "Port of the Year" award by Logitrans Logistics for the fifth consecutive time.
- In June 2015, Moody's confirmed MIP's Baa3 issuer and credit rating as stable. Fitch also confirmed the BBB- rating as stable in July 2015.

TAV AIRPORTS



- After taking over the domestic terminal at Milas-Bodrum Airport in 2014, TAV Airports also assumed the operations of the international terminal in October 2015.
- In May 2015, TAV Airports distributed TL 306 million in gross cash dividends.
- In March 2015, ATÜ, a subsidiary of TAV Airports, acquired operating rights of the duty-free stores at Houston George Bush Intercontinental Airport in Texas, USA.
- In September 2015, the consortium comprising ADP and Metro Pacific Investments Corporation passed preliminary qualification in the PPP auction for operation, maintenance and repair rights relating to five local airports in Philippines.
- In July 2015, the new terminal building of Medinah Airport commenced operations, and in October 2015, runway extension was completed at Gazipaşa Airport.

AKFEN ENERGY



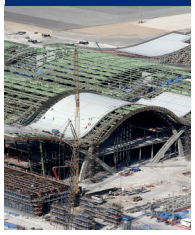
- In December 2015, a US$ 100 million partnership contract was signed with the European Bank for Reconstruction and Development, for 20% stake in Akfen Renewable Energy, which will include Akfen HEPP, Akfen WPP, Akfen Electricity Wholesale, and Karine SPP (after its transfer to the Holding) and operate in the field of renewable energy.
- In July 2015, a decision was made to buy stakes in companies investing in solar and thermal energy to expand the energy portfolio. The process commenced to acquire 29.75% stake in Akfen Thermal, and 100% stake in Karine SPP, which has investments in solar energy. In October 2015, 40% additional stake in Adana Ipekyolu was acquired.
- In September 2015, Sekiyaka II HEPP 2 began operations with an installed capacity of 1.09 MW.

IDO



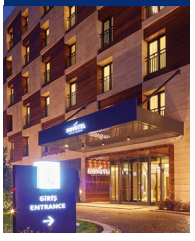
- Cost optimization measures and tariff optimizations continued with a view to increasing profitability. A series of agreements were signed in new areas of activity to increase non-maritime revenues.
- EIA activities for the Ro-Ro port project commenced following the start of the EIA process in Ambarlı in July 2015.
- In November 2015, IDO started offering Ro-Ro transportation services for trucks and semi-trailers along the Ambarlı-Topçular line.

TAV CONSTRUCTION



- For the second year in a row, TAV Construction was announced as the "World's Largest Airport Contractor" by Engineering News Record magazine, which annually lists the top 250 largest global contractors.
- Construction commenced in the Istanbul Atatürk Airport expansion project and the ADP Head Office and Social Facilities project in January 2015 and April 2015, respectively.

AKFEN REIT



- All loans of Akfen REIT and its affiliates were refinanced as of November 2015.
- Ibis Hotel Moscow commenced operations in July 2015.

PSA



PSA, one of the largest port operators in the world, was established in Singapore in 1972. Serving at 40 ports in 16 countries, PSA handled a total of 64.1 million TEU containers in all its ports around the world in 2015.

ADP



Established as a public corporation in 1945 and offered to public in 2005, ADP currently serves at a total of 34 airports around the world including TAV Airports.

SOUTER INVESTMENTS



Investing in various fields including but not limited to environment, healthcare, financial services and energy, the Company mainly deals with transport business and operates buses around the UK through Stagecoach Group it established back in 1980. In addition, the Company undertakes railway operations in certain areas in the UK. Furthermore, it has transport services investments in many countries.

ALRAJHI



The Company delivers services in the UAE and the Middle Eastern and North African countries in the fields of industry, infrastructure and housing construction.

TEPE İNŞAAT



Established by Hacettepe University Foundation in Ankara in 1969, Tepe Insaat completed its restructuring process in 1986 and sustains its operations as a part of Bilkent Holding since then. Through the housing projects, shopping malls, hospitals, training and education facilities, industrial facilities and infrastructure projects it has completed since the day it was established, Tepe Insaat has left its traces in every sphere of life.

LEIGHTON GROUP



Established in 1949, Leighton Group is one of the leading construction companies around the world, currently operating in 22 countries. Among the fields of operation of the company are construction, mining, PPP projects and engineering projects.

ACCOR



Established in 1967 and based in France, Accor Group delivers services in 92 countries in five continents in its 3,900 hotels having a room capacity of more than 510,000 under 15 different hotel brands in economical, medium, luxury and premium classes.

KARDAN N.V.



In addition to the real estate projects it has developed in Southeastern Europe, the Company entered the Chinese market in 2005 and now delivers housing and shopping mall development and management services. Furthermore, the Company provides water and wastewater services around the world since 1952. Moreover, the Company offers financial services and products in Bulgaria, Romania and the Ukraine.

TAISEI



Established in 1873 in Japan, the Company has undertaken major construction projects in Japan and all around the world. The Company sustains its services in many fields such as the construction of airports, highways, power plants and housing.

GEBR. HEINEMANN



Having opened its first duty free store back in 1969, the Company introduced the Travel Value brand in 1999. It currently operates 230 Travel Value/Duty Free stores in 48 international airports in 19 countries.

CCC



Established in 1952, CCC is one of the leading construction companies in the Middle East and was listed among the top 25 companies of the world in 2013. The Company has undertaken major projects in more than 40 countries around the world.

EBRD



The London-based European Bank for Reconstruction and Development (EBRD) is an international financial institution founded in 1991 to create a new post-Cold War era in central and eastern Europe. It is currently active in more than 30 countries from central Europe to central Asia and the southern and eastern Mediterranean.

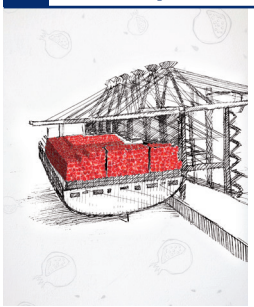
Areas of Activity and Operational Performance

With a solid experience of thirty-nine years and a visionary and innovative approach, Akfen Holding continued to contribute to the economy of Turkey and other countries in which it operates through investments offering high growth potential.*

* Revenues, Adjusted EBITDA and Total Assets are given in TL Million. Figures are adjusted to reverse the effects of IFRS 11 and IFRIC 12. Revenue figures include internal revenues.

Port Operations

Domestic Market Position



Mersin Uluslararası Liman İşletmeciliği A.Ş.
Share **50.00%**
Revenue **792**
Adjusted EBITDA **480**
Total Assets **2,768**
Number of Employees **1,412**
Partner **PSA**

PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş.

Container Handling Volume: Around 1.5 million TEU

MIP handled approximately 1.5 million TEU in 2015, maintaining its position as the largest import-export port of Turkey.

Airport Concessions

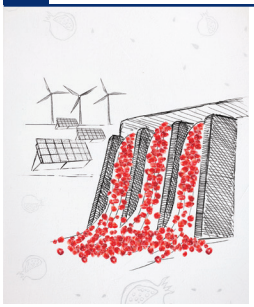


TAV Havalimanları Holding A.Ş.
Share **8.12%**
Revenue **3,026**
Adjusted EBITDA **1,474**
Total Assets **10,506**
Number of Employees **28,581**
Partners **ADP, Tepe Construction, Sera**

Increase in the Number of Passengers: 8.0%

The total number of passengers who used the 14 TAV Airports in seven countries increased to 102.5 million with an 8.0% growth, while the total number of commercial flights reached 780,000, growing by 6.2%.

Energy*



Akfenhes Yatırımları ve Enerji Üretim A.Ş.*
Share **100%**
Revenue **118**
Adjusted EBITDA **89**
Total Assets **1,064**
Number of Employees **168**

Akfen Termik Enerji Yatırımları A.Ş.
Share **70.25%**
Number of Employees **12**

Akfenres Rüzgar Enerjisi Yatırımları A.Ş.*
Share **100%**

Adana İpekyolu Enerji Üretim A.Ş.
Share **40%**

Akfen Elektrik Enerjisi Toptan Satış A.Ş.*
Share **100%**
Revenue **54**
Adjusted EBITDA **-1**
Total Assets **10**
Number of Employees **1**

11 Hydroelectric Power Plants Generating 852.6 GWh Annually

Boasting one of Turkey's largest renewable energy portfolios, Akfen HEPP continued its operations with 11 plants with a combined installed capacity of 204.1 MW and an annual generation capacity of 852.6 GWh. In December 2015, EBRD signed an agreement to participate in Akfen's renewable energy companies.

* As part of the ongoing restructuring of the Energy Group, Akfen WPP merged into Akfen HEPP without liquidation and as a whole on January 19, 2016, following which Akfen HEPP changed its company title into Akfen Yenilenebilir Enerji A.Ş. (Akfen Renewable Energy). Akfen Electricity Wholesale was transferred over to Akfen Renewable Energy as of January 25, 2016.

On February 22, 2016 Akfen Holding acquired 100% stake in Karine Energy, which was later merged into Akfen Renewable Energy as of March 9, 2016.

Real Estate Investments

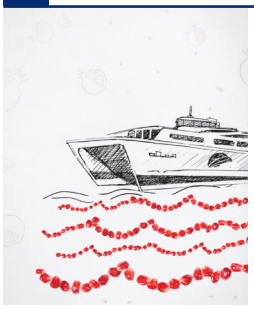


Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.
Share **56.88%**
Revenue **54**
Adjusted EBITDA **40**
Total Assets **1,586**
Number of Employees **25**

3,228 rooms in 18 hotels

Akfen REIT reached a capacity of 3.228 rooms in 18 hotels in 2015, maintaining its position as a major player in the budget hotel industry. The hotels leased by Akfen REIT recorded an occupancy rate of 63.1%.

Maritime Transport

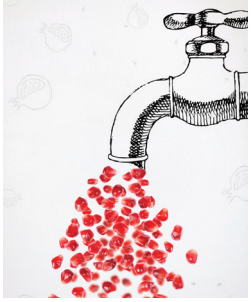


İDO Deniz Otobüsleri Sanayi ve Ticaret A.Ş.
Share **30.00%**
Revenue **611**
Adjusted EBITDA **289**
Total Assets **1,785**
Number of Employees **1,816**
Partner **Tepe İnşaat, Souter, Sera**

Increase in the Number of Vehicles Transported: 4.7%

IDO transported 47.4 million passengers in 2015 while the number of vehicles transported reached 8.6 million with a 4.7% growth.

Water Concessions



Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.
Share **50.00%**
Revenue **14**
Adjusted EBITDA **8**
Total Assets **88**
Number of Employees **46**
Partner **Kardan**

Increase in the Number of Subscribers at Güllük: 4.5%

In 2015, the number of Akfen Water Güllük subscribers grew by 4.5% to reach 6,858.

Construction

International Position



TAV Yatırım Holding A.Ş.
Share **21.68%**
Revenue **2,673**
Adjusted EBITDA **109**
Total Assets **3,033**
Number of Employees **5,984**
Partner **ADP, Tepe İnşaat, Sera**

TAV Investment: Total Volume of Ongoing Projects: US$ 14 billion

As of the end of 2015, the backlog of TAV Investment's ongoing projects stood at US$ 1.6 billion. With a total contract value of US$ 17.2 billion to date, TAV Investment was awarded the title of the world's largest airport contractor by Engineering News Record magazine for the second consecutive year.

OPERATING LOCATIONS



Hydroelectric Power Plant (HEPP) Investments
(In Operation)

- Sırma HEPP/Aydın
- Demirciler HEPP/Denizli
- Çamlıca III HEPP/Kayseri
- Otluca HEPP /Mersin
- Kavakçalı HEPP/Muğla
- Saraçbendi HEPP/Sivas
- Yağmur HEPP /Trabzon
- Gelinkaya HEPP/Erzurum
- Sekiyaka II HEPP 1/Muğla
- Doğançay HEPP/Sakarya
- Doruk HEPP/Giresun

Hydroelectric Power Plant (HEPP) Investments
(Under Construction)

- Çalıkobası HEPP/Giresun
- Çiçekli 1-II HEPP/Artvin

Hydroelectric Power Plant (HEPP) Investments
(Under Development)

- Çatak HEPP/Rize
- Laleli HEPP/Bayburt

Solar Power Plant (SPP) Projects
(In Operation)

- Denizli SPP Projects (7 SPP Projects)
- Yaysun SPP

Thermal Power Plant Investments
(Under Development)

- Mersin Natural Gas Combined Cycle Power Plant / Mersin
- Adana Sedef II Thermal Power Plant /Adana

Airport Concessions (TAV Airports)
(In Operation)

- Atatürk Airport/İstanbul
- Esenboğa Airport/Ankara
- Adnan Menderes Airport/İzmir
- Gazipaşa Airport/Antalya
- Milas-Bodrum Airport/Muğla

Maritime Transport İDO

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

Hotel Investments
(In Operation)

- Novotel Zeytinburnu/İstanbul
- Novotel Karaköy/Istanbul
- Novotel Trabzon
- Novotel Gaziantep
- Novotel Kayseri
- Ibis Hotel Zeytinburnu/İstanbul
- Ibis Hotel Esenyurt/İstanbul
- Ibis Hotel Eskişehir
- Ibis Hotel Gaziantep
- Ibis Hotel İzmir
- Ibis Hotel Kayseri
- Ibis Hotel Bursa
- Ibis Hotel Adana
- Ibis Hotel Esenboğa/Ankara



Hotel Investments
(Under Construction)

- Ibis Hotel Tuzla/İstanbul

Water and Wastewater Projects
(In Operation)

- Güllük Municipality Water and Wastewater Concession Project/Bodrum
- Dilovası Organized Industrial Zone Wastewater BOT Project/Kocaeli

Port Operations
(In Operation)

- Mersin International Port /Mersin

Contracted Projects (TAV Tepe-Akfen Yatırım İnşaat ve İşletme A.Ş.) (TAV Construction)
(Completed)

- Ankara Esenboğa Airport
- Domestic and International Terminals, Ankara
- Istanbul Atatürk Airport Terminal Building and Multi-Storey Car Park Project, Istanbul
- Istanbul Atatürk Airport Renovation Project, Istanbul
- Izmir Adnan Menderes Airport International Terminal Building Project, Izmir
- Izmir Adnan Menderes Domestic Terminal (Additional Works) Project, Izmir
- Istanbul Atatürk Airport Expansion and Development Project, Istanbul
- Istanbul Atatürk Airport Investments 2010-2011, Istanbul
- Alanya Gazipaşa Airport, Antalya

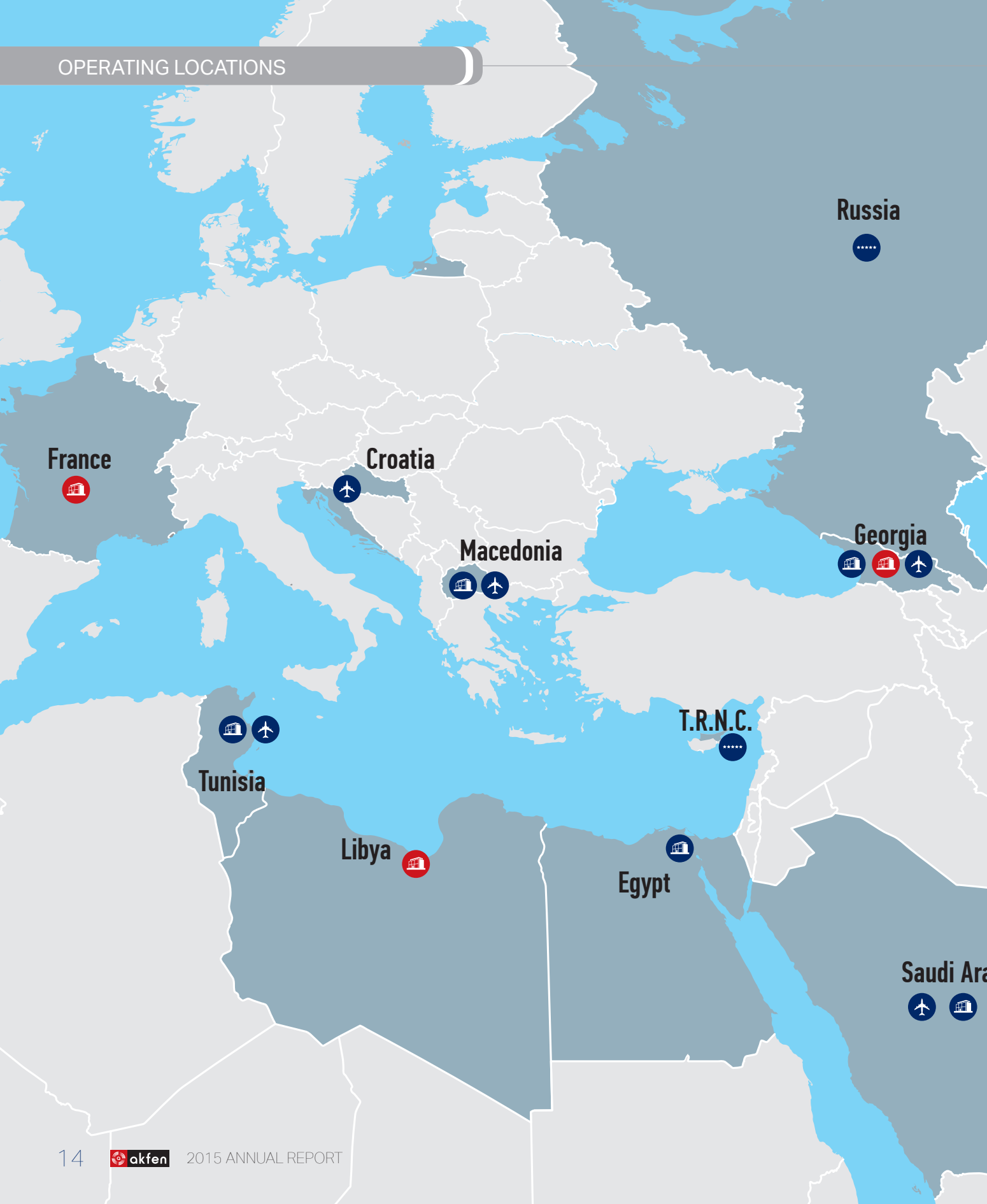
Contracted Projects (TAV Construction)
(Under Construction)

- Emaar Square, Northern District Structural Works
- Emaar Phase 3
- Istanbul Atatürk Airport Expansion Project - Phase 3

Exited Investements

- TUV Türk 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
- Pirinçlik HEPP, Karabük

OPERATING LOCATIONS





Hotel Investments
(In Operation)

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

Contracted Projects (TAV Construction)
(Completed)

Emirates Airlines A380 Maintenance Hangar Steel Door Construction Project / Dubai, UAE
Al Sharaf Shopping Mall / Dubai, UAE
Towheed Iranian School / Dubai, UAE
Emirates Financial Towers / Dubai, UAE
Sulafa Tower / Dubai, UAE
Abu Dhabi Airport Midfield Terminal Pile Cap Construction / Abu Dhabi, UAE
Majestic Tower / Sharjah, UAE
Batumi Airport / Batumi, Georgia
Tbilisi Airport / Tbilisi, Georgia
Ohrid Airport / Ohrid, Macedonia
Skopje Airport / Skopje, Macedonia
New Enfidha Airport / Enfidha, Tunisia
Cairo Airport TB3 Passenger Terminal Project / Cairo, Egypt
Doha International Airport Facility Management Works / Doha, Qatar
Medinah International Airport/Saudi Arabia

Contracted Projects (TAV Construction)
(Under Construction)

Abu Dhabi International Airport/UAE
Marina 101 Hotel and Residence/UAE
Damac Towers/UAE
Riyad KKIA Terminal 5 Airport/Saudi Arabia
King Abdul Aziz Airport/Saudi Arabia
Saudi Airlines Catering Building/Saudi Arabia
Doha International Airport/Qatar
Oman Muscat International Airport/Oman
Libya-Tripoli International Airport /Libya
Libya-Sebha International Airport/Libya
Medinah International Airport Hotel Project/Saudi Arabia
New Aeroports de Paris Headquarters and Office Buildings
Tbilisi International Airport Rehabilitation Project

Airport Concessions (TAV Airports)
(In Operation)

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

Dear Shareholders,

2015 can be considered a better year than we expected with respect to some criteria, while at the same time, negative in some others.

In 2015, Turkey made significant progress in its long struggle with twin deficit risk. With record lows in budget deficit as well as reduced current deficit, the latter made possible thanks to a sharp devaluation of Turkish Lira, falling oil prices, and slow-down in imports, Turkey managed to mitigate these risks to a great extent. Nevertheless, as this success could not be extended to inflation, the long-standing public expectations of high inflation persist. An increasing inflation thus sustains high interest rates, which represents the biggest obstacle to growth. Regarding income per capita, Turkey has once again failed to exceed the US$ 10,000 threshold, failing to escape the middle-income trap for yet another year. The structural reforms necessary to support a sustainable and stable growth and economy could not be completed once again because of successive elections. The private sector's weakening appetite for investment slows down the pace of growth. 2015 became a period in which businesspersons, politicians and the society alike held their breath for the election results. In this context, although some economic parameters did exceed expectations in 2015, others fell short.

Looking at 2015, it is inevitable to note the elevated geopolitical risks at our borders as the single most important factor affecting Turkey. This accounts for why our country is ranked low among other developing countries. However, such a downward trend is not peculiar to Turkey as it is observed in most of the others.

Developed economies around the world displayed a higher performance while developing countries, those producing oil and commodities in particular, suffered from a serious loss of income. Consequently, these countries experienced significant deterioration in their exports and public balances. In this context, another adverse factor was the slowdown in China, which reduced global trade and the pace of growth. Therefore, the negative aspects of 2015 were not felt by Turkey alone, but by all countries in the world, and particularly by developing countries, first and foremost China.



Our 2016 expectations

With the series of elections in Turkey concluded in November, we have entered a period of low tension in politics that will last until 2019. The fact that the government has restored trust in itself with an electoral victory will benefit both Turkey's international image for direct foreign investments as well as the country's own growth potential. The government's plans to achieve core structural reforms such as increased domestic savings and reduced dependency on foreign energy convey a positive message to the markets.

While the fall in oil prices contributes to our growth, inflation is expected to remain high in 2016 due to foreign exchange losses and ongoing weakness in foreign demand. Increases in exchange rate will drive inflation up, whereas falling commodity prices will have a positive impact on the inflation rate. The significant proportional increases in pensions and minimum wages will stimulate domestic demand. However, due to higher tax revenues, we expect this situation to have a limited, reasonably inflationist effect on the budget and positively contribute to growth.

Europe, Turkey's biggest economic partner, continues to recover. We anticipate further growth in 2016, signaling significant opportunities for Turkey.

Quantitative easing is set to continue in the Eurozone until the targeted increase in inflation is achieved. Elevated economic confidence and reduced unemployment rates in European economies represent positive developments. As to Turkey, it is the European markets that will make up for the adversities experienced in Russian and Middle Eastern markets. Therefore, Turkey's cyclical position requires close relations with Europe, given the ongoing turmoil in the Middle East and the Syrian war. Turkey should make the best of this situation by turning it into an advantage for the European Union accession process. Getting this close to our goal of accession is, by itself, a factor that positively affects our economy. If we can leverage the conjuncture successfully, the current deficit would remain positive in 2016 due to the base effect of sagging oil prices, as was the case in 2015.

The United States, on the other hand, exhibits a different picture. The FED's interest rate hike is an effective effort in eliminating uncertainties. Future interest rate hikes will probably be planned in such a way as to not disrupt the recovery in the United States. However, the FED may opt to act slower than expected, which would represent a key opportunity for developing economies whose growth depends on foreign resources for growth, such as in the case of Turkey.

Akfen in 2016

As Akfen Holding is about to celebrate its 40th anniversary, our future goals include reinforcing our leading position in the infrastructure industry. We believe that, by enhancing the performance of our valuable assets such as MIP, TAV, IDO and REIT and reinforcing our presence in the energy industry, we will be able to continue consolidating our position in the future as well. Our presence in the infrastructure industry, which is critical for Turkey, indicates that we will continue to contribute to our society going forward.

In line with Turkey's growing energy needs, our Holding will keep working to become an indispensable player in the energy industry by expanding its portfolio through the investments to start by 2016. Our renewable energy partnership with the EBRD represents a significant step towards this goal. We hope Turkey will benefit from our new and large-scale investments in SPPs, GPPs and WPPs alongside the HEPPs.

Regarding other business lines, I expect MIP to consolidate its position as Turkey's biggest import/export port, TAV Construction to maintain its position as world's biggest airport construction company, TAV Airports to continue to grow with its service companies, IDO to sustain its profitability growth with the cost control program, Akfen REIT to complete its investments, and Akfen Water to continue its successful efforts to create new employment opportunities in its industry.

With corporate social responsibility projects alongside its investments, Akfen champions a philosophy that attaches utmost importance to people. With a view to supporting personal development of youth, our foundation, TIKAV, works to ensure that the youth in Southeastern and Eastern Anatolia are offered equal opportunities, and has committed to contribute to the society with a Personal Development Project since 1999. Regarding international efforts, TIKAV's success in this field is further indicated by its entitlement to represent the Duke of Edinburgh's International Award for Young People in Turkey, reaching 3,000 young people in this context.

Working with the youth since its establishment, TIKAV has recently put an intense focus on women as well. Our support to strengthen women's position within the society continues in our offices and through NGOs such as TIKAD, KAGIDER and the WEF Women's Empowerment Platform. We also pay attention to this theme in the cities where we are present through the programs prepared by TIKAV for mothers and women.

With a 40-year commitment to create value for Turkey, Akfen has entered a period in which it will further its role.

Representing the embodiment of a mentality to deliver all its commitments with a spirit of dynamism and entrepreneurship, an innovative perspective and transparency, Akfen has not accomplished these achievements alone. Our devoted employees in particular, who spare no effort to create value out of their labor, as well as our affiliates, shareholders, subsidiaries and all stakeholders have a share in this phenomenal success.

I would like to take this opportunity to thank all of them once again,



HAMDİ AKIN
Chairman of the Board of Directors

Dear Stakeholders,

For Akfen Holding, 2015 was a year marked by reorganizational efforts in line with our growth strategy. We also completed the share buyback program we had announced in January 2015.

Earlier, at Akfen Holding, we had launched a "Share Buyback Program" based on an understanding that it is of tremendous importance for the company shares to reflect their real value in terms of protecting the investors' interests and with the purpose of increasing the yield of shares. We concluded this program in 2014 with a buyback of shares representing 10% of the company capital and then decided to launch another buyback program in 2015.

In January 2015, we redeemed the shares we had bought as part of the first buyback program. Following this capital reduction, we started the second buyback program in February. After having bought back 5.66% shares, we applied to the CMB for the redemption of those shares as well, with the aim of providing our investors with higher returns as the share price remained over our maximum purchasing limit. We redeemed those shares in January 2016. Akfen Holding's share price broke a record with a 142% increase in 2015, achieving a performance that almost doubled the BIST-100. Such a performance created significant value for shareholders and the discount rate in company valuation decreased remarkably.

The first step of this reorganization was the transfer of our shares in our subsidiary Akfen Construction to our affiliate, Akfen Altyapı Danışmanlık A.Ş. in 2015. Our main goal in this effort was to avoid the capital liability required for hospital projects to be developed using the public-private partnership model, and going forward, to replace capital-intensive assets with those that present a more predictable cash flow and would make a greater contribution to the holding in terms of dividend flow.

The second big step of 2015 was planned as an expansion of portfolio with a view to achieving industry-wide penetration and focusing on sustainable power generation. Our energy investments have so far been largely based on hydroelectric power plants. In this context, we launched efforts to create a balanced portfolio utilizing other renewable energy resources



as well. However, due to the prevailing conditions within the energy market, we also decided to sustain our fossil fuel investments at a reduced pace until a more advantageous period in the future.

Given such efforts, the European Bank for Reconstruction and Development's (EBRD) **investment in our renewable energy company** represented another remarkable development in 2015 as the biggest capital investment of the year: In December, Akfen Holding signed a US$ 100 million Partnership Agreement with the EBRD for 20% stake in Akfen Renewable Energy, which was structured with the consolidation of renewable energy subsidiaries Akfen HEPP, Akfen WPP, Akfen Wholesale and Karine SPP.

As a reflection of the level we have attained in line with the aforementioned strategic steps by the end of 2015, following the transfer of our shares in Akfen Construction, we purchased shares from Adana Ipekyolu, which has an imported coal power plant project with 600 MW installed capacity. I would also like to note that we have reached an agreement with the EBRD regarding their investment in our renewable energy companies and that the process is still ongoing.

Our HEPP Group within the Akfen Energy Group continued to operate with 11 power plants and a total installed capacity

of 204 MW. Thanks to the increasing rainfall following the previous year's drought, the HEPP Group secured a remarkable growth in revenue and operational profitability. Meanwhile, the WPP Group continued preliminary works on its projects.

Having launched a new berth and port deepening investment worth US$ 170 million in order to serve bigger vessels and increase its capacity, MIP's handling volume remained the same as the previous year with 1.5 million TEU, despite a 12% decrease in Turkey's foreign trade. Thus, MIP maintained its position in 2015 as Turkey's biggest maritime port in terms of import/export container business.

In line with our expectations, **TAV Airports** concluded 2015 again with a very strong performance. The number of passengers reached 102.5 million with an 8% increase. The new terminal in Medinah became operational in Q2 and the international terminal at Milas-Bodrum Airport was added to the portfolio. Participating in tenders lodged for five local airports in Philippines together with ADP as part of its growth strategies, TAV Airports' service companies continued to grow with a series of new business lines in Oman/Salalah, USA/Houston, and Tunisia/Carthage in particular.

As of the end of 2015, ongoing projects implemented by **TAV Construction** and the Company's backlog reached a total worth of US$ 14,163 million and US$ 1,637 million, respectively. TAV Construction added Atatürk Airport expansion and ADP Headquarters building projects to its portfolio in 2015, and won the tender for the expansion of Bahrain Airport in partnership with Arabtec in January 2016. Moreover, in 2015, TAV Construction was recognized by the ENR as the "World's Biggest Airport Construction Company" for the second year in a row.

In 2015, the biggest development for **Akfen REIT** was the full refinancing of all its and its subsidiaries' loans in November. This 10-year, €220 million loan offers new funding for the REIT. In addition, with the opening of Moscow Ibis Hotel in 2015, the number of hotels within the portfolio reached 18. Following the commissioning of the 200-bed Novotel Karaköy in February 2016, we are planning to open the 200-bed Tuzla Ibis Hotel later in 2016, after which we will have attained our hotel goal.

IDO reaped the fruits of reorganization in 2015. The Company achieved remarkable increases in operational profitability, launched trials for the Ambarlı-Topçular Ro-Ro route project developed during the year, and took the first step as part of the preparations for the Ambarlı Ro-Ro project by initiating the EIA process.

In 2015, Akfen Holding's revenue reached TL 197 million with a 65% growth. EBITDA increased by 135%, EBIDTA margin was 47%, assets amounted to TL 4,170 million and shareholders' equity reached TL 1,736 million. Akfen Holding maintained its powerful financial structure in 2015. We both kept costs under control and paid attention to the coordination of maturities and cash flows. Risk control represented another significant matter for us. Increased profitability of our affiliates and our reinforcement of their capital structure through capital increases were other highlights of 2015.

At Akfen, we are particularly encouraged by our affiliates, subsidiaries and stakeholders who share our belief, determination and resolution, and boost our self-confidence in our achievements and our plans for seeking constant growth.

As a holding that has never strayed from its mission of adding new values to its country for over 39 years, Akfen, without doubt, draws its power and dynamism from its competent human resource. I would like to express my gratitude for our employees for their devoted efforts and their encouragement as we move on to bolder ventures, as well as our for social stakeholders for their loyalty and contributions to our company.

Best regards,



İBRAHİM SÜHA GÜÇSAV
CEO

2015 Financial Results for Akfen Holding A.Ş. and Its Subsidiaries

Akfen Holding's 2015 financial results were largely affected by the transfer of Akfen Construction's shares on October 30, 2015 and the partnership agreement signed with the EBRD on December 15, 2015 for the renewable energy portfolio. In this context, 2015 financial report includes the following details:

- Akfen Construction's income and expenses until the date of transfer were recorded under "Post-tax profit/loss from discontinued operations" (the difference between Akfen Construction's consolidated net book value and sale price was added to this figure as profit from sale of subsidiary),
- As per the agreement signed with the EBRD, all assets under the HEPP and WPP Groups and Akfen Electricity Wholesale were recorded under the current assets as "financial assets held for sale" and the liabilities were recorded as short-term liabilities under "liabilities associated with financial assets held for sale".

Akfen Holding's consolidated revenues in 2015 amounted to TL 197 million with a 65% increase year-over-year. This increase was largely driven by the HEPP Group thanks to a heavier rainfall in 2015 after a period of drought in 2014 and the addition of two new power plants to the portfolio, boosting the production capacity.

With the improvements in the performance of the HEPP Group in 2015, Akfen Holding's consolidated EBITDA increased by 135% to reach TL 92 million and the EBITDA margin rose to 47% with a 14-percentage point increase compared to the previous year.

In 2015, TAV Airports and the MIP provided dividends amounting to TL 24.8 million and TL 31.3 million, respectively. Akfen Holding distributed dividends for the third time in 2015, paying TL 20 million in total gross dividends to its shareholders.

Despite the net foreign exchange loss of TL 246 million due to the devaluation of Turkish Lira in 2015, consolidated profit was recorded as TL 11 million, with TL 255 million in net profits obtained through the sale of Akfen Construction.

Consolidated shareholders' equity amounted to TL 1,736 million at the end of 2015.

As of 31.12.2015, Akfen Holding's consolidated gross financial debt reduced to TL 1.5 billion with a 14% decrease. This reduction of the financial debt was a result of the HPP Group's debts, which amounted to TL 755 million, being reported under "available-for-sale financial liabilities".

Short-, mid- and long-term debt had 18%, 50% and 32% weight in the consolidated gross financial debt, respectively. At the end of 2015, the Holding had a consolidated net debt of TL 1.5 billion. The Holding's solo net debt increased from TL 507 million (December 31, 2014) to TL 820 million as of the end of 2015.

The efforts for improving the balance sheet structures of Akfen Holding group companies continued in 2015 as well, as part of which all the loans of Akfen REIT and its subsidiaries were refinanced. Net debt/equity ratio for 2015 stood at 0.8x.

Akfen Holding's investments continued in 2015 as well, with its subsidiaries making investments worth TL 348 million in total. The greater part of these investments comprise Isparta City Hospital, Incek Loft and REIT investments; investments made by Akfen Construction, which was transferred as of October 30, 2015, amounted to TL 246 million; ongoing hydroelectric power plant investments represent TL 33 million, and AKFEN REIT invested TL 62 million.

The second "Share Buyback Program" was approved in the Extraordinary General Assembly meeting held on January 15, 2015, with 14.8 million shares redeemed in January 2016, representing 5.66% of the paid-in capital. As the shareholders acting in concert (Hamdi Akın, Selim Akın, Akınısı Makina Sanayi A.Ş., Akfen Turizm Yatırımları ve İşletmecilik A.Ş. And Akfen Altyapı Danışmanlık A.Ş.) collectively gained 97.11% share/vote ratio over Akfen Holding on December 22, 2015, the "Squeeze-out and sell-out right" procedures were initiated as per the CMB's relevant Communiqué.

Main Financial Indicators

(TL Million)	2015*	2014	Change (%)
Summary Income Statement			
Revenue	**197**	**119**	**65.2%**
Gross Profit	113	59	93.4%
Operating Profit	212	195	8.8%
(Loss)/Profit Before Tax	-150	33	n.m.
Net (Loss)/Profit for the Period	**11**	**-15**	**n.m.**
Non-Controlling Interest	-27	-3	n.m.
Share of the Parent	37	-12	n.m.
Adjusted EBITDA	**92**	**39**	**134.6%**
Summary Cash Flow Statement			
Net Cash Flow from Operations	-217	28	n.m.
Net Cash from Investment Operations	-105	-175	n.m.
Net Cash Used in Financing Operations	297	101	193.8%
Net increase/(decrease) in cash and cash equivalents	**-26**	**-46**	**n.m.**
Cash and cash equivalents at opening of the period	**48**	**94**	**-49.0%**
Cash and cash equivalents at closing of the period	**22**	**48**	**-53.4%**
Summary Balance Sheet			
Non-Current Assets	**2,902**	**3,343**	**-13.2%**
Intangible Assets	32	84	-62.0%
Property, Plant and Equipment	63	875	-92.8%
Investment Property	1,428	1,352	5.7%
Equity Accounted Investments	864	631	36.9%
Other	515	401	28.4%
Financial Assets Held for Sale	**1,071**	**-**	**-**
Current Assets	**197**	**565**	**-65.2%**
Cash and Cash Equivalents	22	64	-64.8%
Trade Receivables	18	115	-84.5%
Inventories	0	252	n.m.
Other	157	134	17.0%
Total Assets	**4,170**	**3,907**	**6.7%**
Total Equity Attributable to Equity Holders of the Parent	1,388	1,297	7.0%
Non-Controlling Interest	348	375	-7.3%
Total Shareholders' Equity	**1,736**	**1,672**	**3.8**
Financial Debt	1,530	1,778	-14.0
Other Short-Term Liabilities	32	357	-90.9
Liabilities associated with financial assets held for sale	**789**	**-**	**n.m.**
Other Long-Term Liabilities	84	101	-16.5%
Total Shareholders' Equity And Liabilities	**4,170**	**3,907**	**6.7%**
Financial Indicators			
Gross Profit Margin	57.5%	49.1%	8.4 pp
Adjusted EBITDA Margin	46.9%	33.0%	13.9 pp
Current Ratio	0.7	0.8	-0.1
Liquidity Ratio	0.7	0.4	0.3
Net Debt/Shareholders' Equity	0.8	1.0	-0.2
Financial Leverage	0.4	0.6	-0.2
Net Debt/EBITDA	15.8	43.5	-27.7

* After the transfer of Akfen Construction's shares on October 30, 2015, Akfen Construction's revenues and expenses until the date of transfer were recorded under "post-tax profit/(loss) of discontinued operations".

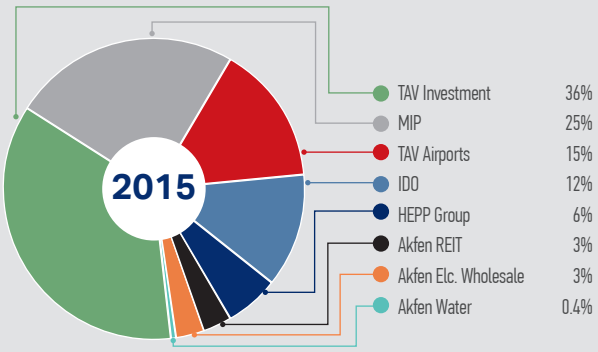
(The difference between Akfen Construction's net book value and sale price was added to this figure as profit on sale of subsidiary.)

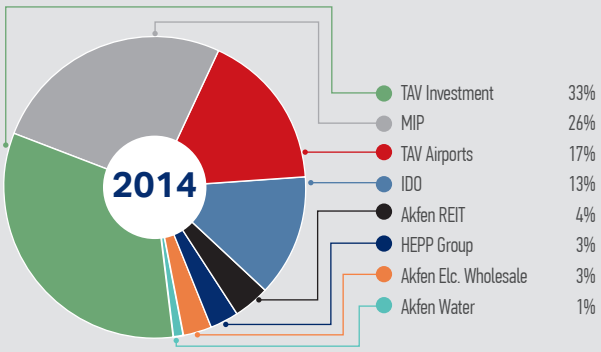
- As per the partnership agreement signed with the EBRD on December 15, 2015, all assets under the HEPP (WPP and Akfen Electricity Wholesale) were recorded under the current assets as "financial assets held for sale" and the liabilities were recorded as short-term liabilities under "liabilities associated with financial assets held for sale".

Proportional Consolidated Financial Statement

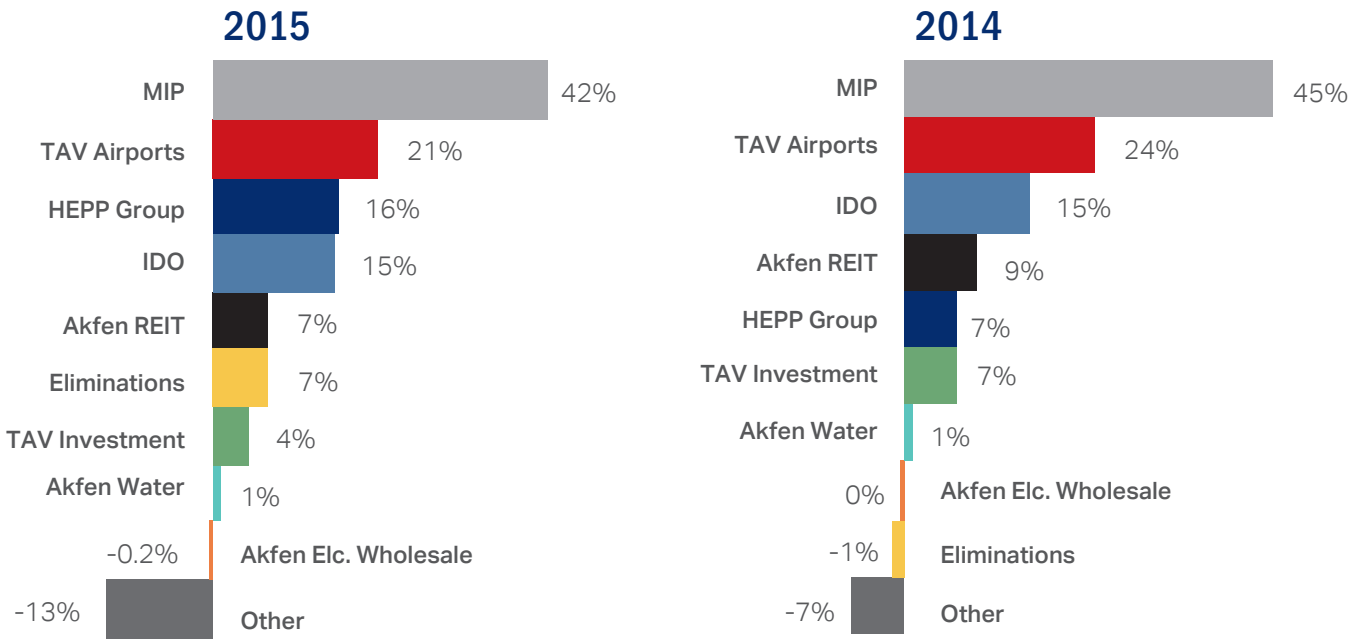
(TL Million)	2015	2014	Change (%)
Current Assets	2,281	1,351	68.9%
Fixed Assets	4,593	4,572	0.5%
Total Assets	**6,874**	**5,923**	**16.1%**
Short-Term Liabilities	1,902	1,280	48.6%
Long-Term Liabilities	3,122	2,961	5.4%
Total Liabilities	**5,024**	**4,241**	**18.5%**
shareholders' Equity	**1,850**	**1,682**	**10.0%**
Total Liabilities	**6,874**	**5,923**	**16.1%**

Distribution of Consolidated External Revenue





Distribution of Consolidated Adjusted EBITDA



Financial Indicators

(TL Million)	2015	2014	Change (%)
Revenue	1,587	1,239	28.1%
Gross Profit	556	416	33.6%
Gross Profit Margin	35.0%	33.6%	1.4 pp
Adjusted EBITDA	567	431	31.6%
Adjusted EBITDA Margin	35.6%	34.4%	1.2 pp
Net Debt	3,394	2,739	23.9%
Net Debt/EBITDA	6,0	6,4	-0.4
Investment Expenditures	645	343	88.0%
Number of Employees	38,104	36,512	4.4%

2015 Financial Results as per Proportional Consolidation*

The combined total of the investments by our affiliates in 2015 reached TL 870 million. The part of these investments that is consolidated to Akfen Holding in proportion to its shares in affiliates amounted to TL 645 million.

The consolidated revenues obtained by Akfen Holding from its activities in 2015, including consolidated revenues of the affiliates controlled by Akfen Holding as proportional to its shares, stood at TL 1,587 million with a growth of 28% over 2014. The affiliates with the highest revenue growth in 2015 were the HEPP Group, TAV Investment, and MIP, respectively. The largest share in the consolidated revenue of 2015 belonged to TAV Investment with 36%, whereas Mersin Port had a share of 25% and TAV Airports had a share of 15%.

The adjusted EBITDA for Akfen Holding stood at TL 567 million in 2015. With the EBITDA growth actually driven by the HEPP Group's improved performance and IDO's significantly increased profitability, the EBITDA margin rose to 36%.

The total assets of Akfen Holding stood at TL 6.9 billion at the end of 2015, indicating16% growth. Affiliates with comprehensive ongoing investments, namely Akfen REIT (23%), the HEPP Group (15%) and MIP (20%) had the highest share among the assets of Akfen Holding. Shareholders' equity amounted to TL 1,850 million at the end of 2015.

As of December 31, 2015, Akfen Holding's consolidated gross financial debt increased by 27% to reach TL 4 billion; 17% of this represents short-term debt, whereas 34% is medium-term and the remaining 49% is long-term debt.

As of the end of 2015, the Holding had a consolidated net debt of TL 3.4 billion. Consolidated net debt/equity ratio for 2015 stood at 1.8x.

* 2015 financial statements on this page were calculated by reversing the effects of IFRS 11 and IFRIC 12 standards.

2015 Summary Financial Information on Subsidiaries and Equity Accounted Joint Ventures

(TL Million)	TAV Investment	Akfen Construction*	Akfen REIT	HEPP Group	MIP	Akfen Water	TAV Airports	IDO	A. Elc. Wholesale	Other**	Elim.	Total
Share %	21.7%	-	56.9%	100.0%	50.0%	50.0%	8.1%	30.0%	100.0%	-	-	-
Revenue	579		54	118	396	7	246	183	54	0	-52	1,587
Adjusted EBITDA	24		40	89	240	4	120	87	-1	-76	40	567
Adjusted EBITDA Margin	4.1%		73.4%	75.2%	62.9%	48.4%	45.3%	47.3%	n.m.	n.m.	n.m.	35.6%
Net Profit (Parent Shares)	8	-102	-47	-141	119	-2	51	-70	-1	192	29	37
Investments	4	246	62	32	99	0	186	8	0	8	0	645
Number of Employees	5,984	-	25	168	1,412	46	28,581	1,816	1	71	-	38,104
Total Assets	657	-	1,586	1,064	1,384	44	853	536	10	2,095	-1,354	6,874
Equities	76	-	804	140	537	19	210	38	-1	1,059	-1,032	1,850
Gross Financial Debt	147	-	704	755	693	16	379	460	0	826	-	3,979
Net Financial Debt	108	-	640	745	404	10	216	453	-2	819	-	3,394
Net Debt/EBITDA	4.6	-	16.2	8.4	1.7	2.3	1.8	5.2	n.m.	n.m.	-	6.0
Net Debt/Equity	1.4	-	0.8	5.3	0.8	0.5	1.0	12.0	n.m.	0.8	-	1.8

Financial data on the subsidiaries and affiliates given in the table above are calculated by reversing the effects of IFRS 11 and IFRIC 12 standards. It is indicated in the proportions of shares owned by Akfen.

* After the transfer of Akfen Construction's shares on October 30, 2015, Akfen Construction's revenues and expenses until the date of transfer were recorded under "post-tax profit/(loss) of discontinued operations".

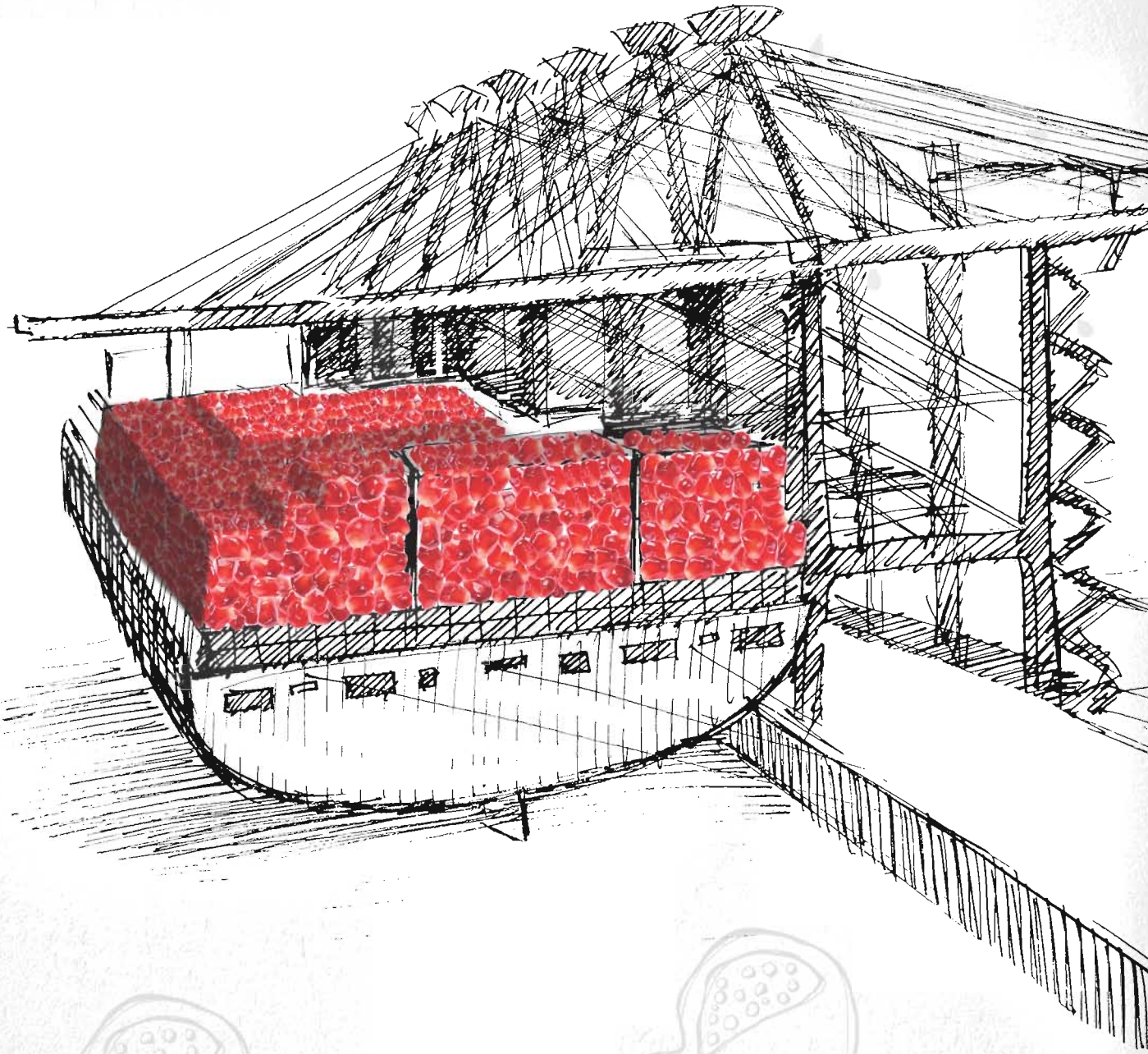
(The difference between Akfen Construction's net book value and sale price was added to this figure as profit on sale of subsidiary.)

** The number of employees and financial debt of Akfen Holding, Akfen Thermal Energy and the WPP Group are also shown under the "other" group.

Akfen Holding's solo gross financial debt and net financial debt – both indicated under "other" – amount to TL 826 million and 820 million, respectively.

MIP

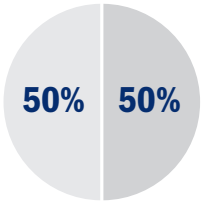
The largest import/export gateway of Turkey, born out of a partnership between Akfen's 39 years of infrastructure development experience, and PSA, the world giant in port operations with 42 years of experience under its belt.





With a continuous development strategy geared towards meeting medium and long-term trade goals of Turkey as well as increasing effectiveness in the rapidly changing and developing port operations industry, MIP is committed to transform Mersin into a world-scale port.

Turkey's Largest Export-Import Port: MIP



Shareholding Structure

Akfen Holding	50.0%
PSA Turkey Pte Ltd.	50.0%

Subsidiaries and Affiliates

Mersin Denizcilik Faaliyetleri ve Ticaret A.Ş.	99.99%

The leading port of Turkey in terms of import/export container volume, MIP continued its port development activities in 2015 with an eye to becoming the international transfer hub of the Eastern Mediterranean. Once the new investments are completed, MIP will achieve a container handling capacity of 2.6 million TEU.

Thanks to its surrounding road and rail routes, MIP is the biggest gateway for exports and imports for both Turkey and neighboring countries.

MIP plays a crucial role as an international terminal for industrialized cities of Turkey, primarily Adana, Ankara, Gaziantep, Kayseri, Kahramanmaraş and Konya, as well as for Turkey's neighbors Georgia, Syria, Iraq and Iran. Situated right next to the second biggest free zone of Turkey, MIP makes a substantial contribution to regional commerce.

With 6,200 regular customers worldwide, MIP currently holds 17.6% market share among container ports in Turkey and 18.2% market share in terms of import-export container business volume.

MIP maintains its leadership in import-export container volume of Turkey, with an eye to becoming the international transfer hub of the Eastern Mediterranean. To this end, in 2014, MIP launched a US$ 170 million port expansion project, the Eastern Mediterranean Hub (EMH), which will allow MIP to serve large ships with a capacity of 10,000 TEU and above.

Once the ongoing growth investment is completed, MIP will achieve a container handling capacity of 2.6 million. In parallel with this investment, the port's layout has been reorganized and port gate efficiency has been increased, while investments in link roads and warehouses are still underway. MIP also continues to invest in boosting capacity and service quality as well as in conventional cargo services.



Turkey's biggest import-export port with a container handling volume of

1.5 million TEU in 2015

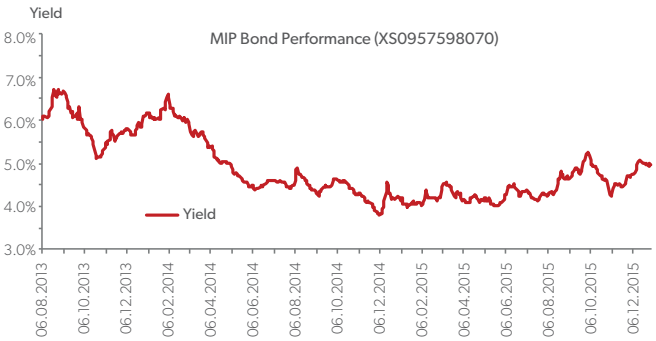
By adapting to growing ship sizes, increasing trade volume, advances in equipment and new operation methods, MIP aims to grow the scale economy it has created and to earn Turkey a port of global significance. To serve this purpose, alongside investments in high-tech equipment and modern operation methods, MIP set a continuous development strategy in 2007 focused on capacity and efficiency. The strategy is geared towards meeting Turkey's medium and long-term commercial targets with continuous improvements and boosting its impact in the rapidly changing and developing port operations industry.

Following an auction by the Directorate of Privatization Administration in 2007, operating rights for the Mersin International Port were granted to PSA-Akfen joint venture for 36 years. Given the concession fee of US$ 755 million, the venture's total cost for MIP is around US$ 950 million. This figure includes investments made between 2007 and 2015, with investments in 2015 alone amounting to US$ 64 million.

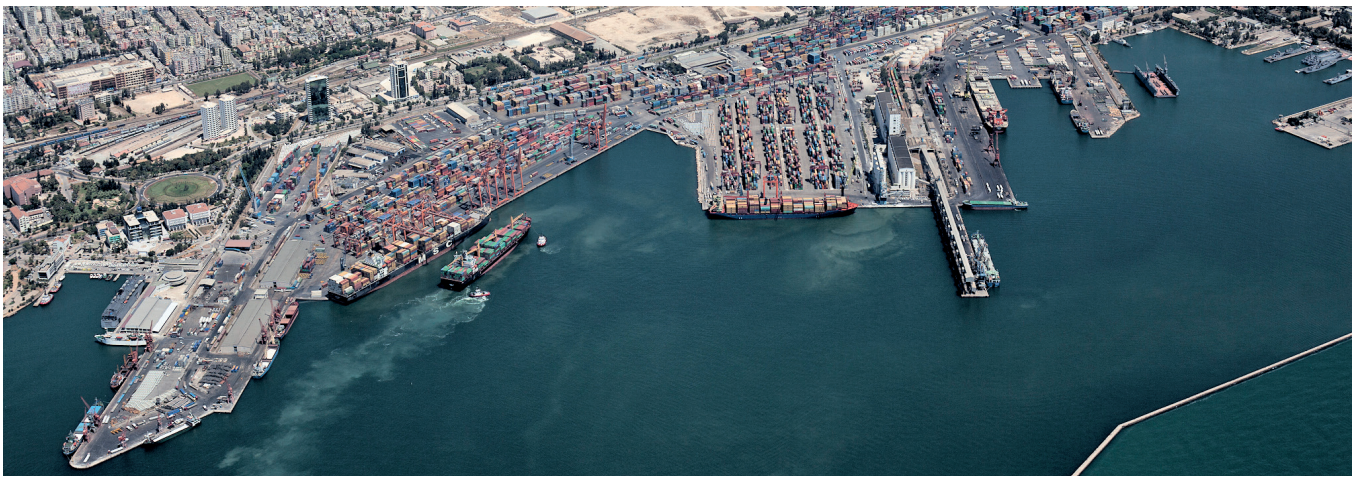
In August 2013, MIP successfully completed the first Eurobond issuance by an infrastructure investment company in Turkey, in partnership with EBRD, IFC and Clifford Capital, who acted as anchor investors. Listed on the Ireland Stock Exchange, the 7-year bonds have a nominal value of US$ 450 million and a coupon rate of 5.875%.

International banks acted in the capacity of intermediaries for the issuance of the bond, which was initially rated investment grade Baa3 by Moody's and BBB- by Fitch. On June 19, 2015, Moody's confirmed MIP's export and bond rating as stable outlook. Fitch also affirmed BBB- rating as stable outlook on June 22, 2015. As at December 31, 2015, the bond was valued at US$ 102.98 with a yield of 4.96% (midswap + 322 bps).

MIP distributed TL 62.6 million in dividends on April 2, 2015.



Source: Bloomberg



HIGHLIGHTS OF 2015

In terms of operations, 2015 was a year marked by modest growth both in developed and emerging economies, which affected global import and export volumes. Regional and political developments, contracting foreign trade had a negative impact in Mersin International Port, which saw 2.2% decrease in container-handling volume compared to the previous year, down to 1.5 million TEU. The two main reasons behind this decline are the decreases in both manufactured goods exports and imported raw materials. Also precipitating the loss were decline in ore and marble exports in particular, shrinking Chinese demand, weakening transit volumes due to the civil war in Syria and the ongoing turmoil in Iraq, increase in FX rates, and a general decline in imports.

Mersin International Port served 4,320 ships in 2015, with conventional cargo tonnage likewise dropping by 12.3% to 7.7 million tons in parallel with declining agricultural production in Turkey. The reasons thereof include political turmoil in neighboring countries as well as a decline in cereal/legume/oil imports due to abundant local harvest, and a slowdown in ore and fertilizer trade due to low commodity prices.



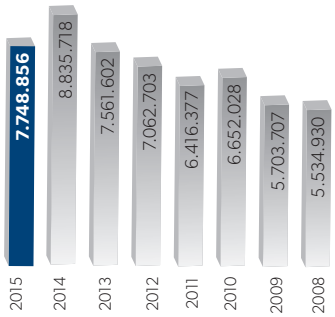
Throughout 2015, the number of Ro-Ro's (loaded and discharged vehicles) declined by 12.5% to 71,191 vehicles. The drop in Ro-Ro business volume is mainly caused by political turmoil in Iraq and Syria reducing transit volume, particularly new passenger car traffic.

As of December 31, 2015 MIP employs 1,412 personnel. The Port Labor Union has an active presence in the port, with 1,077 union member employees. Collective agreement negotiations are still underway for the 2016-2019 period.

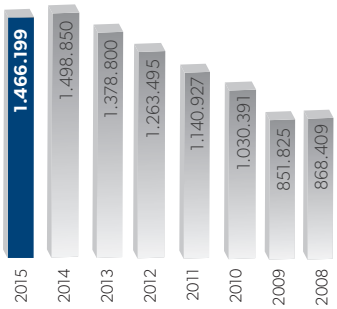
In 2015, MIP's revenue grew by 22% to reach TL 792 million, EBITDA increased by 23% to TL 480 million, and net profits rose by 20% to TL 239.

CONTAINER & CONVENTIONAL CARGO DEVELOPMENT

Conventional Cargo (TON)
CAGR 4.9%



Container (TEU)
CAGR 7.8%

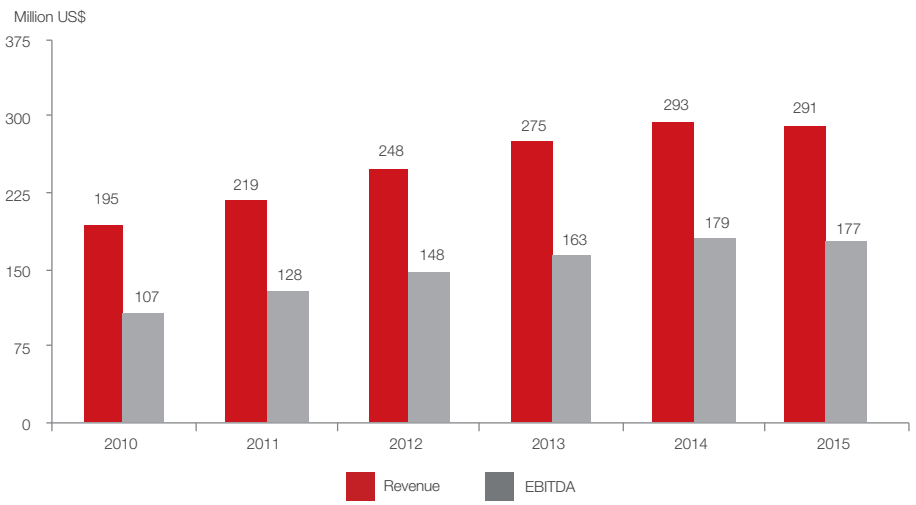


INVESTMENTS IN 2015

- Construction for the EMH project, launched on March 8, 2014, is still in progress. Also underway are dredging and deepening activities, as well as pier embankment and equipment procurement. Once the EMH is completed, MIP will accommodate vessels of up to 400 meters in length and 18.000 TEU in container capacity, and will feature a berth depth of 15.5 meters.
- Alongside expansion investments, orders were placed for 4 quay cranes, 8 rubber tyred gantry cranes (RTGs), 15 terminal tractors and two, 60 ton bollard pull tugboats. All newly purchased equipment is set to arrive by the first half of 2016.
- Thanks to 180 new reefer connectors, the port has made an even bigger contribution to Mersin and Çukurova regions, Turkey's leading exporters of citrus and produce. With this investment, the number of reefer connectors has surpassed 1,000.
- The existing maintenance workshop has been replaced with a new, modernized workshop built in line with industrial standards and will cater to increased equipment needs.
- A 5,000-square meter racked warehouse has been built.

Summary Financial Information (Million TL)	2015	2014	Change (%)
Balance Sheet			
Current Assets	623	365	71%
Non-Current Assets	2,145	1,637	31%
Total Assets	2,768	2,002	38%
Shareholders' Equity	1,074	709	51%
Non-Controlling Interest	-	-	-
Short-Term Liabilities	136	92	49%
Long-Term Liabilities	1,558	1,201	30%
Total Equity and Liabilities	2,768	2,002	38%
Income Statement			
Revenues	792	651	22%
EBITDA	480	391	23%
Net Profit	239	199	20%
Other Financial Data			
Investments	198	27	643%
Free Cash Flow	321	386	-17%
Net Debt	809	784	3%
Dividend Payment	63	-	n.m.

MIP – REVENUE AND EBITDA DEVELOPMENT (2010-2015)

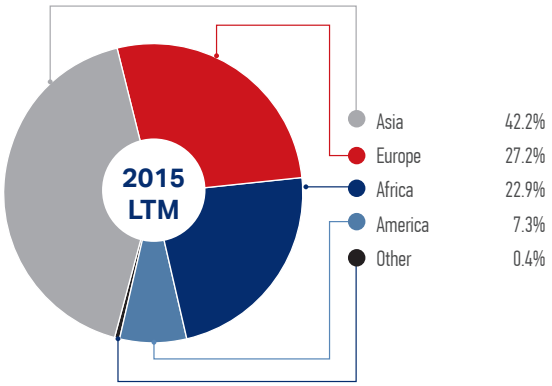


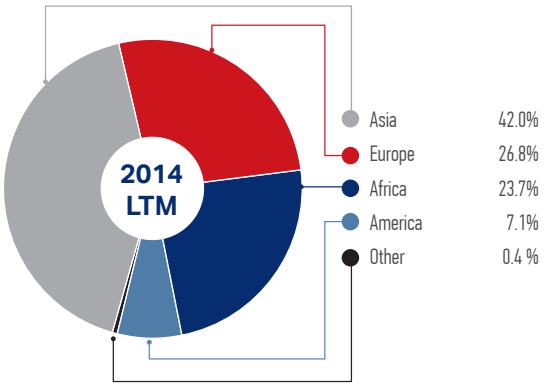
CONTAINERS HANDLED

2014 LTM (December 2013-November 2014) / 2015 LTM (December 2014-November 2015)

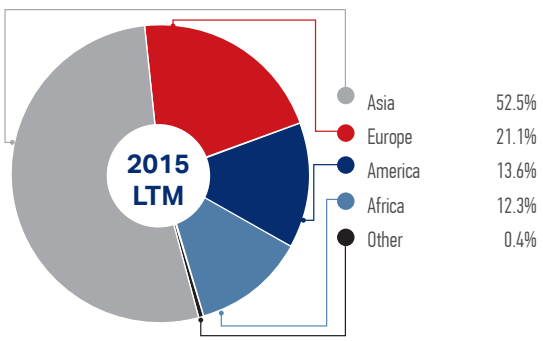
Source: Mersin Chamber of Shipping

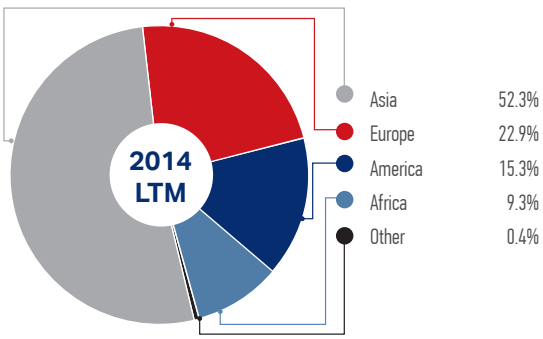
Exports by Region (%)



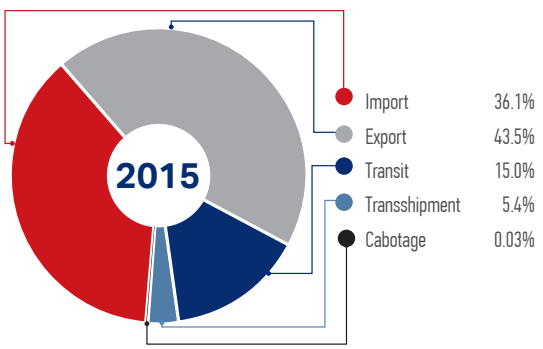


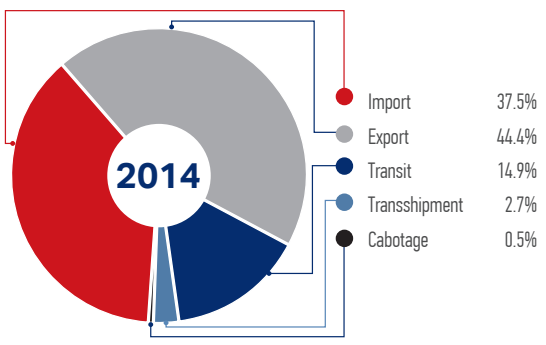
Imports by Region (%)





CONTAINER REGIME BREAKDOWN (%)





MIP Port Development 2007-2015	2015	2007
Capacity	1,800,000 TEU	900,000 TEU
Container Berths	6 allocated, 3 multi-purpose	6 allocated, 3 multi-purpose
Max. Vessel Capacity	6,500 TEU	5,000 TEU
Gantry Crane	7	5
Mobile Crane (MHC)	7	1
Container Stacking Site	35 ha	20 ha
- RTG	8	7
- E-RTG	17	0
- Reach Stacker	13	10
- Empty Container Handler (ECH)	13	13
Container Slots	10,225	7,000
Crane Efficiency (moves per hour)	24-26	18-20

Source: MIP

CORPORATE SOCIAL RESPONSIBILITY

Lend a Hand to My Disability Project: As part of social responsibility projects, MIP contributed to the "Lend a Hand to my Disability Project" started by Mersin Hüseyin Polat School for the Mentally Challenged" by building a sports hall, the most urgent need of the school. The area formerly used as a warehouse was used for the construction of the new hall, entirely undertaken by MIP, with sports equipment also provided by MIP. The hall was opened during the activities launched on the occasion of the Week for People with Disabilities.

Occupational Health and Safety Themed Painting Contest: "Painting Contest" is organized on the occasion of "Occupational Health and Safety Day" to raise awareness among children on occupational health and safety. Children who earn top three places are awarded and their paintings are exhibited.

Wheelchair Tennis Teams Championship: MIP sponsored Oğuzhan Güneş who represented Turkish National Tennis Team in the World Wheelchair Tennis Teams Championship. He was one of two top athletes from each country to join the camp organized by ITF in Zurich, Switzerland between August 2 and 7, 2015. Mr. Güneş represented Turkey in the Open ITF Future Tournament in Bucharest, Romania between August 27 and 30, 2015.







AWARDS

In 2015, MIP was ranked 342nd on the **"Turkey's 500 Biggest Private Companies"** list prepared by Capital magazine.

Additionally, MIP came 254th on Fortune magazine's **"Turkey's 500 Largest Private Companies"** list as well as 4th on the "Largest Companies by City/ Mersin" list, 10th on the "Storage, Transportation, Logistics Services Industry" ranking, 31st on "50 Largest Companies by Return on Sales" and 29th on "50 Largest Companies by Return on Equity" ranking on the same list.



MIP won the **"Port of the Year"** award by Logitrans Lojistik for the fifth consecutive time in 2015. The company was first granted the title in 2011.

MIP is among the top hundred ports listed on "World's Top 120 Container Ports" published by the Container Management magazine.

The bond issue of MIP in 2013 was granted the **"Best International Bond"** award in the International Bond Deal of the Year category at Bond & Loans conference in 2014. MIP has so far won three awards for the bond issuance.

Maritime Transport: The Key to International Trade

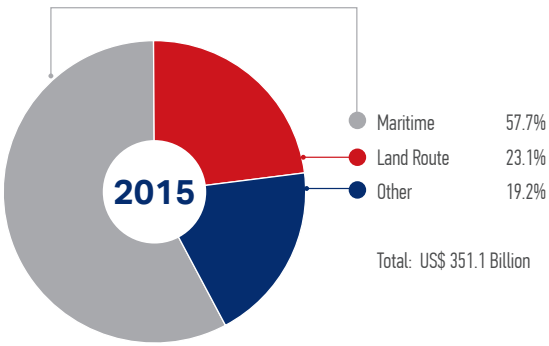
For Turkey, maritime transport stands out among other modes transportation for international trade due to the country's geographical characteristics. In 2015, 54% of exports and 60% of imports were made via maritime transport. In terms of tons, in 2014, export freights constituted 23.1% of maritime international trade handling, while imports made up 50.8%. Average growth rate of international trade volume in the last decade was 6.3% while maritime trade grew by 8.2% during the same period. Accordingly, maritime foreign trade handling volume (in tons) expanded by 4.9% on a ten-year average.

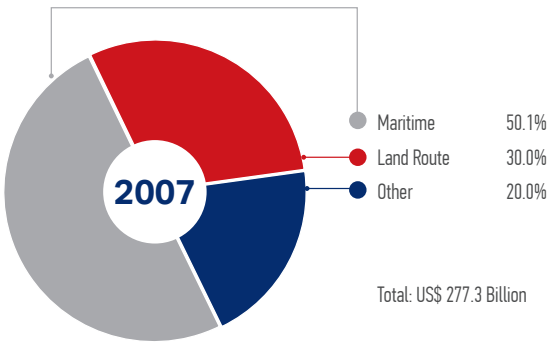
Modernized with privatization programs in the last decade and aligned with international standards, our ports have played a major role in expanding the share of maritime transport in international trade.

The Privatization Law in Turkey was adopted in 1994, paving the way for the privatization of public ports. The process began in earnest in 1997, when 13 out of 19 public ports operated by TDI were privatized through transfer of operating rights, starting with Tekirdağ, Hopa, Giresun, Ordu, Sinop and Rize ports in 1997 and followed by Antalya in 1998, Alanya in 2000,

International Trade by Means of Transport

Source: Turkish Statistical Institute





İzmir, Mersin, İskenderun, Derince, Bandırma and Samsun ports, second only to those operated by Turkish Maritime Administration (TMA) in terms of their geographical position, infrastructure and superstructure, hinterland and land route and railroad connections, were incorporated in the privatization program. Privatization of the Mersin Port, one of the leading export ports of Turkey, was the first stage of the process. Following the tender organized in 2005, PSA-Akfen joint venture was granted operating rights of the port for a period of 36 years, marking the first time for a global port operator to launch its activities in Turkey.

Marmaris in 2001, and Çeşme, Kuşadası, Trabzon and Dikili ports in 2003, all of which were transferred to private sector operators for a period of 30 years in line with agreements for transfer of operating rights signed between the Privatization Administration, TMA, and operating companies.

Since 1997, privatization processes of 32 ports were finalized, whereas eight others have seen their respective auctions cancelled or postponed.

Both affordable and efficient, maritime transport is the most essential contributor to the development of global trade. The

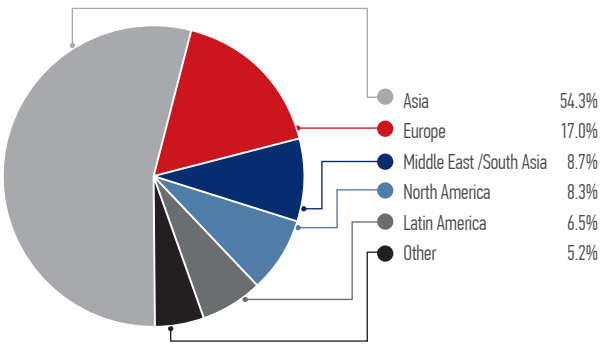
constant increase in freight volume throughout the years has raised port operations industry, already a key link to logistics chain, to a strategic position in international trade.

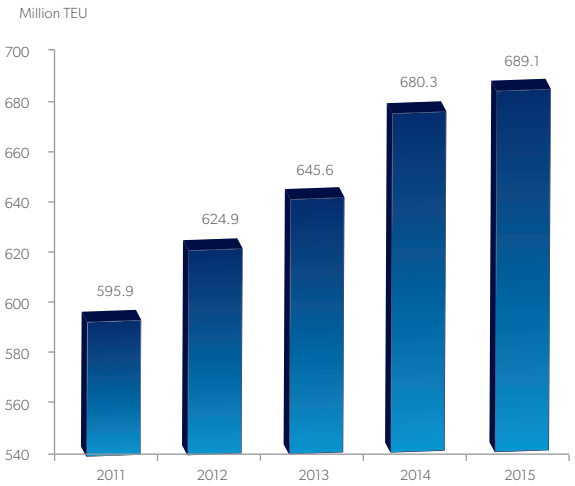
World container handling grew by 3.7% on annual average between 2011 and 2015 and by 3.8% in Europe and Asia, two continents MIP serves most. According to the December 2015 Drewry Maritime Research Report, container handling in the world is expected to grow by 1.3% year-over-year to reach 689 million TEU, indicating that global challenges that marked 2015 had a negative impact on maritime trade as well, undermining world port operations industry. Meanwhile in Turkey, an important transit hub between Europe and Asia, although container handling decreased by 2.4% compared to the previous year, the rates showed an average annual growth of 5.7% between 2011 and 2015. Thanks to its dynamism in international trade, Turkey, an emerging economy, demonstrated a growth rate 50% higher than world average, expanding its share in the container market.

The report also estimates that the container handling volume in the world will grow by 2.4% to 706 million TEU in 2016. Accordingly, it is estimated that container handling will grow by 0.2% in Europe, 2.8% in North America, 2.9% in Asia, 4.3% in Middle East and South Asia, 2.4% in Latin America and 1.4% in Africa.

World Container Volume Development and Regional Distribution (2015)

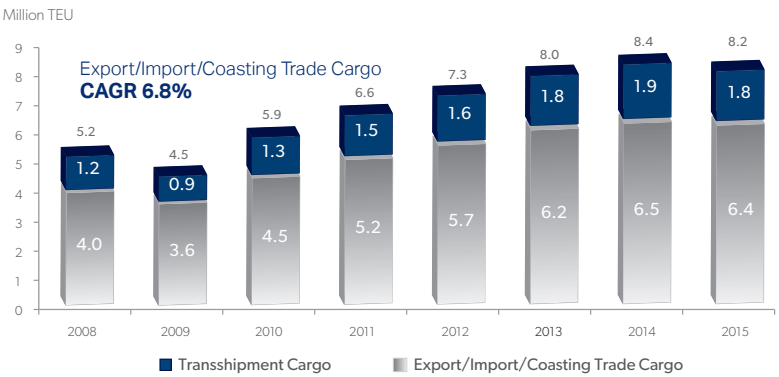
Source: Drewry December 2015 Report





CONTAINER VOLUME DEVELOPMENT IN TURKEY

Source: Port Operators Association of Turkey



In 2015, total value of imports in provinces within MIP hinterland, constituted 7.3% of total imports in Turkey; while their imports made up 10.4% of Turkey's total exports. Total foreign trade volume of the said provinces had an 8.6% share in Turkey's total foreign trade volume. In the last decade, imports volume in provinces within MIP hinterland showed a 9.4% average annual growth rate while exports showed 11.0% growth. During the same period, same growth rates in Turkey were 5.9% and 7.0%, respectively. The figures demonstrate that Anatolian cities within the MIP hinterland carry an increasing potential in industry and services sector. The positive impact of this in ports can be explained by looking at the container handling figures of the last decade. In Turkey, the container handling volume rose by 9.4% in the last ten years. The Marmara Region alone showed a similar growth by 9.2%, while the Mediterranean Region's figures grew by 11.4% and those in the Black Sea Region by 47%. Considering the Black Sea Region's mere 2% share in the national container handling figures, the Mediterranean Region stands out as the key driver of foreign trade in Turkey, and its ports as crucial transit hubs.

High-tonnage vessels have now grabbed a bigger market share in maritime transport; this offers significant advantages in terms of logistic costs, and contributes to the containerization trend in maritime commerce. Container transportation not only reduces costs but also fulfills two most important needs of customers: security and speed, which in turn attracts both local and international trade players. Container transportation therefore offers many benefits in terms of cost reduction, speed and security, but still has an untapped potential in Turkey, especially considering the level of container use in Europe and the world at large. One main reason behind the low level of container use in Turkey is the slow adjustment of commercial firms in the country to this area. Another important reason is the lack of container ports of sufficient quality and quantity in the country.

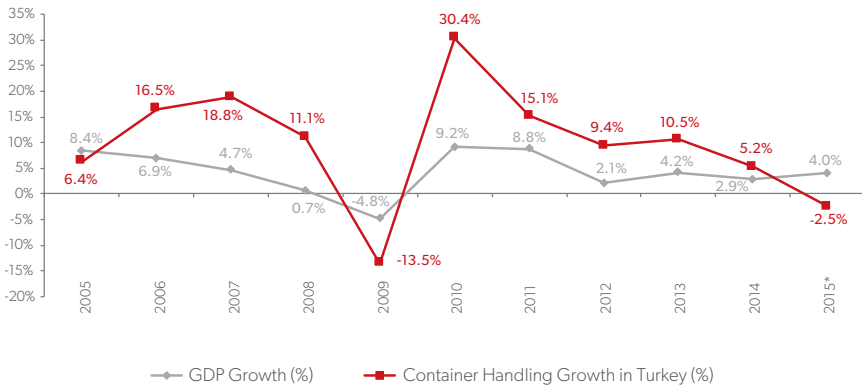
There are 24 ports in Turkey engaged in container handling, 15 of which handle less than 300,000 TEU per year. The aggregate handling volume in these 15 ports was approximately 1.3 million TEU, while the remaining nine ports handled 6.9 million TEU in total.

According to TURKLIM (Port Operators Association of Turkey) data, the container handling volume in Turkey was 3.3 million TEU in 2005, rising to 8.2 million TEU in 2015. However, this figure is a 2.5% drop from the preceding 2014, caused by shrinking foreign trade in Turkey. In the last decade (2005-2015), the TEU volume rose by 9.5% per year on average, while the annual GDP growth is expected to be 3.8% on average. Accordingly, the main drivers of container handling in Turkey are import-export cargoes. Turkey is also located on a crucial transit hub. However, the potential of ports in the country are not fully realized in terms of connection, considering that, transshipment handling has grabbed a share not higher than 22% in the last eight years.

CONTAINER HANDLING VOLUME AND GDP GROWTH IN TURKEY

Source: Port Operators Association of Turkey – Turkish Statistical Institute

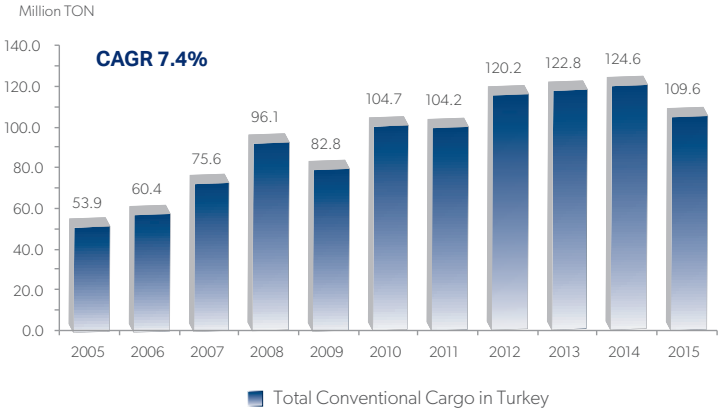
* GDP growth figures for 2015 are derived from medium-term plan.



CONVENTIONAL CARGO DEVELOPMENT IN TURKEY

Source: Port Operators Association of Turkey

Conventional cargo volume dropped by 12% in 2015.



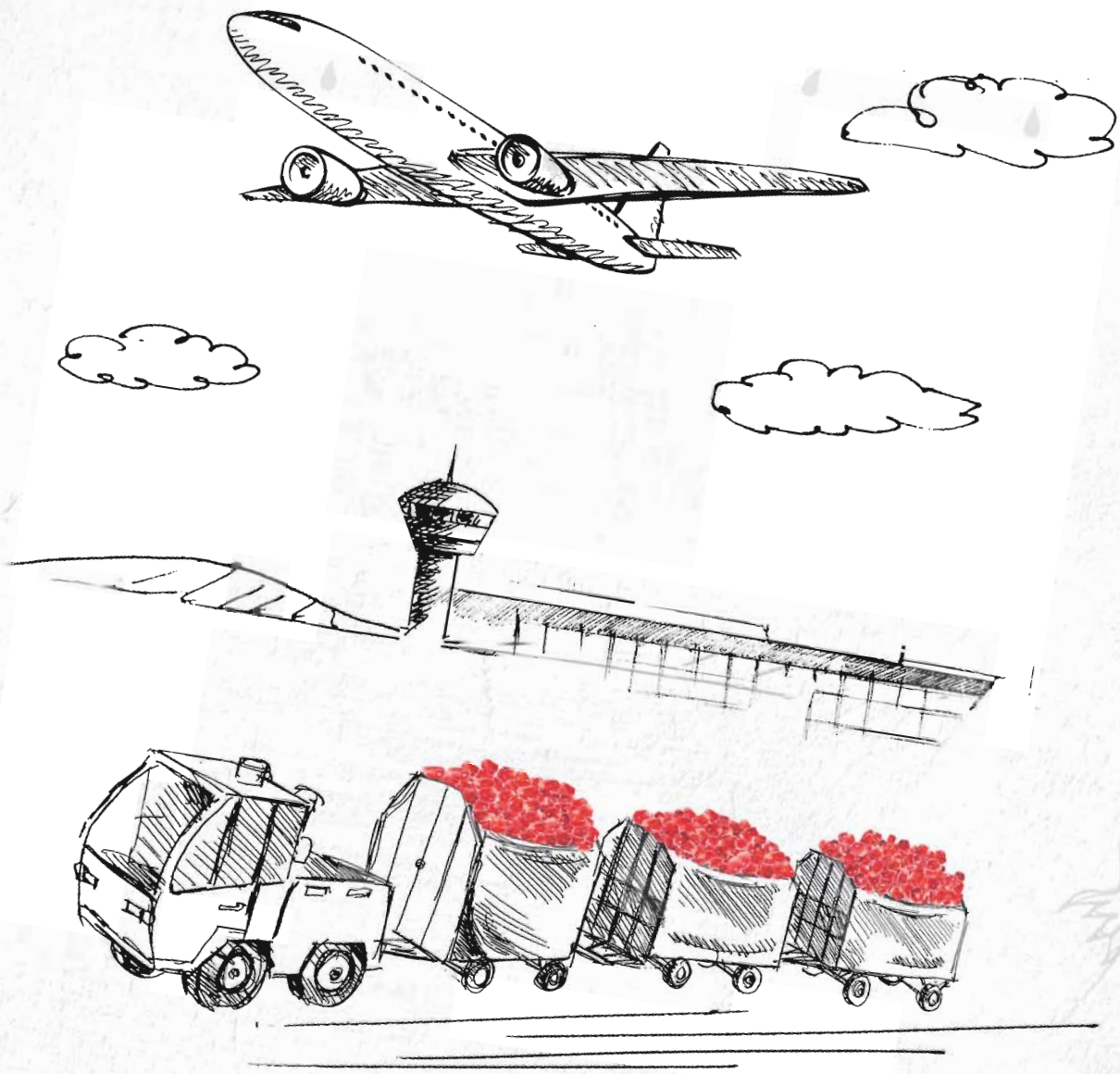
Turkey's foreign trade volume, gold industry excluded, grows by 6.2% on annual average. Compared to the development rate of TEU in ports, the multiplier effect between annual container handling rate and the foreign trade growth level is 1.5. Between 2008 and 2015, the average annual growth rate in Export-Import-Coasting Trade Cargo TEU was 6.8%.

According to TURKLIM data, the amount of conventional cargo handled in Turkey in 2005 was 53.9 million tons while the figure rose to 109.6 million in 2015. Between 2005 and 2015, the conventional cargo volume rose by 7.4%. In 2015, the total amount of handled conventional cargo in Turkey dropped by 12.0% compared to the previous year. Due to political developments in Turkey throughout 2015, the industry sector was cautious, export volumes shrunk and foreign exchange rates soared. Additionally, abundant local harvests reduced food imports, all of which in turn played a role in decreased conventional cargo volumes.



TAV AIRPORTS

Holding an unrivalled position within the industry thanks to its integrated structure, TAV Airports serves 14 airports in 7 countries across 3 continents. Today, 65 airports around the world benefit from the services provided by affiliates of TAV Airports.

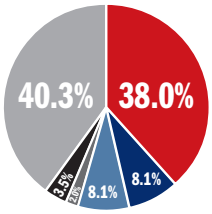


TAV Airports has achieved organic and inorganic growth since its establishment and recently it has started to obtain significant results with the growth driven by its service companies in particular.



İzmir Adnan Menderes Airport

Global Brand in Airport Operations



Shareholding Structure

ADP	38.0%	Sera Yapı Endüstri A.Ş.	2.0%
Tepe İnşaat	8.1%	Other (non-public)	3.5%
Akfen Holding	8.1%	Other (public)	40.3%

Operating İstanbul Atatürk, Ankara Esenboğa, İzmir Adnan Menderes and Alanya Gazipaşa airports, TAV Airports also took over operations at the International Terminal of Milas-Bodrum Airport in 2015. As of the end of 2015, with services in 14 airports in 7 countries across 3 continents, the Company has already achieved and surpassed the target set in 2010, which called for reaching 100 million passengers by 2020.

TAV Airports was established as a joint venture of Tepe and Akfen groups to participate in the tender for the Istanbul Atatürk Airport International Terminal in 1997 and introduced the "Airport Management" concept in Turkey. Rising to sector leadership in a very short time, TAV Airports became a global brand in the brand new area of airport operations thanks to its know-how and experience, unique business model, transparent and people-oriented governance approach, highly competent human resources, and advanced technology.

TAV Airports boasts an unmatched integrated business model that integrates airport operations. As Turkey's leading airport management company, TAV Airports carries out airport operations including duty-free, food and beverage services, ground services, information technologies, security and management services through its own companies.

Relying on this business model, TAV Airports created a vertically integrated and powerful value chain. This enabled TAV Airports to secure a position where today, affiliates of TAV Airports serve in 65 airports around the world. Having achieved organic and inorganic growth since its establishment, TAV Airports has recently started to obtain significant growth results, driven by its service companies in particular.

The shares of TAV Airports were sold at a Pre-IPO in 2006 prior to its public offering in 2007 by Akfen Holding. Joining forces with French Aéroports de Paris Group that recently acquired 38% stake in the Company in May 2012, TAV Airports today is

one of the biggest airport managers of the world, serving 252 million passengers in 34 airports.

In 2015, the number of passengers who used the airports served by TAV Airports reached 102.5 million with an 8.0% increase, while commercial flights rose to 780,000, growing by 6.2%. The number of passengers served by TAV's airports in Turkey grew by 12.1% to reach 89.0 million.



Total number of passengers served in 14 airports across 7 countries:

102.5 million with an 8% growth

In 2015, TAV Airports saw an 11.3% increase in domestic passengers, and a 5.5% increase in international passengers. During the same period, TAV's airports in Turkey recorded 15.1% growth in domestic, and 9.5% increase in international passenger numbers.

During 2015, all airports operated by TAV Airports, with the exception of Monastir and Enfidha airports in Tunisia, reported growth in passenger numbers, with 2.2% growth in Saudi Arabia, 15.5% in Georgia, 22.1% in Macedonia, and 6.5% in Croatia.

In 2015, market shares of overseas airports were recorded as such: Medinah International Airport 7%, Monastir and Enfidha 16%, Tbilisi and Batumi 92%, Skopje and Ohrid 100%, and Zagreb 38%.

As at December 31, 2015, TAV Airports employ 28,581 personnel.

TAV Airports recorded 14% increase in revenue in 2015, and achieved an EBITDA growth of 17%. The Company's net profit stood at TL 605 million.

TAV Affiliates

Duty-free / ATÜ (50%)

Turkey's biggest duty-free operator

Partners with (Travel Value) Heinemann, Germany's leading travel retailer owned by Unifree

Operates in Turkey, Georgia, Tunisia, Macedonia and Latvia, Oman and Medina

Operates in Houston, USA since September 2015

Food & Beverages / BTA (67%)

Operates in Turkey, Georgia, Macedonia, Tunisia, Medinah and Oman

Operates Istanbul Airport Hotel (131 rooms) and Izmir Airport Hotel (81 rooms)

Total seat capacity of 21,000 at 300 service points including BTA IDO and UNIQ

A bakery and pastry factory in Turkey

BTA Maritime Lines (50%) carries out food & beverage services for IDO

Food-court (33,000 m^2) at Uniq shopping mall in Maslak, Istanbul

To commence operations in New Muscat International Airport in 2017

Ground Handling / HAVAŞ (100%)

Turkey's primary ground services company with a market share of ~65%

Operates in 26 airports in Turkey, including Istanbul, Ankara, Izmir and Antalya

TGS (50%) is active in Istanbul (AHL&SGA), Ankara, Izmir, Antalya, Adana, Bodrum, and Dalaman

100% owner of Havaş Europe, which operates in Riga and four airports in Germany

Other Business Lines

TAV Operations Services (100%)

Management of commercial areas and lounges, travel agency services

TAV IT (100%)

Airport IT products and services

TAV Private Security (100%)

Provides security services at Istanbul, Ankara, Izmir and Gazipaşa airports

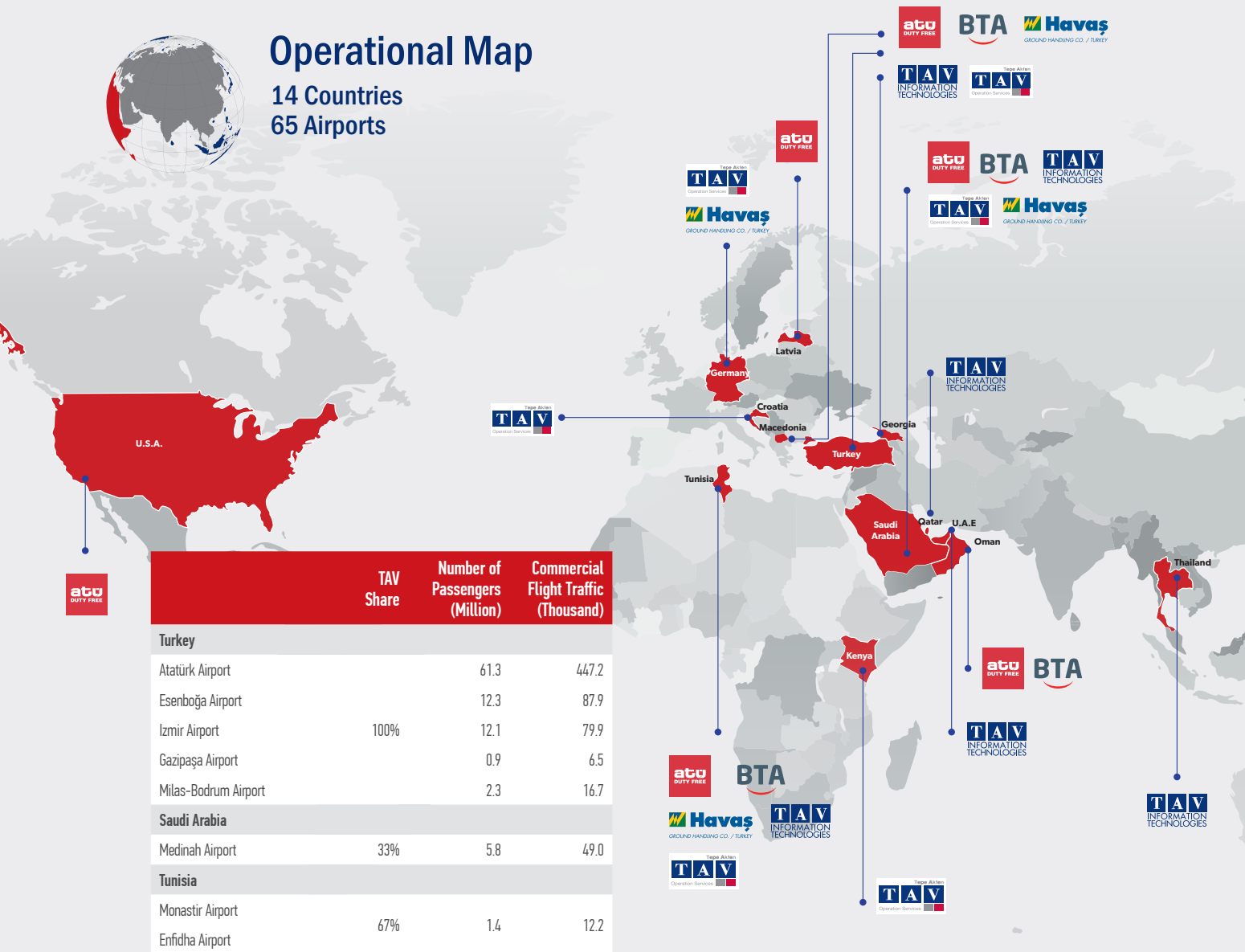
TAV Latvia (100%)

Manages the commercial area at Riga Airport

TAV Academy (100%)

Operational Map

14 Countries
65 Airports



	TAV Share	Number of Passengers (Million)	Commercial Flight Traffic (Thousand)
Turkey			
Atatürk Airport		61.3	447.2
Esenboğa Airport		12.3	87.9
Izmir Airport	100%	12.1	79.9
Gazipaşa Airport		0.9	6.5
Milas-Bodrum Airport		2.3	16.7
Saudi Arabia			
Medinah Airport	33%	5.8	49.0
Tunisia			
Monastir Airport Enfidha Airport	67%	1.4	12.2
Georgia			
Tbilisi Airport	80%	2.1	25.1
Batumi Airport	76%		
Macedonia			
Skopje Airport	100%	1.6	15.5
Ohrid Airport	100%		
Croatia			
Zagreb Airport	15%	2.6	39.9
Latvia			
Riga	100%		

2015 HIGHLIGHTS

On February 6, 2015, TAV Airports acquired 4% stake in TAV Urban Georgia LLC (76% of which was already held by TAV Airports) from Aeroser International Holding for US$ 5.2 million. Following the transfer of shares, TAV Airports' stake in TAV Urban Georgia LLC increased from 76% to 80%

On March 27, 2015, ATU, a TAV Airports affiliate, acquired operating rights of the duty-free stores at Houston George Bush Intercontinental Airport in Texas, USA for a period of 10 years. The stores occupy an area of 700 m2 in the airport, which served approximately 41 million passengers in 2014.

As per the 2014 Ordinary General Assembly meeting held on March 30, 2015, TAV Airports paid TL 306,052,855 in dividends to its shareholders, starting May 5, 2015. 50% of the consolidated IFRS net profit was paid as dividend with a dividend yield ratio of 3.5%.

The new terminal building at Medinah Airport commenced operations in July 2015.

On September 21, 2015, the consortium of TAV Airports, ADP and Metro Pacific Investments Corporation passed preliminary qualification in the public-private partnership tender for operation, maintenance and repair rights for Bacolod-Silay, Iloilo, Davao, Laguindingan and New Bohol-Panglao (Taglibaran) local airports in Philippines.

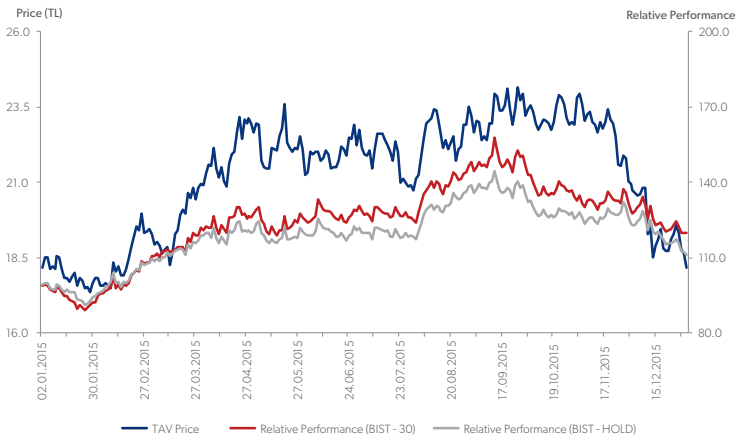
In October 2015, TAV Airports completed the runway extension in Gazipaşa Airport, and assumed the operations of the Milas-Bodrum Airport's international terminal.

In February 2016, BTA Yiyecek İçecek Hizmetleri A.Ş., a subsidiary of TAV Airports, was declared as the preferred bidder in the tender for operating rights of food and beverage courts at New Muscat International Airport located in Muscat, capital of Oman. The operating period is 10 years, starting in 2017. The food court consists of 20 food and beverage service points that cover a total area of 3,142 m2 in the New Muscat International Airport, which served approximately 9 million passengers in 2015.

Share Price (TL)	TAV Airports
Ticker	TAVHL
January 2, 2015 Opening Price	18.85
January 2, 2015 Opening Market Capitalization (mn)	6,848
December 31, 2015 Closing Price	18.19
December 31, 2015 Closing Market Capitalization (mn)	6,608
Highest Closing Price in 2015	24.15
Lowest Closing Price in 2015	17.35
Average Closing Price in 2015	21.25
Average Daily Trading Volume in 2015 (TL mn)	20.93

SHARE PERFORMANCE

Source: Matrix



Concessions Overview (December 31, 2015)[1]

Airport	Type/Operating Period	TAV Share	Scope	Fee/passenger International	Fee/passenger Domestic	Guaranteed Passengers	Concessions/Rent
İstanbul Atatürk	Concessions Lease (January 2021)	100%	Terminal	US$15 / €2.5 (Transfer)	€ 3 / €2.5 (Transfer)	-	$140mn/year + VAT
Ankara Esenboğa	BOT (May 2023)	100%	Terminal	€ 15	€ 3	0.6 M. Domestic, 0.75 International (2007) + 5% annual growth	-
Izmir A. Menderes	BOT+Concessions Lease (December 2032)	100%	Terminal	€ 15	€ 3		$29 mn, starting from 2013 [6]
Alanya-Gazipaşa	Concessions Lease (May 2034)	100%	Airport	€ 8[5]	TL6[5]	-	$50,000+VAT[4]
Milas Bodrum[8]	Concessions Lease (December 2035)	100%	Terminal	€15	€3	-	€28,7mn+VAT[9]
Tbilisi	BOT (February 2027)	80%	Airport	US$22	US$6	-	-
Batumi	BOT (August 2027)	76%	Airport	US$12	US$7	-	-
Monastir&Enfidha	BOT+Concessions (May 2047)	67%	Airport	€ 9	€ 1	-	11-26% of the revenue between 2010 and 2047
Skopje & Ohrid	BOT+Concessions (March 2030)	100%	Airport	€17.5 Skopje, €16.2 Ohrid	-	-	4% of the Gross Annual Revenue [1]
Medinah	BOT+Concessions 2037	33%	Airport	SAR 80 [2]	-	-	%54.5[3]
Zagreb	BOT+Concessions (April 2042)	15%	Airport	€15 [7], €4(transfer)	€ 7	-	€2.0 - €11.5mn fixed 0.5% (2016) - 61% (2042) variable

1) Concession fee will be set to 15% of the annual revenue until the number of passengers using both airports reaches 1 million. When the threshold of 1 million is exceeded, it will vary between 4% and 2%.
2) A 80 SAR fee is charged per passenger for every arrival and departure. The fee per passenger will increase every three years according to the Consumer Price Index.
3) Concession fee will go down to 27.3% for the first two years following the completion of construction.
4) TAV Gazipaşa Yatırım Yapım ve İşletme A.Ş. Will make an annual fixed payment of US$ 50,000 + VAT until the operating period and will transfer the 65% of the net period income to DHMI as premium at the end of every operating year.
5) Per passenger tariffs are revised as of December 1, 2015.
6) Based on cash.
7) Prior to April 2014, international, domestic and transfer passenger service fees were €10, €4, and €4, respectively.
8) Took over Milas Bodrum International terminal on October 22, 2015.
9) The 20% of the tender price for TAV Milas Bodrum Airport, which amounted to €143 mn, was paid in cash in August 2014.

ATU / Duty-Free Spending Per Passenger - Euro

	TAV	Istanbul
2015	14.3	15.3
2014	13.3	14.4

BTA / Food and Beverage Spending Per Passenger - Euro

2015	1.3
2014	1.3

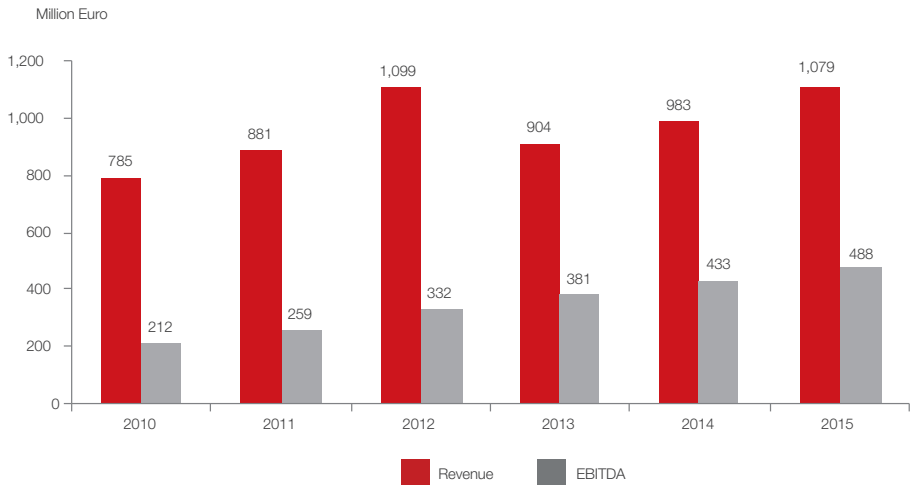
HAVAS / Number of Airplanes Served (Thousand)

	HAVAS	HAVAS+TGS+HVS E
2015	128	498
2014	127	463

TAV AIRPORTS - REVENUE AND EBITDA GROWTH* (2010-2015)

* Adjusted according to IFRIC 12.

With the adoption of IFRS 11 standard, which took effect as of January 1, 2013, jointly controlled enterprises were recognized through the equity method.



INVESTMENTS THROUGHOUT THE YEAR

As per the supplemental agreement signed by TAV Airports with DHMI in November 2014, works for the extension of the capacity of Istanbul Atatürk Airport International Terminal and the construction of an additional parking lot are still underway. Investments at Istanbul Atatürk Airport comprised €36 million out of TAV Airports' total investment volume of €88 million in 2015 (adjusted to exclude the effects of the amendments to IFRIC12).

The ongoing development project aims to increase the terminal capacity of Istanbul Atatürk Airport for meeting the increased passenger traffic, improving passenger comfort and service quality, and ensuring optimal use of resources. When the project is completed, the terminal's check-in positions will increase from 224 to 256. Accordingly, the capacity of the baggage-handling system will be expanded, and the passenger traffic area will be enlarged by transferring the mezzanine from landside to airside.

The cargo terminal to be demolished will be replaced with 27,000 m^2 of new passenger lounges, expanding the capacity of the International Terminal. Eight passenger boarding bridges will be added to the existing 26 bridges at the International Terminal, so that the bridges will be used alternatively as needed.

Summary Financial Information (TL Million)	2015	2014	Change (%)
Balance Sheet			
Current Assets	2,921	2,562	14%
Fixed Assets	7,585	4,903	55%
Total Assets	10,506	7,466	41%
Shareholders' Equity	2,566	2,055	25%
Non-Controlling Interest	19	48	-62%
Short-Term Liabilities	2,859	969	195%
Long-Term Liabilities	5,062	4,393	15%
Total Equity and Liabilities	10,506	7,466	41%
Income Statement			
Revenue	3,026	2,648	14%
EBITDA	1,474	1,259	17%
Net Profit	605	621	-3%
Other Financial Data			
Investments	2,287	616	272%
Free Cash Flow	895	378	137%
Net Debt	2,665	2,633	1%
Dividend Payments	306	211	45%

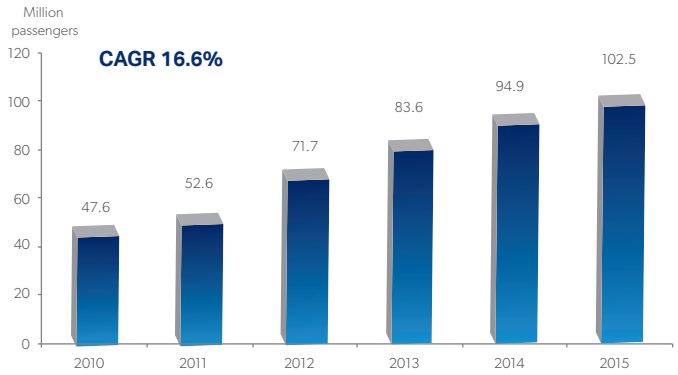
Moreover, aircraft stands will be allocated depending on aircraft fuselage size, with eight stands for single-aisle and four for twin-aisle aircraft, thereby increasing the number of boarding bridges at the International Terminal from 26 to 34.

As part of the project, the existing parking lot will be expanded with an additional 17,000-m^2 parking area.

The project is expected to be completed by the first quarter of 2016.

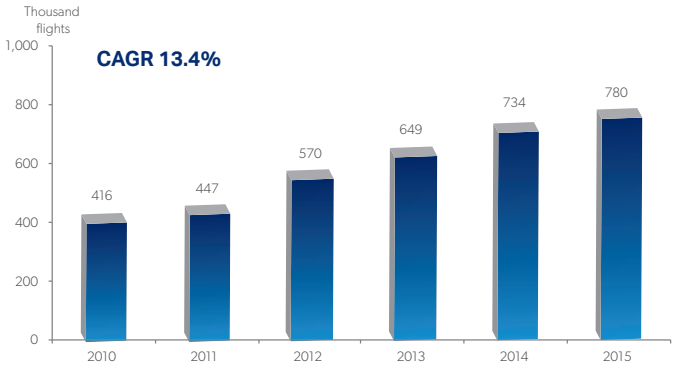
TOTAL PASSENGER TRAFFIC AT TAV AIRPORTS

The number of passengers at TAV Airports increased by 8% in 2015.



TOTAL COMMERCIAL FLIGHTS AT TAV AIRPORTS

The number of commercial flights grew by 6.2% in 2015.



CORPORATE SOCIAL RESPONSIBILITY

TAV Airports started to implement the DGCA's **"Accessible Airport Project"** in order to offer better access to all terminals for passengers with disabilities.

TAV Airports became the first company to obtain the World Disability Union accredited USTAD 2011:2015 certification for the work undertaken to make all services at Atatürk Airport accessible to passengers with disabilities. The Atatürk Airport was cited as a "good model" during the 8th Session of the Committee on the Rights of Persons with Disabilities held at the UN Headquarters, New York.

TAV Airports lent its support to the Young Guru Academy for the latter's libraries and training camps as part of its **"Read, Think, Share"** project. TAV Airports also continues to provide YGA students with education support.

AWARDS

Turkey's leading brand in airport management, TAV Airports has raised its corporate governance rating on the Borsa Istanbul Corporate Governance Index from **9.41** out of 10 to **9.52**. The increase was the result of the assessment by SAHA Corporate Governance and Credit Rating Services, which is entitled to rate companies in Turkey as per the CMB's Corporate Governance Principles. With this new rating, TAV Airports **ranked second in Borsa Istanbul Corporate Governance Index.**



TAV Airports also has the distinction of becoming one of the select few companies to be included in the BIAS Sustainability Index for the November 2015 – September 2016 period. The Index, originally created in 2014 and updated in 2015 to reflect reassessments, lists shares of companies with high performance on corporate sustainability.

In 2015, TAV Airports was voted the Best Turkish Company in Investor Relations and seventh in European Transport Sector by the Extel Survey's European Investor Relations study, conducted globally among 18,000 participants.

In 2015, TAV Airports ranked fourth under the "Transportation" category and eighth among "Top 25 Companies with the Highest Profit" in the "Turkey's 500 Biggest Private Companies" ranking by Capital magazine. TAV Istanbul ranked first under "Trade-Service" category and ATU ranked tenth in the "Retail" industry. HAVAS ranked eleventh under the "Transportation" category.

Moreover, ATU, TAV Istanbul, and BTA Airports, affiliates of TAV Airports, ranked 96th, 101st, and 491st under the overall category of "Top 500 Private Companies in Turkey" by Fortune magazine in 2015. ATU placed seventh in "Retail and commercial stores", TAV Istanbul ranked first in "Management support services industry", and BTA Airports placed fourth in "Accommodation, restaurant and café industry" rankings.

TAV Airports' group companies hold the following quality certificates: ISO 9001:2008 Quality Management System, ISO 14001:2004 Environmental Management System, OHSAS 18001:2008 Occupational Health and Safety, ISO 10002 Customer Complaints, ISO 50001:2011 Energy Management, ISO 14064 Greenhouse Gas and USTAD 2011 Environment and Construction Standards.

Growth to Continue

Faster, safer and more convenient transportation brought about by the advances in aviation technology, combined with affordable ticket prices, have increased the share of aviation among other modes of transport in both passengers and freight. International agencies and major aircraft manufacturers expect this current growth trend to continue. In this context, according to the market reports issued by Embraer, Boeing and Airbus for the period between 2015 and 2034, Middle East and China will exhibit the highest growth in global air transport.

RPK Growth Rate Estimations (2015-2034)

	Boeing	Embraer	Airbus
Middle East	6.2%	6.8%	6.7%
South America	6.0%	5.9%	5.2%
Africa	5.7%	5.4%	5.3%
Europe	3.8%	3.9%	3.6%
Commonwealth of Independent States	3.7%	4.8%	4.9%
North America	3.1%	2.7%	2.5%
Asia-Pacific	6.1%	5.1%	5.7%

Source: Embraer-Boeing-Airbus

The MENA region, where TAV Airports operates in particular, represents the most dynamic part of this anticipated growth. It is expected that the annual average growth in Europe will be 3.6%, whereas projections reveal a growth rate of 6.7% and 5.3% for Middle East and Africa, respectively.

These estimates are reaffirmed by reports from international agencies. IATA's December 2015 Market Analysis Report shows that the global passenger numbers grew from 2 billion in 2004 to 3.3 billion at the end of 2014, indicating an average annual growth of 5.4%. In 2015, global air traffic grew by 6.5% over 2014. More than half of this growth came from Latin America and the Middle East regions. This trend suggests that air transport will grow by 5-6%.

IATA's report estimates 6.7% growth for 2016. The passenger capacity growth is expected to be 7.1%. Likewise, the same report shows that the number of flights increased from 23.8 million in 2004 to 33.0 million in 2014 with 3.3% annual average growth. This figure is expected to be 4.2% in 2015 and 6.1% in 2016.

IATA's Airline Safety Index Report also indicates that air transport will continue to expand in 2016 despite global economic concerns, with an estimated 5-6% growth in both passengers and freight. Moreover, the fall in oil prices over recent months are anticipated to help reduce costs and increase passenger demand in the months ahead.

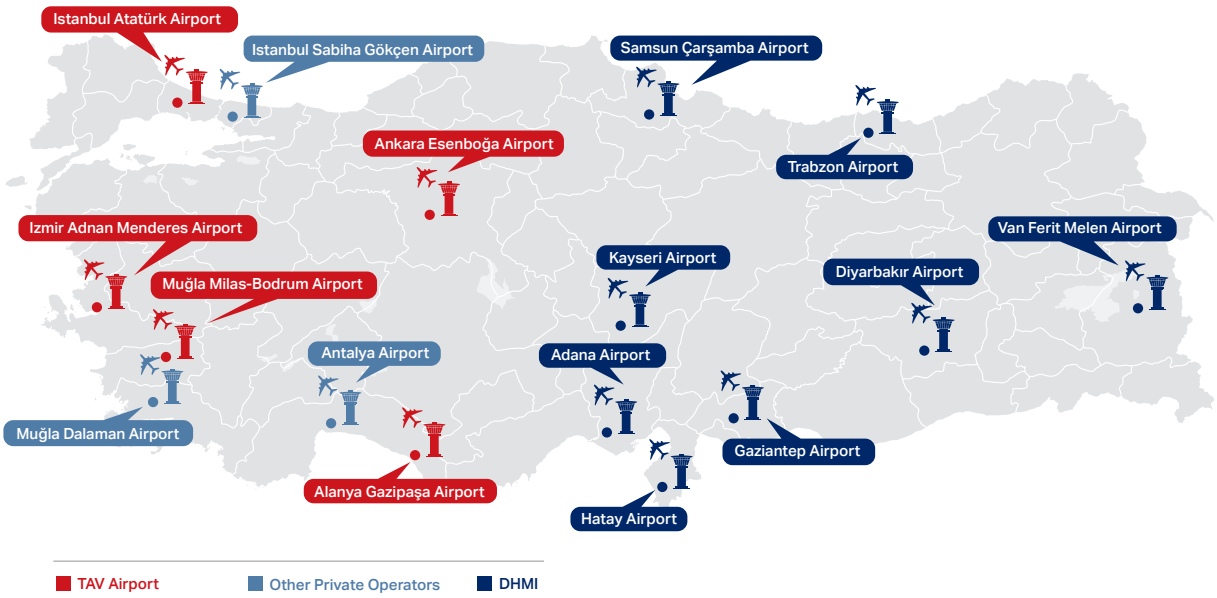
Turkey's regional aviation policy, launched in 2003 with the aim of integrating Turkey into the developing global aviation industry, developed our country to an international benchmark in air transport in a short period of time. Turkey is committed to maintain this ambitious position within the civil aviation industry in the years ahead.

The industry's rapid growth was driven by a number of factors, including the increase in the number of operational airports from 38 in 2003 to 55, more and higher quality airlines, developing competitive environment, and physical improvements and modernization of airports. In this context, the passenger capacity of operational airports increased from 34 million in 2003 to 182 million in 2015. Likewise, total flight traffic rose from 529,000 in 2003 to approximately 2 million in 2015.

Turkey's goals for the 100th Anniversary of the Republic call for 350 million air passengers and an air fleet of 750, comprising wide and medium-body aircraft. In this context, it is expected that the airports suitable for air freight will be declared as "free zones" and their number will reach 60. In 2003, the total number of passengers stood at 34.4 million, with 9.1 million domestic and 25.3 million international passengers. However, with a 14.8% compound annual growth rate, the total number of passengers reached 181.4 million in 2015, with 97.5 million domestic and 83.9 million international passengers.

DHMI's estimates suggest that the current growth trend in Turkey will be sustained in the 2016-2018 period with an average annual growth rate of 9.1%, bringing the total number

Major Airports in Turkey



of passengers in 2018 to 232.2 million, comprising 123.4 million domestic and 108.8 million international passengers.

According to the DHMI data, in 2015, the annual air passenger growth rate in the Black Sea Region was 22.1%, followed by the Central Anatolia (12.4%), Southeastern Anatolia (12.3%), Marmara (12.0%), Eastern Anatolia (11.4%), Aegean (7.1%), and Mediterranean (1.3%) regions. The freight traffic data for the same period indicate that the Eastern Anatolia grew by 14.3%, Southeastern Anatolia by 8.1%, Marmara by 7.6%, Aegean by 6.3%, and Central Anatolia by 4.0%, whereas the Mediterranean and Black Sea regions shrank by 1.6% and 4.9%, respectively.

Turkey's biggest and one of the world's most rapidly growing airline companies, Turkish Airlines has been recognized by Skytrax as the "Europe's Best Airline" for the past five years, and is today one of the most prestigious brands in global aviation. The number of passengers transported by Turkish Airlines reached 61.2 million in 2015 with a compound annual growth rate of 15.8% in the period between 2005 and 2015. In 2015, approximately 60% of the passengers served by TAV Airports travelled with Turkish Airlines. Turkish Airlines is renowned for having the highest number of destinations worldwide; in 2015, the Turkish Airlines flew to 113 countries and 284 destinations, 235 international and 49 domestic. As of 2015, the airline's fleet reached 299 aircraft, with plans to expand the fleet further to 399 aircraft in 2016 and 435 in 2021.

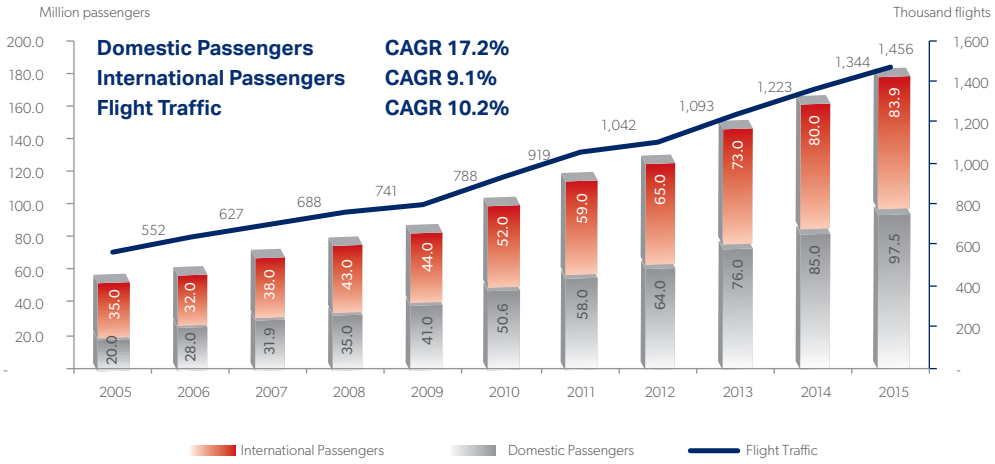
Having secured rapid growth with its low-cost model, Pegasus is another leading airline in Turkey. Pegasus carried 19.7 million passengers in 2014, and reached 22.3 million passengers in 2015, indicating a 13.2% growth. The Pegasus fleet expanded from 55 aircraft in 2014 to 67 at the end of 2015. Today, Pegasus flies to 40 countries and 103 destinations, 33 domestic and 70 international.

With the aim of modernizing and developing airports, the government has adopted the practice of transfering both current and planned airports to the private sector through BOT and concession agreements. This practice is a key driver for the aviation industry in its efforts to achieve European standards.

NUMBER OF PASSENGERS / FLIGHT TRAFFIC (TURKEY)

Source: DHMI

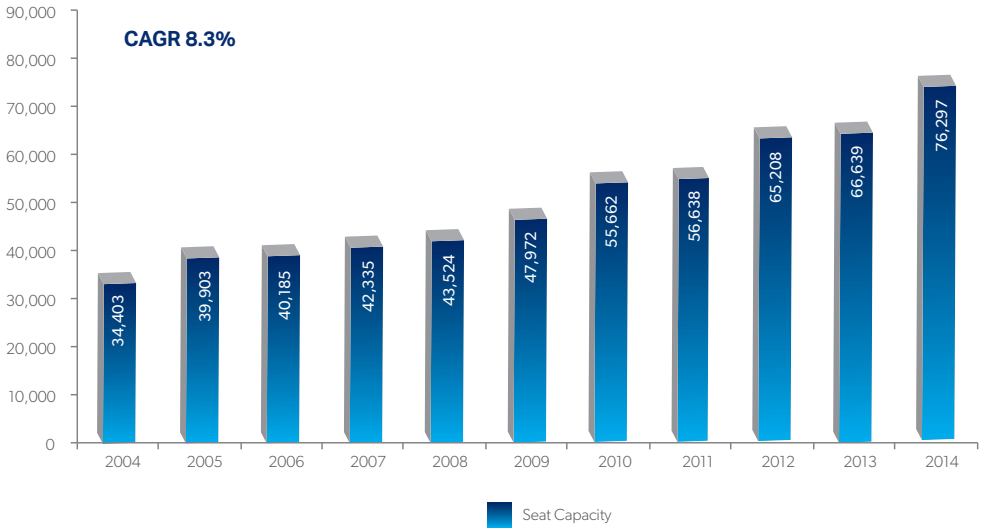
Total number of passengers increased by 9.9% in 2015.



TOTAL SEAT CAPACITY IN TURKEY BY YEARS

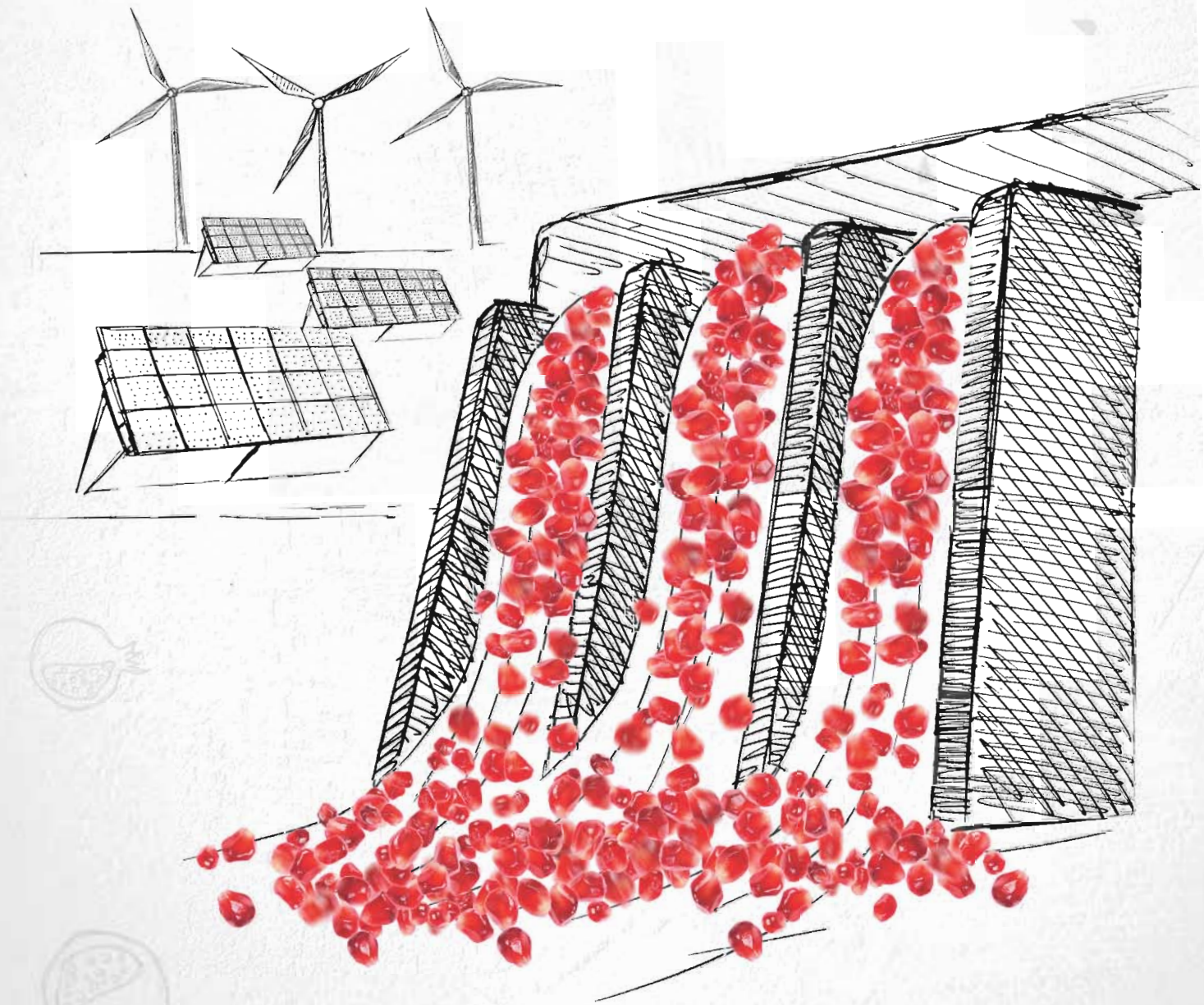
Source: Directorate General of Civil Aviation

Total seat capacity of airlines in Turkey reached 76,297 by the end of 2014.



AKFEN ENERGY

Akfen Energy increased its influence within the industry with the addition of new renewable energy sources into its portfolio. The European Bank for Reconstruction and Development (EBRD) made the biggest capital investment of 2015 in Akfen Holding's energy companies.

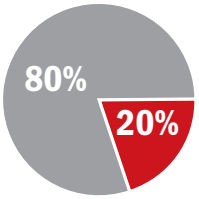


As part of the restructuring efforts for the renewable energy portfolio, HEPP, WPP, SPP and Electricity Wholesale business lines are being gathered under a single company: “Akfen Renewable Energy”



Yağmur HEPP

Renewable Energy Partnership with the EBRD



Shareholding Structure*

Akfen Holding	80.0%
EBRD	20.0%

* Shareholding structure of Akfen Yenilenebilir Enerji A.Ş.

Operations

- 12 HEPP SPV
- 15 WPP SPV
- 63 SPP SPV
- Electricity Wholesale

Akfen Holding aims to play an active role in filling Turkey's energy gap, an important factor in the country's efforts to realize its future goals, using national and renewable energy resources. The Company gained significant momentum towards this end in 2015 with the US$ 100 million partnership agreement signed with the EBRD.

On December 15, 2015, Akfen Holding signed a partnership contract with the EBRD for 20% stake in Akfen Yenilenebilir Enerji A.Ş., which will be formed by uniting and restructuring the renewable energy companies Akfen HEPP, Akfen WPP, Akfen Electricity Wholesale, and Karine SPP after its transfer to the Holding.

This single largest capital investment in 2015 is set to transform Akfen into one of the most influential players in the renewable energy industry. The investment will also serve as a best practice in terms of corporate governance and environmental & social standards, and enhance transparency and accountability. For the medium and the long term, the company is working on expanding its penetration into every segment of the energy industry and establishing a balanced portfolio that will ensure steady generation. Akfen Holding also plans to continue its efforts towards diversifying its HEPP, WPP, and SPP projects in addition to its existing organic and inorganic growth.

As part of the aforementioned restructuring of the Energy Group, the merger of Akfen WPP into Akfen HEPP, the subsequent change in the title of Akfen HEPP to Akfen Yenilenebilir Enerji A.Ş., (Akfen Renewable Energy), and the acquisition of Akfen Electricity Wholesale by Akfen Renewable Energy has been completed. The merger of Karine, which develops solar power projects, with Akfen Renewable Energyhas been completed as of 9 March 2016.

Akfen Energy stepped into the industry with the HEPP Group in 2007 with the goal of meeting Turkey's energy needs, which grow in parallel with the country's economic development, thereby making a significant contribution to the reduction of its current account deficit. Of the 20 HEPP projects it has undertaken so far, Akfen Energy completed 16. Five of those projects were sold, while the remaining 11 are operated by the company itself, contributing to Turkey's energy generation.

Currently, Akfen Energy Group's portfolio comprises 15 HEPPs with a total installed capacity of 339.5 MW; of which, 204.1 MW are operational, 23.7 MW are under construction, and 111.6 MW are at the development stage. The portfolio also includes 14 WPP projects with an estimated total installed capacity of 984 MW currently at the pre-license application stage with preliminary preparations and measurements still underway, as well as 10 newly added projects for the 2,000 MW capacity expansion announced by TEİAŞ. In addition, the company has a total installed SPP capacity of 147 MW, comprising 7.3 MW operational solar power projects set to be incorporated into the Holding, 61.4 MW unlicensed solar power projects under development (call letters are received for a portion representing 11.4 MW), and eight licensed and secured projects with a combined capacity of 78 MW.

The Energy group's projects also include a licensed natural gas combined cycle power plant project with 1,150 MW installed capacity, and a 600 MW imported coal power plant, which is at the pre-license application stage.

As of December 31, 2015, the Energy group has 181 employees.

In 2015, the HEPP Group's consolidated revenues grew by 125% to reach TL 118 million, and EBITDA rose to TL 89 million with a 210% increase. However, the Company recorded a loss of TL 142 million due to the net foreign exchange loss driven by the depreciation of the Turkish Lira.

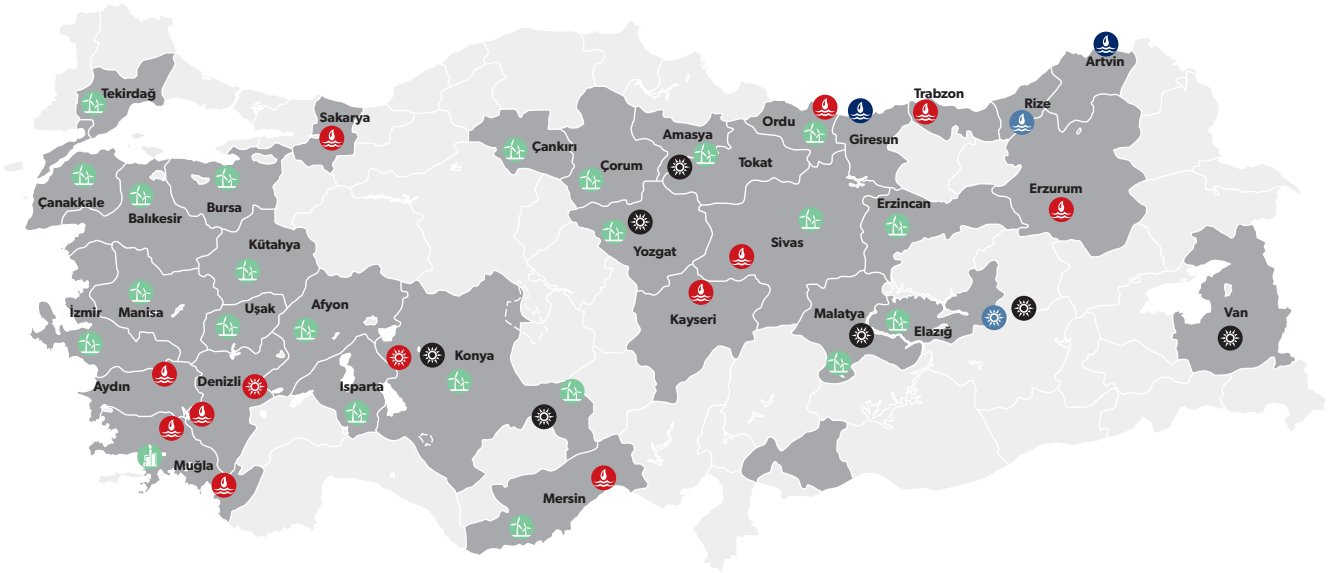

Denizli SPP


Denizli SPP



Çamlıca HEPP

Akfen Renewable Energy Power Plants



Total Capacity of Hydroelectric Power Plants (MW)

Operational	204
Under Construction	24
Under Development	10
At Planning Stage	-
At Evaluation Stage	-
Total	**238**

Total Capacity of Wind Power Plants (MW)

Operational	-
Under Construction	-
Under Development	-
At Planning Stage	-
At Evaluation Stage	983
Total	**983**

Total Capacity of Renewable Energy Power Plants (MW)

Operational	211
Under Construction	24
Under Development	18
At Planning Stage	131
At Evaluation Stage	993
Total	**1,377**

Total Capacity of Geothermal Power Plants (MW)

Operational	-
Under Construction	-
Under Development	-
At Planning Stage	-
At Evaluation Stage	10
Total	**10**

Total Capacity of Solar Power Plants (MW)

Operational	7
Under Construction	-
Under Development	8
At Planning Stage	131
At Evaluation Stage	-
Total	**146**

AKFEN HEPP*

Shareholding Structure

Akfen Holding 100%

* On January 19, 2016, Akfen WPP was merged into Akfen HEPP without liquidation and as a whole, following which Akfen HEPP changed its company title into Akfen Yenilenebilir Enerji.A.Ş.

Subsidiaries and Affiliates

Beyobası Enerji Üretimi A.Ş. 99.8%
Elen Enerji Üretimi San. Tic. A.Ş. 99.5%
Yeni Doruk Enerji Elektrik Üretim A.Ş. 99.6%
HHK Enerji Elektrik Üretim A.Ş. 100.0%
Kurtal Elektrik Üretim A.Ş. 100.0%
Çamlıca Elektrik Üretim A.Ş. 99.2%
Pak Enerji Üretimi San. Tic. A.Ş. 99.6%
BT Bordo Elektrik Üretim
Dağıtım Paz. San ve Tic. A.Ş. 99.6%
Zeki Enerji Elektrik Üretim
Dağıtım Paz. San ve Tic. A.Ş. 97.8%
Rize İpekyolu Enerji Üretim ve Dağıtım A.Ş. 99.9%
Akörenbeli Hidroelektrik Santral Yatırımları
Yap. ve İşl. A.Ş. 98.7%
Laleli Enerji Elektrik Üretim A.Ş. 96.0%
Memülü Enerji Elektrik Üretim A.Ş 99,7%

Akfen WPP*

Shareholding Structure

Akfen Holding 100%

Karine Energy

Shareholding Structure

Selim Akın* 100%

* On February 22, 2016, Akfen Holding acquired 100% stake in Karine Energy, which was previously held by Selim Akın. Karine was merged into Akfen Renewable Energy without liquidation and as a whole on March 9, 2016.

Akfen Electricity Wholesale**

Shareholding Structure

Akfen Holding 100%

** Akfen Electricity Wholesale was taken over by Akfen Renewable Energy as of January 25, 2016.

Akfen Thermal Energy

Shareholding Structure

Akfen Holding 70.25%
Hamdi Akın 29.75%*

* On July 24, 2015, Akfen Holding agreed to buy Hamdi Akın's 29.75% stake in Akfen Thermal Energy, for US$ 28,333,305 following the partial division of the shares belonging to its subsidiary Adana İpekyolu.

Subsidiaries and Affiliates

Akfen Enerji Üretim ve Ticaret A.Ş. 99%
Adana İpekyolu Enerji Üretim
Sanayi ve Tic. A.Ş. 50%

Adana İpekyolu

Shareholding Structure

Akfen Holding 40%
Akfen Termik Enerji 50%
Other 10%

HEPP GROUP

The Group's Sekiyaka II HEPP 2 project commenced operations in 2015, increasing the total capacity of the portfolio by 1.1 MW. Following this addition, as of 2015, the HEPP Group operates with an installed capacity of 204.1 MW, and an annual power generation capacity of 852.6 GWh.

Two projects with 23.7 MW installed capacity and 68.3 GWh annual power generation capacity in total are currently under construction, with completion rates of 31% for Çalıkobası HEPP and 15.8% for Çiçekli 1-II HEPP.



In 2015, the HEPP Group's power plants generated
704 GWh in total, a 118% increase over the previous year.

Operational Power Plants, HEPP Group

Company	HEPP	Installed Capacity (MW)	Generation Capacity (GWh/year)	Commercial Operation Date	Realized Generation Output (GWh) 2015	Realized Generation Output (GWh) 2014
Beyobası	Otluca	47.7	224.0	April 2011	167.0	118.3
	Sırma	6.0	23.2	June 2009	29.6	12.5
	Sekiyaka II HEPP	3.4	17.1	January 2014 - August 2015	16.2	10.9
Çamlıca	Çamlıca III	27.6	104.5	April 2011	78.7	26.0
	Saraçbendi	25.5	100.5	May 2011	70.8	29.5
Pak	Demirciler	8.4	34.5	August 2012	37.1	22.1
	Kavakcalı	11.1	44.3	March 2013	45.1	34.5
	Gelinkaya	6.9	25.8	June 2013	11.5	6.1
BT Bordo	Yağmur	9.0	31.5	November 2012	26.1	19.3
Elen	Doğançay	30.2	171.7	August-September 2014	152.4	26.4
Yenidoruk	Doruk	28.3	75.5	September 2014	69.9	17.3
Total		**204.1**	**852.6**		**704.4**	**322.8**

Plants under Construction

Company	HEPP	Installed Capacity (MW)	Generation Capacity (GWh/year)	Construction Progress (%)
H.H.K. Energy	Çalıkobası	17.0	46.4	31.0%
Kurtal	Çiçekli I-II	6.7	21.9	15.8%
Total		**23.7**	**68.3**	

Plants at Planning Stage

Company	HEPP	Installed Capacity (MW)	Generation Capacity (GWh/year)
Zeki	Çatak [1]	10.0	42.5
Laleli	Laleli	101.6	256.7
Total		**111.6**	**299.2**

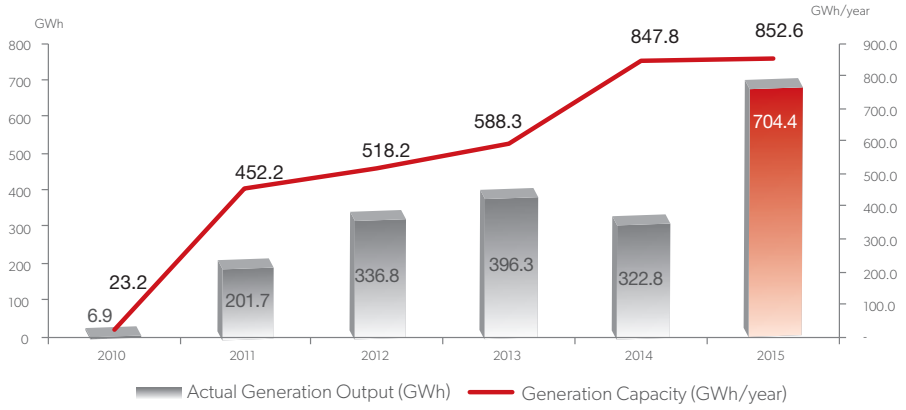
(1) The area that includes the power plant has been classified as a protected site. The lawsuit to revoke the protected status resulted in the Rize Administrative Court verdict (2010/487 E, 2011/661 Kr), ruling that the area affected by the ÇATAK HEPP project is not in the protected site. The defendant appealed the ruling, which was subsequently reversed by the 14th Chamber of the Council of State. The revision of this reversal was requested, and the file is pending (2015/338 E) before the 14th Chamber of the Council of State for revision. In addition, the administrative process to cancel the protected status of the site is still in motion.

In 2015, 51% of the HEPP Group's total generation capacity was utilized as part of the Renewable Energy Sources (RES) Support Mechanism using the feed-in tariff of US$ cent 7.3/kWh, while the remaining power plants were utilized by Day-Ahead Market or Akfen Electricity Wholesale. For 2016, a decision was made to utilize the capacities of all power plants through the RES Support Mechanism.

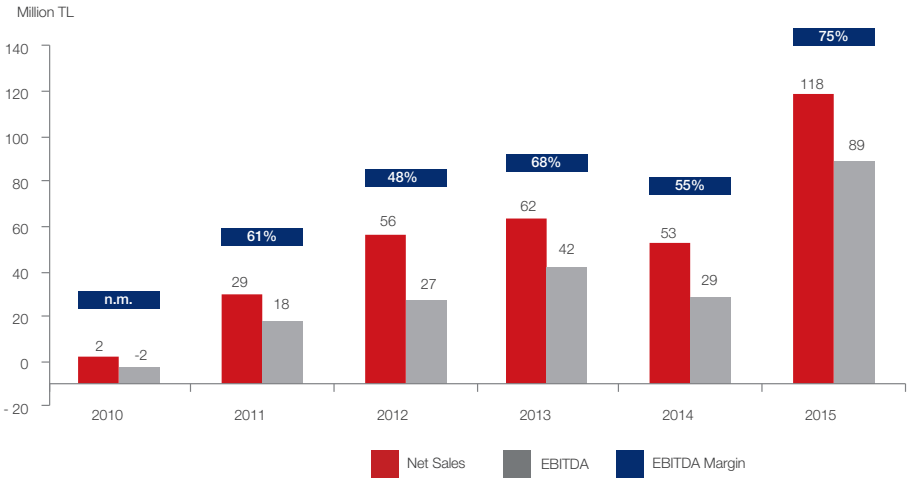
The HEPP Group's total power generation in 2015 stood at 704.4 GWh with a 118.2% increase over the previous year.

HEPP GROUP - GENERATION OUTPUT AND PRODUCTION CAPACITY BY YEARS*

* As of November 30, 2012, 40% stake of Karasular Enerji Üretimi ve Tic. A.Ş. was transferred to Aquila HydropowerINVEST Investitions GmbH & Co KG. With the remaining 60% taken over by Aquila in June 2013, 5 power plants with 26 MW installed capacity were removed from the portfolio. The graph indicates the data excluding Karasular.



HEPP GROUP - NET SALES AND EBITDA DEVELOPMENT (2010-2015)



AKFENRES RÜZGAR ENERJİSİ YATIRIMLARI A.Ş.

Preliminary works are underway for Akfen WPP's 14 projects that have an estimated installed capacity of 984 MW. The company completed the application procedures on April 28, 2015 as required by EMRA, companies' capital was increased and letters of guarantee were submitted to EMRA. These 14 projects were approved by EMRA and announced in the list of projects undergoing evaluation, and are expected to be put out to tender in Q2 of 2016.

In 2015, TEİAŞ declared an additional capacity of 2,000 MW for wind-based generation. EMRA announced that it will start receiving applications for preliminary licensing with regard to the capacity expansion in October 2016. Project development has been started for the announced additional capacity of 2,000 MW; agreements have been reached with three companies, and contracts have been signed for 10 projects. Wind measurement masts for these projects were approved by the Turkish State Meteorological Service, and wind measurement process has been initiated.

SPP GROUP

In 2015, as part of the SPP project development by Karine Enerji Üretim ve Sanayi A.Ş., operations continued on a portfolio with a total installed capacity of 146.7 MW, comprising licensed (78 MW) and unlicensed (61 MW) projects.

Unlicensed projects

- The unlicensed project with 6.76 MW installed capacity in Denizli became operational in May 2015 after receiving temporary admission. These projects were Turkey's largest unlicensed solar power plants at the date of operation. As a result, total installed capacity of the SPP Group in its eight projects reached 7.3 MW. Total generation in 2015 stood at 8.7 GWh.
    - o There are nine unlicensed projects at the project development stage with a total installed capacity of 61.4 MW. Call letters were received for an 11.4 MW portion. In this context, a project with 10.4 MW installed capacity was developed and relevant permits were obtained. This project is expected to become operational in 2016.

Licensed Projects

- As part of the capacity expansion auctions by TEİAŞ in 2015, preliminary licenses were obtained for eight projects with a total capacity of 78 MW (Elazığ: 1 project, 8 MW; Konya: 3 projects, 30 MW in total; Van: 3 projects, 30 MW in total; Malatya, 1 project, 10 MW). As a result, the company became the holder of the highest number of preliminary licenses in Turkey.
    - o Of those projects, relevant permits were obtained for the 8 MW Solentegre SPP in Elazığ, marking the first solar power generation license obtained in Turkey. Construction of power transmission lines have begun for the Solentegre SPP project, turnkey delivery construction auction was held, and the plant is planned to become operational in 2016.

AKFEN TERMİK ENERJİ YATIRIMLARI A.Ş.

Akfen Holding engages in thermal energy investments through its company Akfen Thermal Energy to reinforce its presence in Turkey's energy infrastructure and diversify energy production resources in a balanced manner in order to ensure sustainable electricity production.

For this purpose, in 2015 the company continued its efforts towards the Mersin CCGT. The 1,150 MW Mersin CCGT has obtained generation license; its EIA report has been approved and relevant capital liabilities have been completed as of January 13, 2014. The transformer station was constructed by Akfen Thermal Energy and transferred to TEİAŞ free of charge to be put into service. As part of this project, the EIA application made to the Ministry for the 380 kV CCGT – Konya Ereğli TM Power Transmission Line was approved and the "EIA Affirmative" letter was received. The projects and nationalization plans for 380 kV power transmission lines were approved by TEİAŞ as well.

The old fuel-oil plant at the site was deconstructed and the site was cleaned through the year. Also, Environmental and Social Impact studies was completed and submitted for the EBRD's and IFC's approval. The project's landside zoning plans were approved, while the approval process is still in motion for maritime structures.

On the other hand, for purposes of due diligence pertaining to the potential funding sources of the project, a mandate letter was signed by Akfen Holding, IFC, EBRD and Akfen Thermal Energy on October 10, 2013. As per the mandate letter, the IFC and EBRD intend to provide funding up to US$ 250 million as Type A loan and the IFC up to US$ 25 million as Type C loan.

However, the surplus generation, ongoing economic recession and shrinking demand that affected electricity prices in the recent years required the Mersin CCGT investments to be suspended. The EPC contract process was also suspended in this context.

As part of the efforts to diversify energy production in a balanced manner, Sedef II Thermal Power Plant Project with 600 MW installed capacity in Adana is at the preliminary licensing stage and an "EIA Affirmative" approval was obtained. This power plant will operate with imported coal. The land and seaside zoning plan processes continue for the project.

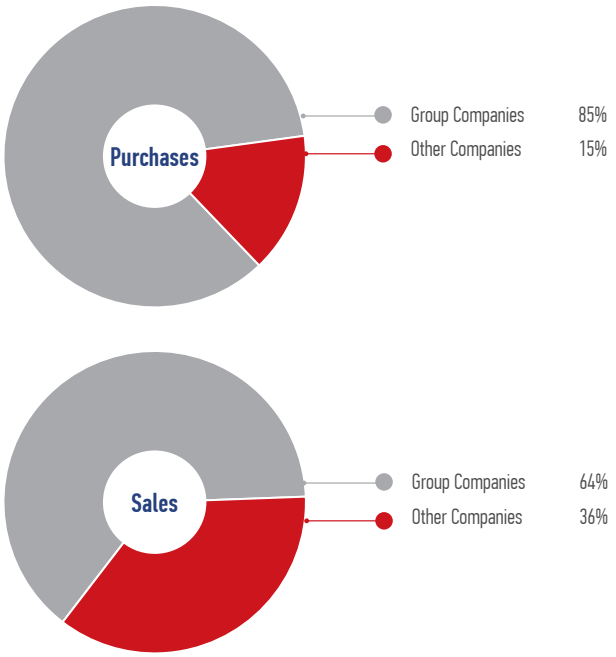
AKFEN ELEKTRİK ENERJİSİ TOPTAN SATIŞ A.Ş.

As of December 31, 2015, Akfen Electricity Wholesale has a gauge portfolio of 336, including 242 commercial, 18 industrial, 75 residential, and 1 agricultural irrigation subscriber. The sales volume between January 1, 2015 and December 31, 2015 reached 193.5 GWh with a 37.4% increase year-over-year.

In 2015, Akfen Electricity Wholesale purchased 85% of the electricity from the group companies (2014: 79%) and sold 64% electricity to the same companies (2014: 85%).

A more reliable and balanced generation portfolio to be attained with future renewable and thermal power plants will enable Akfen Electricity Wholesale to increase its sales volume.

Akfen Electricity Wholesale (2015)




Doğançay HEPP

2015 HIGHLIGHTS

In July 2015, Akfen Holding management made a series of decisions to buy shares from companies investing in solar and thermal power in order to expand the energy portfolio with new investments. In this context, the Holding has decided to:

- Restructure the subsidiary Akfen Ipekyolu's shares by transferring them to an entirely new company as part of a partial demerger in order to establish a more effective structure at Akfen Thermal Energy,
- Purchase the Board of Directors Member Selim Akın's shares representing the 40% of Adana Ipekyolu's capital. The share transfer was completed as of October 30, 2015.
- Buy the Board of Directors Chairman Hamdi Akın's shares in the subsidiary Akfen Thermal Energy, which represents 29.75% of the company's capital,
- Buy Selim Akın's 100% stake in Karine Enerji Üretim ve Sanayi A.Ş. that includes solar power generation companies.

Highlights in the context of restructuring efforts for Akfen Energy Group after the period:

- As per the Board of Directors' decision made on January 14, 2016, Akfen WPP merged into Akfen HEPP without liquidation and as a whole on January 19, 2016, following which Akfen HEPP changed its company title into Akfen Yenilenebilir Enerji A.Ş. (Akfen Renewable Energy),
- Akfen Electricity Wholesale was transferred over to Akfen Renewable Energy as of January 25, 2016,
- Laleli Enerji Elektrik Üretim A.Ş., a subsidiary of Akfen Renewable Energy, was incorporated into Akfen Thermal Energy as of January 25, 2016.
- The transfer procedures for 100% shares of Karine Energy to Akfen Holding were completed on February 22, 2016, and the merger process of Karine Energy's with Akfen Renewable Energy without liquidation and as a whole was completed on March 9, 2016.

Summary Financial Information* (TL Million)	2015	2014	Change (%)
Balance Sheet			
Current Assets	52	65	-21%
Non-Current Assets	1,012	1,024	-1%
Total Assets	1,064	1,090	-2%
Shareholders' Equity	141	282	-50%
Non-Controlling Interest	1	1	-39%
Short-Term Liabilities	126	181	-30%
Long-Term Liabilities	797	626	27%
Total Equity and Liabilities	1,064	1,090	-2%
Income Statement			
Turnover	118	53	125%
EBITDA	89	29	210%
Net Profit	(142)	(57)	n.m.
Other Financial Data			
Investments	32	73	-55%
Free Cash Flow	112	(16)	n.m.
Net Debt	745	627	19%
Dividend Payments	-	-	-

* Above table show the financials of HEPP Group.

CORPORATE SOCIAL RESPONSIBILITY

Akfen HEPP Group carried out plastering, painting and ceiling work for the mosque and guesthouse at Tandır village, Giresun. New roads were built and put into service for the houses that lacked road access. As part of the project, drinking water networks of many neighborhoods were renovated in the village. A new water tank, water pipeline, and fountain were constructed.

Other power plants within the HEPP Group also conducted a series of social responsibility projects. These include support for the renovation of the local drinking water mains in Muğla, forestation of the power plant and channel route in Denizli, forestation of the power plant site in Erzurum, forestation of the regulator area in Sivas, support for the Hikmet Kozan Elementary School, and repair of the drinking water mains at Kızılkaya village.

Global Demand on a Continuous Rise

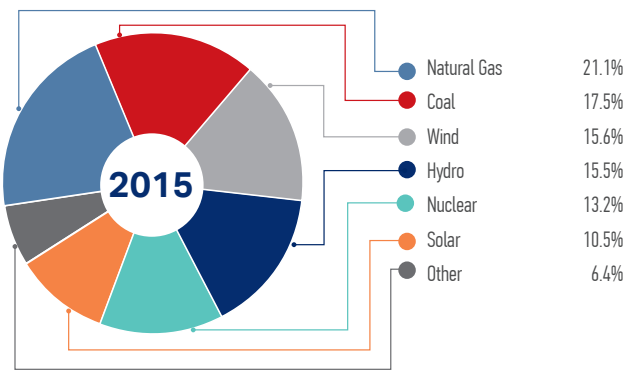
Energy is the most important factor in improving quality of life as well as ensuring economic and social progress. Changes in population movement have a direct impact on the quantity and composition of energy demand on a global scale.

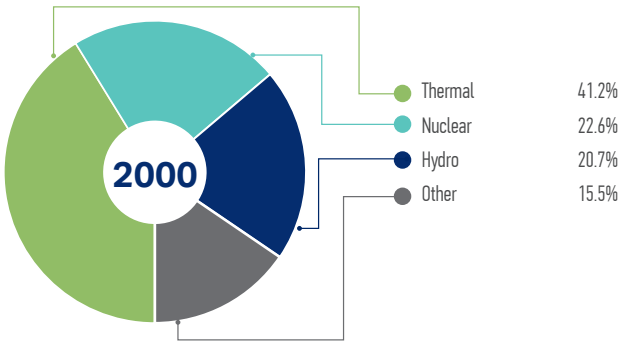
The increase in world population brings along urbanization and industrialization, thus driving up energy consumption with each passing day. World population stood at 7.04 billion in 2012 and is expected to rise to 9.0 billion by 2040. While the rate of urbanization was 53% in 2012, it will increase to 64% in 2040, bringing with it an ever-increasing demand in energy. Projections indicate a need for energy supply as well.

Fossil fuels currently retain their top position in global power generation. However, new practices have been on the rise due to a desire of all countries to produce safe, cheap and clean energy while considering economic, social and environmental impact. On a global scale, power generation from renewable energy resources is expected to increase by a minimum of 50% in the next two decades to reach 14-17% of total power generation. This sets a requirement in reducing the foreign dependence of countries such as Turkey, which lack primary resources, in order for them to meet the need for energy.

Breakdown of Installed Capacity in the EU

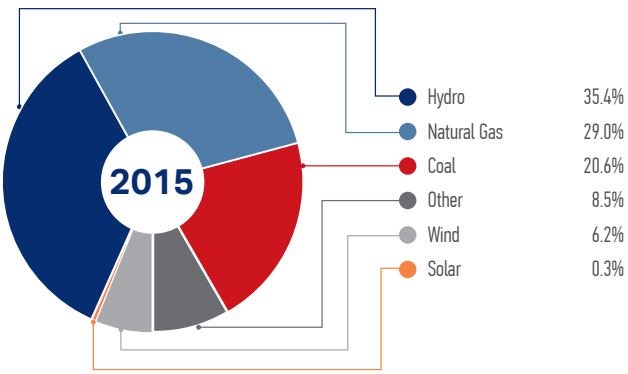
Source: The European Wind Energy Association

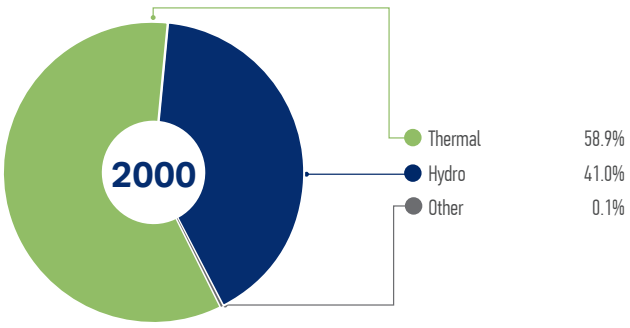




Breakdown of Installed Capacity in Turkey

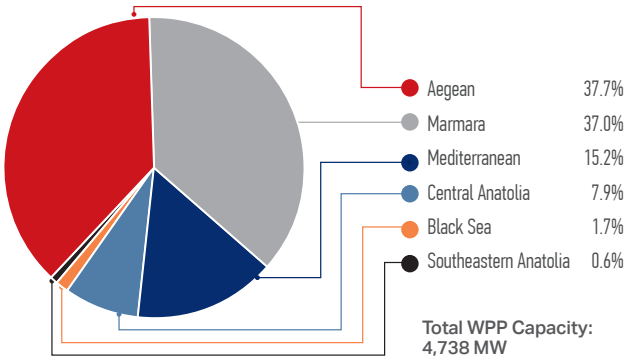
Source: TEİAŞ





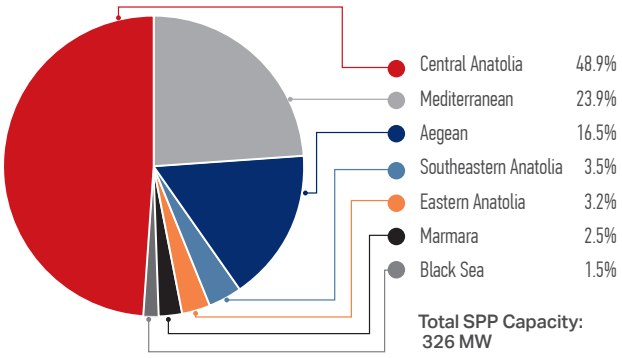
Turkey – Distribution of WPPs in Operation by Regions

Source: TÜREB



Turkey – Distribution of SPPs in Operation by Regions

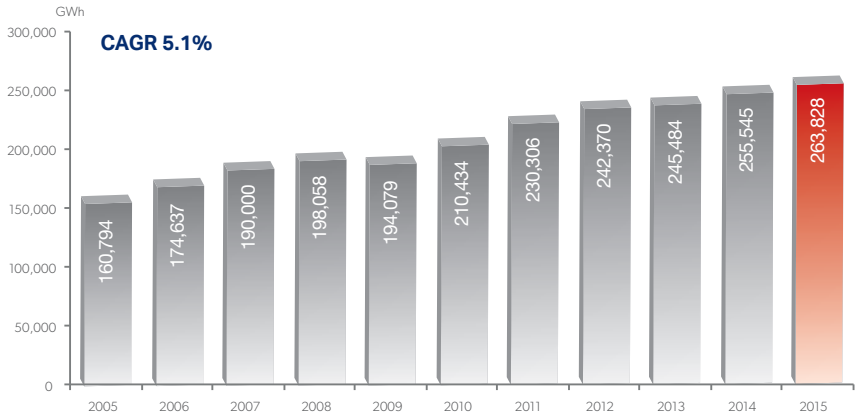
Source: TEDAŞ



TURKEY – CONSUMPTION

Source: TEİAŞ and Turkstat

In 2015, consumption increased by 3.2%.

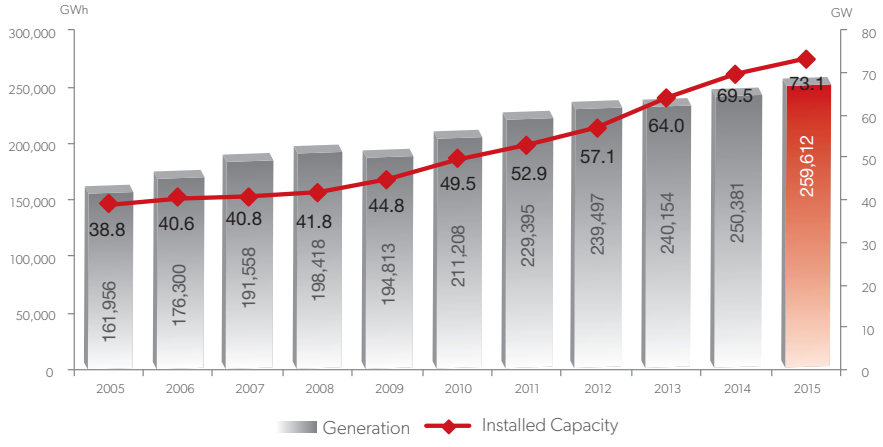


In 2015, Turkey's total installed power capacity increased by 5.2% on a year-on-year basis, reaching 73,148 MW. A look into the progress of installed power based on resources shows that hydroelectric power plants have the largest share within the total installed capacity with 35.4%. Natural gas + LNG power plants, coal power plants and other power plants (power plants running on wind–geothermal–solar-renewable wastes and liquid fuel energy) follow hydroelectric power plants with rates of 34.0%, 20.6% and 10.0%, respectively.

TURKEY – INSTALLED CAPACITY AND POWER GENERATION

Source: TEİAŞ

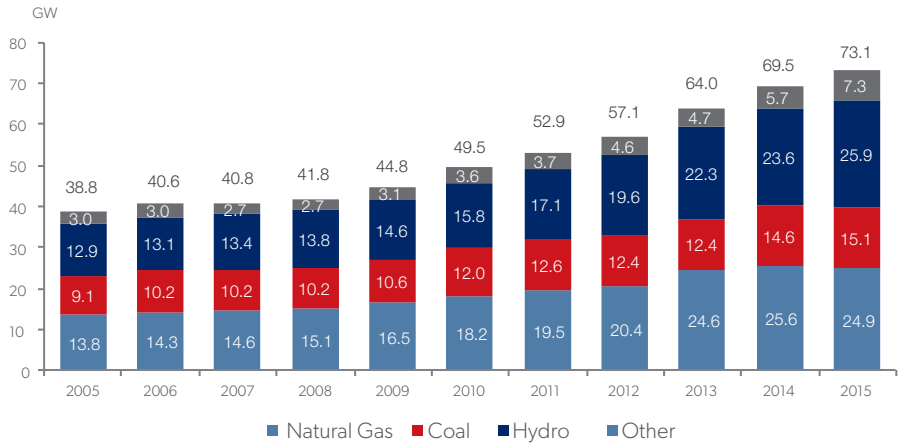
In 2015, total installed capacity increased by 5.2%.



DEVELOPMENT OF INSTALLED CAPACITY BY RESOURCE

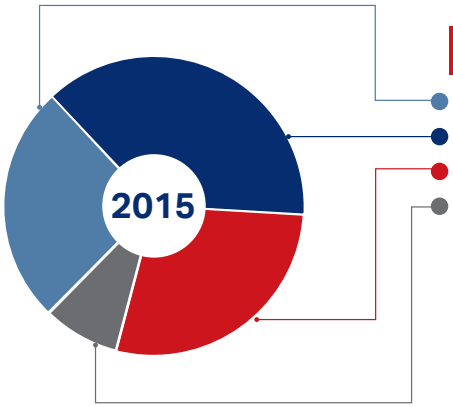
Source: TEİAŞ

The share of hydroelectric resources within the total installed capacity reached 35.4% in 2015.



Turkey - Breakdown of Power Generation by Resource

Source: TEİAŞ

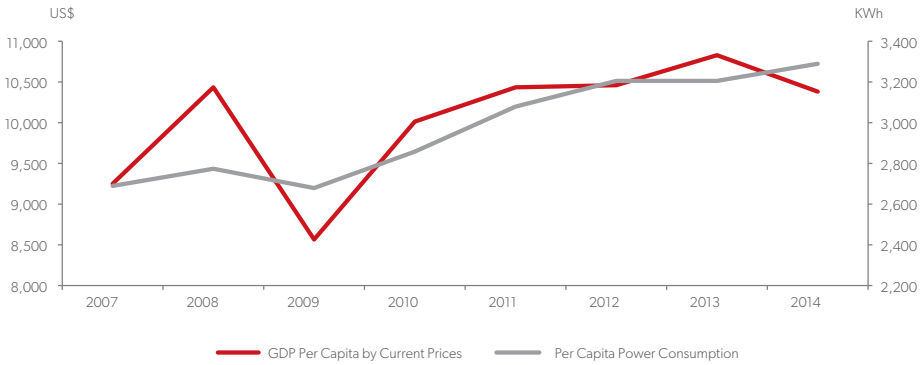


Generation by Resource (GWh) 2015		
Natural Gas	98,326	37.9%
Hydro	66,898	25.8%
Coal	72,792	28.0%
Other	21,596	8.3%
Total	**259,612**	

A great deal of progress has been made in Turkey since early 2000s to establish a dynamic energy sector. Between 2005 and 2015, annual average GDP grew by 3.8% while annual average power consumption increased by 5.1% and stood at 263,828 GWh in 2015 with an increase of 3.2% on a year-on-year basis.

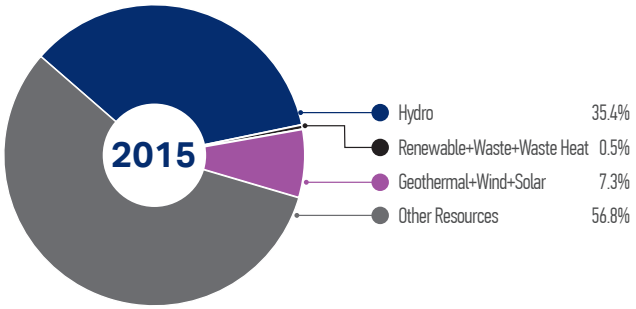
TURKEY – GDP PER CAPITA – POWER CONSUMPTION

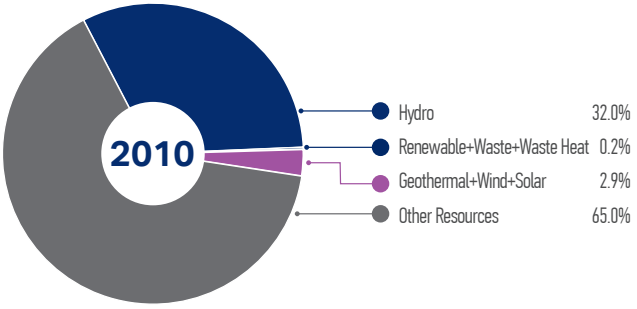
Source: TEİAŞ and Turkstat



Share of Renewable Energy Resources in Total Installed Capacity

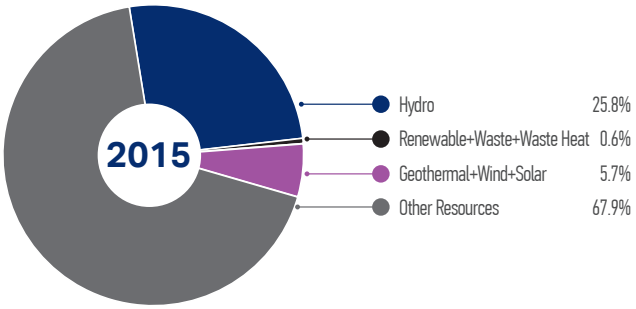
Source: TEİAŞ

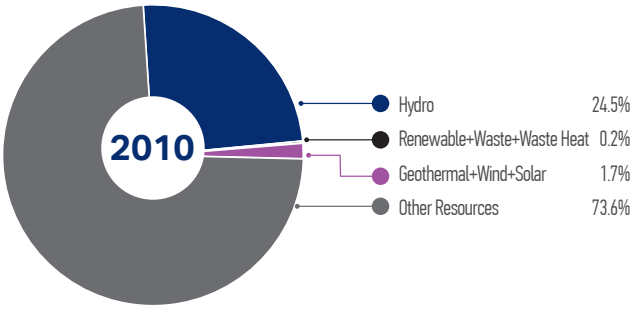




Share of Renewable Energy Resources in Total Generation

Source: TEİAŞ



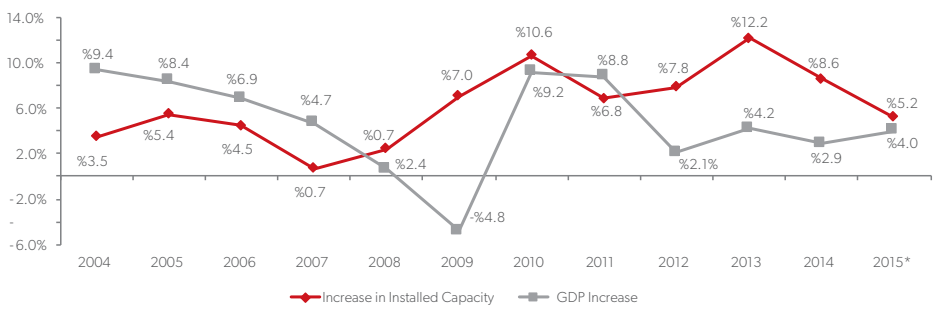


While annual average GDP grew by 3.8% over the period 2005-2015, installed capacity increased by approximately 6.5%. It can thus be seen that the multiplier between installed capacity and GDP growth is 1.7x. In addition to its economic growth, Turkey has become one of the fastest-growing energy markets in the world. It represents a significant growth potential thanks to its per capita power consumption, which is way behind the EU countries indicated below.

INCREASE IN INSTALLED CAPACITY AND IN GDP

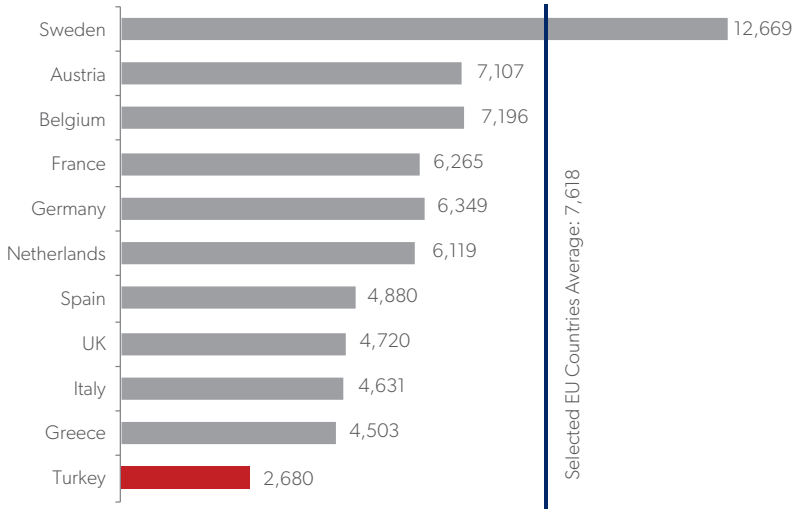
Source: TEİAŞ and Turkstat

* The 2015 GDP growth rate is taken from the medium-term plan.



SELECTED EU MEMBER STATES – PER CAPITA POWER CONSUMPTION COMPARISON (KWH) – 2014

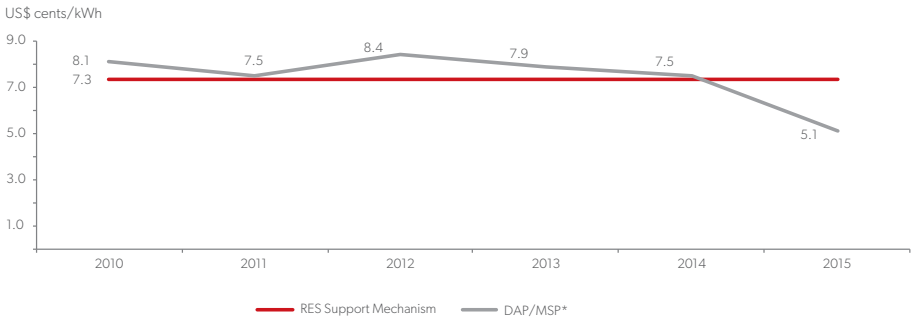
Source: Eurostat



ACTUAL ELECTRICITY SALES PRICES

Source: EPİAŞ

* Since 2012, the Day-Ahead Price (DAP) has been called the Market Swap Price (MSP).



When the actual electricity sales are considered, it is evident that demand will increase. In the 5-year Generation Capacity Projection by TEİAŞ, three separate demand scenarios are considered for the years 2015-2024. The projections estimate that the highest energy demand scenario between 2015 and 2024 will exhibit an annual average of 6.2%, the lowest an average of 4.7%, while the baseline scenario foresees an annual average growth of 5.5%. It is thus projected that consumption will reach 362 TWh in 2019 and 473 TWh in 2024 in the high demand scenario, 323 TWh in 2019 and 401 TWh in 2024 in the low demand scenario, and 337 TWh in 2019 and 435 TWh in 2024 in the baseline scenario.

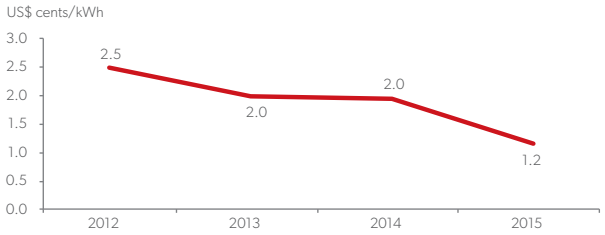
On the supply side, two scenarios have been foreseen. The first scenario estimates a total installed capacity of 91,052 MW in 2019 while the second expects it to be 87,500 MW. In the first scenario, 25.6% of the installed capacity in 2018 will belong to the public sector whereas the remaining 74.4% will belong to the private sector. The second scenario predicts that 26.6% of the installed capacity will belong to the public sector and 73.4% to the private sector in 2018.

Since 2000, the share of private sector in both the total installed capacity and in total generation is steadily growing. Public sector share in Turkey's total installed capacity, which stood at 78% in 2000, receded to 27.8% in 2015. Similarly, public sector share in total power generation fell from 75% in 2000 to 21.3% in 2015.

On the other hand, efforts for the privatization of those distribution companies affiliated to TEİAŞ started in 2006 within the framework of the "Electrical Energy Sector Reforms and Privatization Strategy Document", which was put into effect in 2004 to ensure that goals and developments in relation to change in market structure progressed as planned. In this respect, the public company shares in distribution regions were privatized through block sales and the operational rights of facilities were transferred, which mark together the transfer of all distribution companies to private sector. Efforts for the privatization of generation facilities under EÜAŞ as foreseen in the same document are currently under way. Transmission operations are still delivered by the public sector entirely.

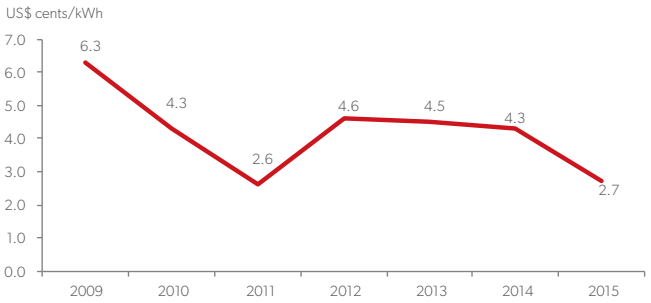
AVERAGE SPARK SPREAD MARGIN FOR A GENERIC NATURAL GAS COMBINED CYCLE POWER PLANT WITH AN EFFICIENCY RATE OF 61%

Source: EPİAŞ and BOTAŞ



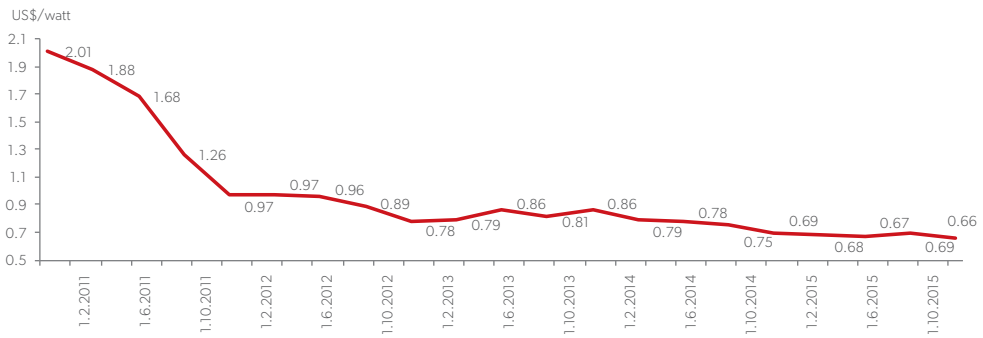
DARK SPREAD MARGIN FOR AN IMPORT COAL POWER PLANT WITH AN EFFICIENCY RATE OF 40%

Source: EPİAŞ and BOTAŞ



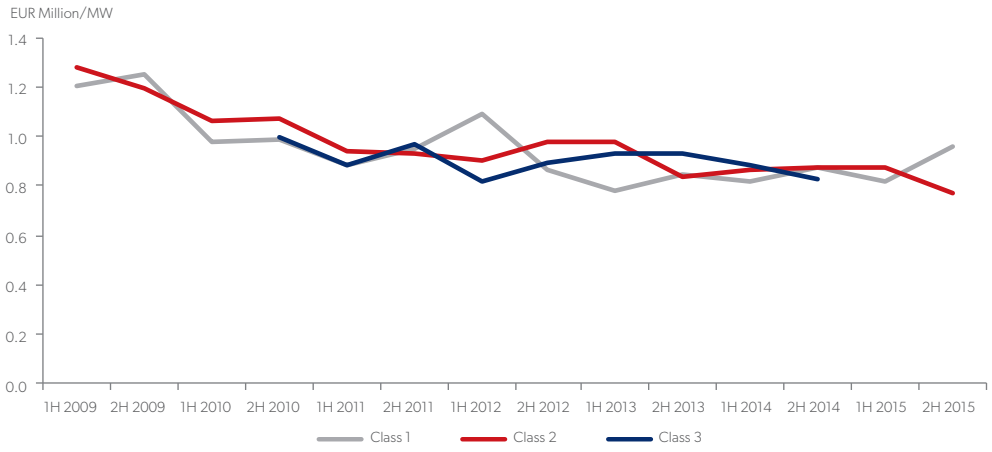
SOLAR PANEL PRICES

Source: Bloomberg



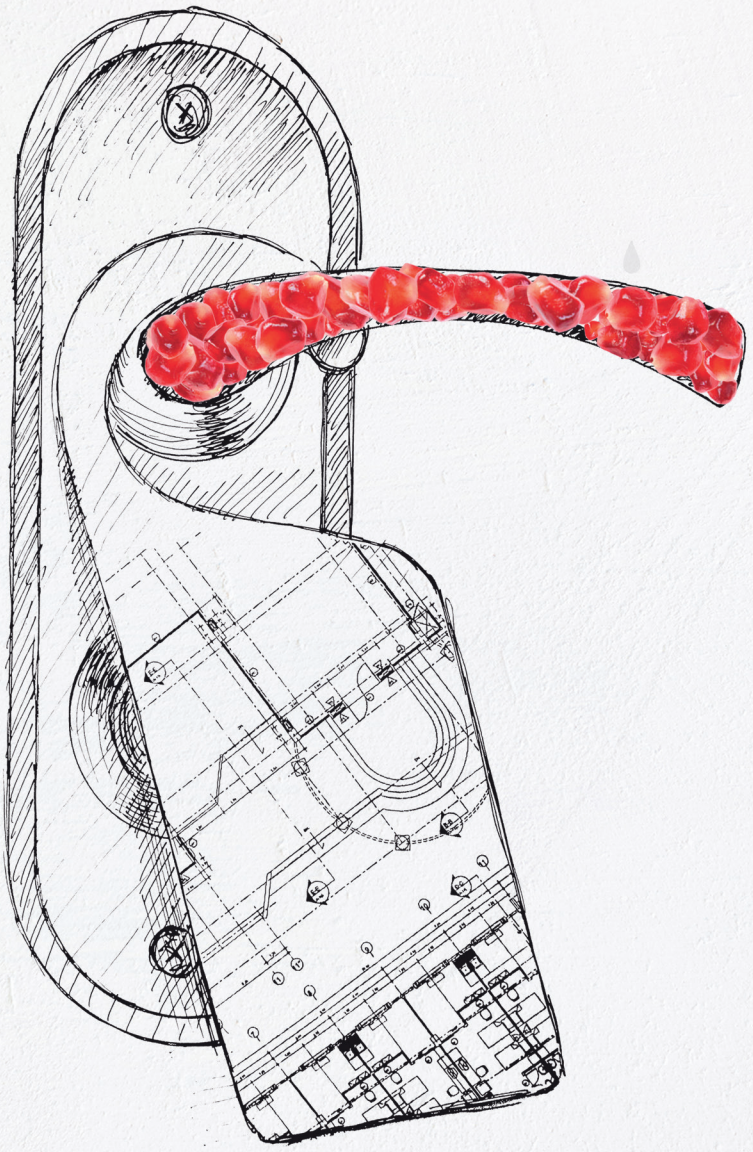
WIND TURBINE PRICES

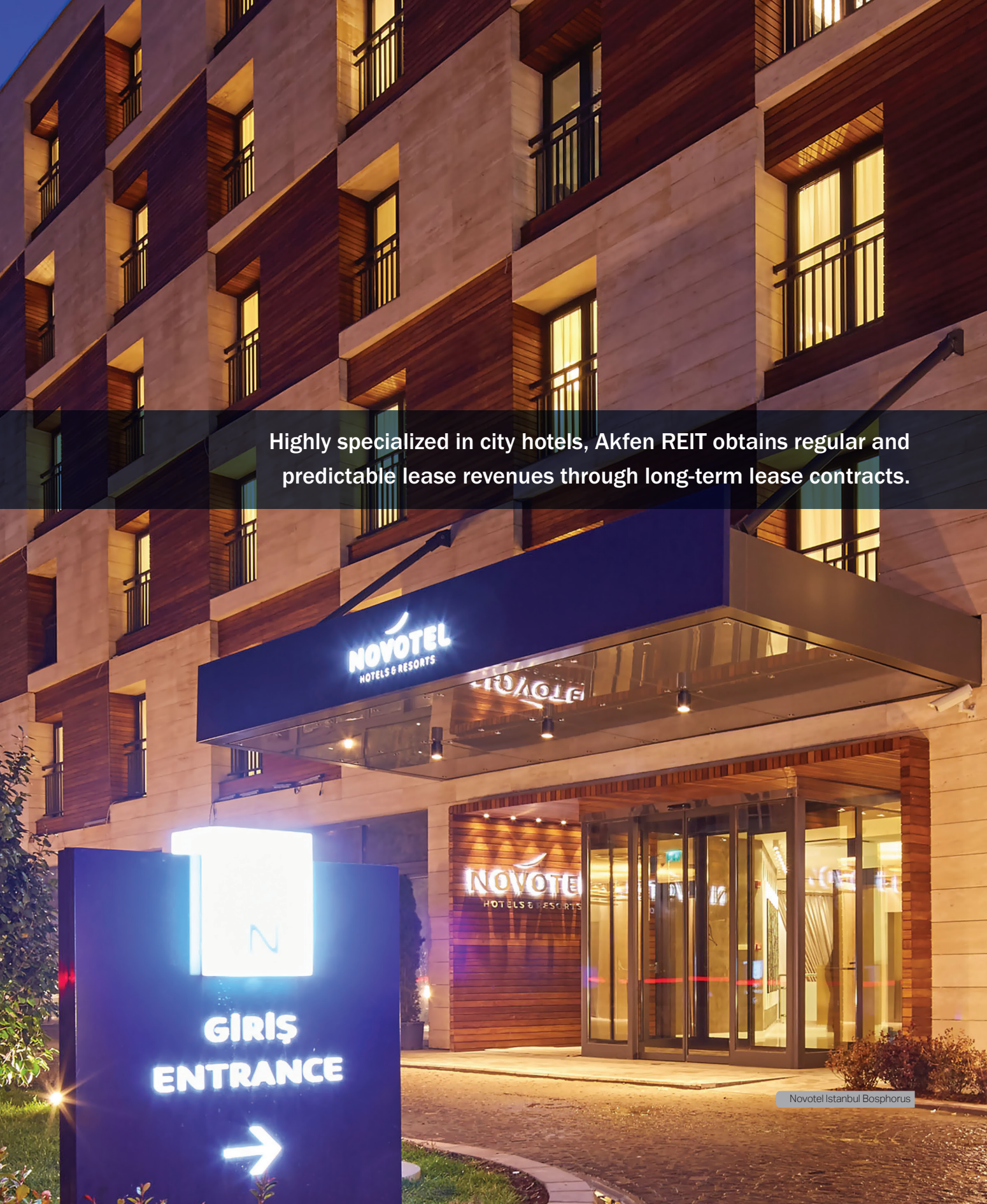
Source: Bloomberg



AKFEN REIT

Being the first hotel REIT in Turkey, Akfen REIT not only presents distinguished examples of contemporary city hotels but also pioneers a new business model in the sector.

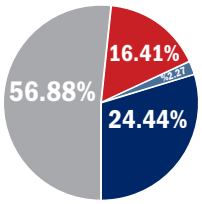




Highly specialized in city hotels, Akfen REIT obtains regular and predictable lease revenues through long-term lease contracts.

Novotel Istanbul Bosphorus

AKFEN REIT: The Pioneer of City Hotels in Turkey



Shareholding Structure

Akfen Holding*	56.88%
Hamdi Akın	16.41%
Other	2.27%
Free - Float	24.44%

* Akfen Holding has 9,500,447 listed shares (5.17%) within the free-float.

Subsidiaries and Affiliates

Akfen Gayrimenkul Ticareti ve İnşaat A.Ş.	100.00%
Russian Hotel Investment BV	95.01%
Russian Property Investment BV	95.15%
Hotel Development Investment BV	100.00%
Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş.	69.99%

Akfen REIT not only pioneers a new business model in the sector through the city hotel projects completed in Turkey but also has delivered its expertise and experience abroad.

Starting operations under the trading name "Aksel Turizm Yatırımları ve İşletmecilik A.Ş." in 1997, the Company was transformed into Akfen Real Estate Investment Trust in 2006 and then launched efforts under an international brand to fulfill the need that it spotted for 3- and 4-star hotels specifically in cities other than Istanbul.

Highly specialized in its field of business and also delivering projects in Russia as well as Turkey together with Accor, the international hotel chain operator, Akfen REIT obtains regular and predictable lease revenues through long-term lease contracts.

The said business model prescribes a portfolio structure that is open to growth within the framework of the strategic cooperation between Akfen REIT and Accor. The domestic investments of the company focus on getting a maximum share from the consistently increasing activity of the Turkish business world in the sector, the improved life standards and the potential of the growing middle-class in Turkey. In its new strategy, Akfen REIT plans to complete its ongoing investments, go into a period of digestion after a period of rapid growth and be selective in future growth leaps, thus aiming at reducing indebtedness, highlight corporate value and attain a financial structure which allows for the payment of dividends.

In 2005, Akfen Holding signed a framework agreement with the French Accor, one of the leading hotel chains in the world, to develop hotel projects in Turkey under the brands of Novotel and Ibis Hotel. In April 2010 and December 2012, additional agreements were signed.

Akfen REIT has a minimum annual guarantee for its rental revenues included within the agreements signed with Accor regarding Akfen REIT hotels in Russia (except for Moscow). For hotels in Turkey, the rental fees are set as a certain percentage of the revenue or a certain percentage of the adjusted gross profit of the hotel, whichever is higher. It thus signifies a guaranteed revenue plus a growth potential beyond that.



A significant player in budget hotel sector with 3,228 rooms in 18 hotels and 63% occupancy rate.

As of the end of 2015, Akfen REIT portfolio consists of a total of 20 hotels, including 18 hotels in Turkey, TRNC and Russia that are currently operational and 2 hotels currently being invested in. Once all the hotels become operational, the number of hotels will increase to 20 and the number of rooms will increase to 3,628 from 3,228. Excluding Cyprus, the number of rooms sold in 2015 at the 17 operational hotels stood at 638,060, with an increase of 9.1%.

The casino and hotel sections at the 5-star Merit Park Hotel, which is located in Kyrenia and is within the portfolio of Akfen Trade, a subsidiary of Akfen REIT, has been operated by Voyager, a Net Holding group company, since early 2013 for a period of 20 years. The rental fee obtained from the Merit Park Hotel in 2015 was EUR 4,750,000.

Akfen REIT successfully completed the public offering process in 2011. Akfen REIT shares have been listed in BİAŞ on May 11, 2011. The free-float rate is around 29.6%.

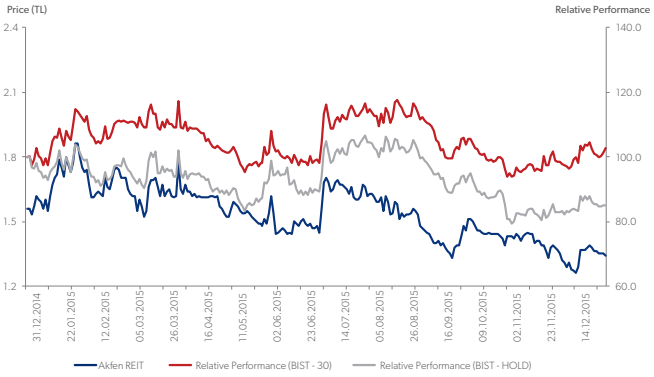
As of December 31, 2015, the number of employees at Akfen REIT is 25.

The 2015 consolidated revenues of Akfen REIT increased by 4% to reach TL 54 million and the EBITDA increase was 0.4%. The 2015 loss stood at TL 54 million, mainly due to exchange rate losses arising from the depreciation of TL. As of December 31, 2015, Akfen REIT's net asset value is TL 837 million.

Share Price (TL)	Akfen REIT
Ticker	AKFGY
January 2, 2015 Opening Price	1.56
January 2, 2015 Opening Market Capitalization	287
December 31, 2015 Closing Price	1.34
December 31, 2015 Closing Market Capitalization (mn)	247
Highest Closing Price in 2015	1.86
Lowest Closing Price in 2015	1.26
Average Closing Price in 2015	1.54
Average Daily Trading Volume in 2015 (TL mn)	0.76

SHARE PERFORMANCE

Source: Matriks




Novotel Istanbul Bosphorus

Akfen REIT: Hotels Operational During the Whole Year in 2015 EBITDA/Total Cost	
Ibis Hotel&Novotel Zeytinburnu	9.0%
Ibis Hotel Eskişehir	5.4%
Novotel Trabzon	12.1%
Ibis Hotel & Novotel Kayseri	3.4%
Ibis Hotel & Novotel Gaziantep	4.3%
Ibis Hotel Bursa	4.7%
Ibis Hotel Adana	3.8%
Ibis Hotel Izmir	5.2%
Ibis Hotel Esenyurt	4.5%
TRNC Merit Park Hotel	14.0%
Ankara Airport Ibis Hotel	3.6%
Ibis Hotel Yaroslavl	8.9%
Ibis Hotel Samara	7.3%
Ibis Hotel Kaliningrad	6.2%
Samara Office	5.4%

Akfen REIT: Hotels Operational During the Whole Year in 2015 EBITDA/Fair Value	
Ibis Hotel & Novotel Zeytinburnu	2.9%
Ibis Hotel Eskişehir	5.8%
Novotel Trabzon	4.1%
Ibis Hotel & Novotel Kayseri	2.5%
Ibis Hotel & Novotel Gaziantep	3.8%
Ibis Hotel Bursa	2.9%
Ibis Hotel Adana	2.6%
Ibis Hotel Izmir	2.4%
Ibis Hotel Esenyurt	2.1%
TRNC Merit Park Hotel	6.5%
Ankara Airport Ibis Hotel	2.7%
Ibis Hotel Yaroslavl	8.1%
Ibis Hotel Samara	7.9%
Ibis Hotel Kaliningrad	5.2%
Samara Office	6.0%

Akfen REIT Hotels



Novotel (Operational)

Novotel Gaziantep
Rooms: 92, Beds: 184

Novotel Bosphorus Istanbul
Rooms: 200, Beds: 400

Novotel Kayseri
Rooms: 96, Beds: 320

Novotel Trabzon
Rooms: 200, Beds: 400

Novotel Zeytinburnu
Rooms: 208, Beds: 416

Ibis Hotel (Operational)

Ibis Hotel Adana
Rooms: 165, Beds: 330

Ibis Hotel Ankara
Rooms: 147, Beds: 294

Ibis Hotel Bursa
Rooms: 200, Beds: 400

Ibis Hotel Esenyurt
Rooms: 156, Beds: 400

Ibis Hotel Eskişehir
Rooms: 108, Beds: 216

Ibis Hotel Gaziantep
Rooms: 177, Beds: 354

Ibis Hotel Izmir
Rooms: 140, Beds: 280

Ibis Hotel Moscow
Rooms: 317, Beds: 644

Ibis Hotel Kaliningrad
Rooms: 167, Beds: 334

Ibis Hotel Kayseri
Rooms: 92, Beds: 320

Ibis Hotel Samara
Rooms: 204, Beds: 408

Ibis Hotel Yaroslavl
Rooms: 177, Beds: 354

Ibis Hotel Zeytinburnu
Rooms: 228, Beds: 416

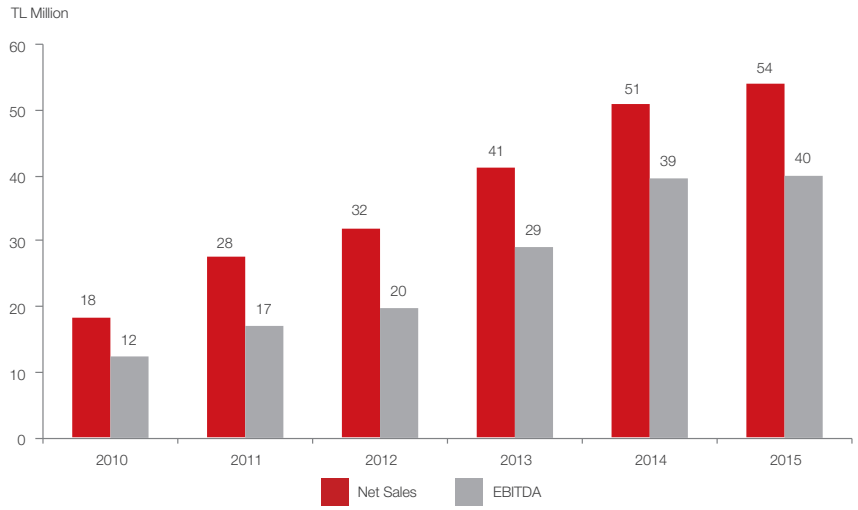
Ibis Hotel (Under Construction)

Ibis Hotel Tuzla
Rooms: 200, Beds: 400

Samara Office
Net Area of Use: 5.000 m²

Merit Park Hotel TRNC
Rooms: 286, Beds: 580

REIT – NET SALES AND EBITDA GROWTH (2010 – 2015)



2015 HIGHLIGHTS

The 317-room Ibis Hotel Moscow started operations in July 2015.

Loan agreements with a total value of EUR 220 million on a 2-year grace period and a 10-year maturity were signed by and between Akfen REIT and its subsidiaries and Credit Europe Bank and Fiba Bank for use in the refinancing of all current loans and in investment expenditures for ongoing investment projects in the portfolio. The loan was extended and used in 2015.

INVESTMENTS DURING THE YEAR

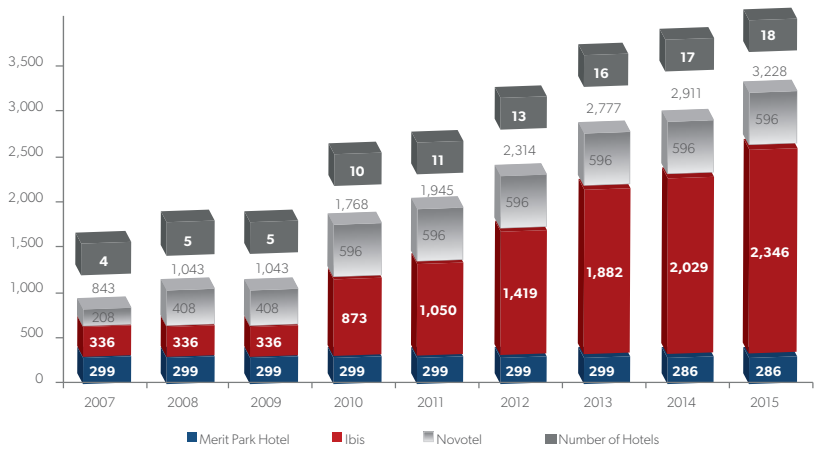
Having a total investment cost of EUR 33.5 million, the 317-room Ibis Hotel Moscow in Russia was completed and the hotel started operations on July 16, 2015.

The total investment cost of the 200-room Karaköy Novotel is EUR 35.4 million. As of December 31, 2015, the physical progress at Karaköy Novotel construction was around 100%. The said hotel "Novotel Istanbul Bosphorus" started operations on February 16, 2016.

The construction of the 200-room Ibis Hotel Tuzla is going on. Having a total investment cost of EUR 17.2 million, the hotel is expected to become operational in the second quarter of 2016. The physical progress at Ibis Hotel Tuzla was around 65% as of December 31, 2015.

AKFEN REIT – CAPACITY INCREASE BY YEARS BASED ON HOTEL TYPES AND NUMBER OF HOTELS

As of the end of 2015, the number of hotels reached 18 while the total number of rooms stood at 3,228. As of February 2016, the number of hotels was 19 and the total number of rooms was 3,428.



Operational Performance of Hotels

Hotels	Number of Rooms*	Occupancy Rate		Revenue per Room (EUR)**		Total Revenue per Room (EUR)***	
		2015	2014	2015	2014	2015	2014
Turkey Total	2,077	67%	67%	31	33	40	43
Russia Total	865	52%	53%	19	25	26	34
Grand Total	**2,942**	**63%**	**64%**	**28**	**31**	**37**	**41**

* The 286-room Merit Park Hotel in the TRNC is not included.

** Revenue per Room = Average Room Rate x Occupancy Rate

*** Total revenue per room includes other revenues (F&B, seminar-congress, banquet revenues) in addition to room revenues.

Summary Financial Information (TL Million)	2015	2014	Change (%)
Balance Sheet			
Current Assets	84	39	116%
Non-Current Assets	1,502	1,407	7%
Total Assets	1,586	1,446	10%
Shareholders' Equity	773	824	-6%
Non-Controlling Interest	31	32	-5%
Short-Term Liabilities	55	125	-56%
Long-Term Liabilities	727	465	56%
Total Equity and Liabilities	1,586	1,446	10%
Income Statement			
Revenues	54	51	6%
EBITDA	40	39	0%
Net Profit	(54)	(3)	n.m.
Other Financial Data			
Investments	62	60	3%
Free Cash Flow	(29)	(21)	n.m.
Net Debt	640	494	30%
Dividend Payment	-	-	-



Ibis Hotel Adana

AWARDS

Prepared in a "City Guide" concept, 2014 Annual Report by Akfen REIT won the "Gold" prize with 98 points over 100 in the category of "Real Estate Investment Trusts" during the "2014 Annual Reports Vision Awards" held



by the League of American Communications Professionals (LACP), one of the most reputable communications platforms in the world

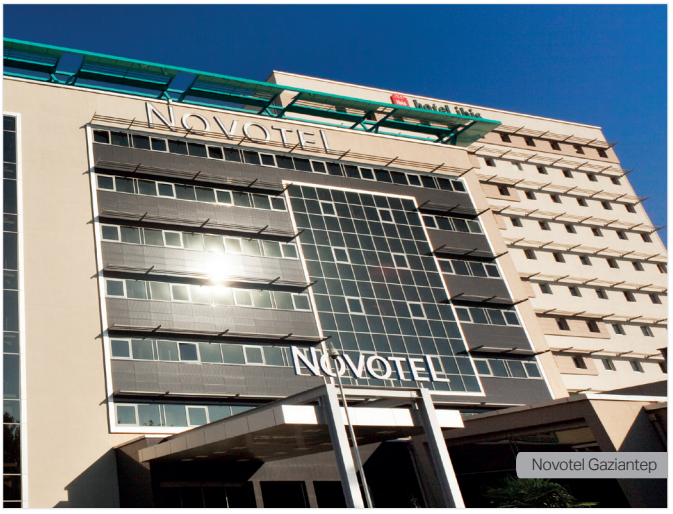


Novotel Istanbul



Ibis Hotel Moscow


Merit Park Hotel – TRNC



Novotel Gaziantep

City Hotels as Attraction Centers

The number of international tourists increases each passing day due to the improvement in global welfare, decrease in the cost of transportation vehicles, diversification of and increase in air transportation destinations, and so on. The number of tourists stood at 10 million in 1950 whereas it rose to 1 billion in 2010. UNWTO estimates the number will increase to 1.8 billion. It is expected that travels for recreation, holiday and cultural purposes will maintain their superiority over business travels in the world.

Tourism is still a continuously improving sector in Turkey. In 1990s, the number of touristic visitors was around 4 million whereas this number exceeded 10 million in 2000s and 30 million in 2010s. The overall aim is to include Turkey among the top five in the category of countries that are preferred as a destination by tourists in 2020s. Located at the junction of Europe, Asia and Africa, Turkey has a remarkable potential to attract tourists from these three continents since it is at a maximum flying distance of only 5 hours to the said continents.

Report on Turkey by the World Travel & Tourism Council indicates that the share of expenditures for business travels within the 2014 GDP from travel and tourism was 15.6%. The report expects that total expenditure, which stood at TL 23.3 billion in 2014, will rise to TL 34.2 billion with an annual average increase of 3.8% by 2025. The annual average increase in expenditure for business travels in Europe and in the world by 2025 is expected to be 2.6% and 3.2%, respectively. It is highly probable that accommodation will get the largest share in business travel expenditures, which are expected to grow faster than both the European average and the world average by 2025. This will make cities such as Istanbul, Kayseri, Gaziantep, Bursa, Adana and Trabzon, where economic growth is more dynamic and trade is more common, a more frequent destination for both domestic and international business travels. Therefore, interest in city hotels in these cities will further increase in the upcoming period.

Tourism sector has recently presented a more dynamic structure with the decrease in oil prices and the reduction in airline ticket fees following the liberalization of air transportation. The number of airports in Turkey increased rapidly in the last decade and it is now possible to fly to any point in Turkey, two facts that bring along an increased interest in city tourism through weekend and day trips.

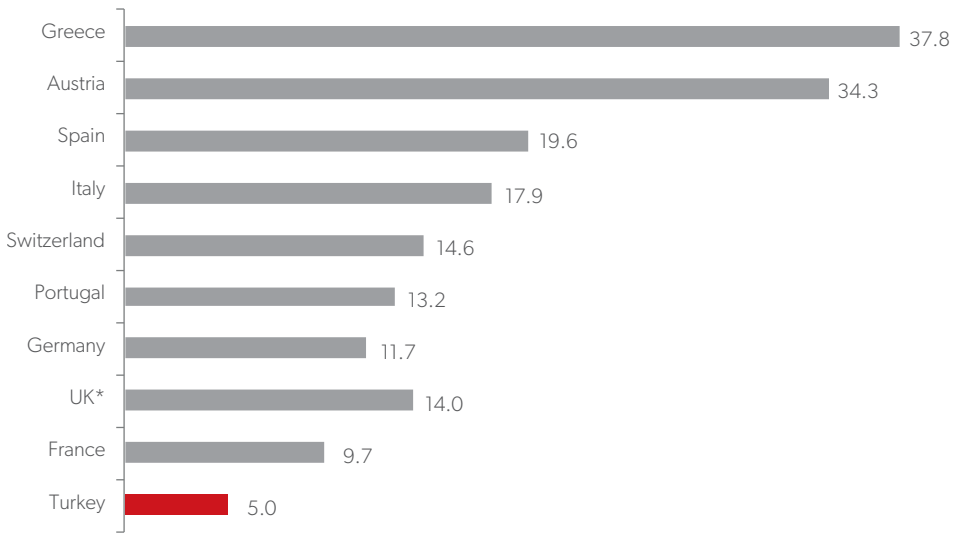
City hotels have also emerged as an attraction center for congress tourism and specifically for health tourism, which both strengthen their positions day by day, through the support and resources extended by the Ministry of Culture and Tourism.

Turkstat data indicates that the number of visitors visiting Turkey, including our citizens living abroad, reached 41.6 million with an increase of 5.7% between 2005 and 2015. In parallel with that, tourism revenues stood at US$ 31.5 billion with an increase of 4.6%. On the other hand, data from the Ministry of Economy shows that the number of foreign visitors decreased by 1.6% to 36.2 million in 2015 due to the geopolitical developments in our region, and specifically the issues with neighboring countries such as Russia and Syria.

NUMBER OF ROOMS PER 1,000 PEOPLE (2014)

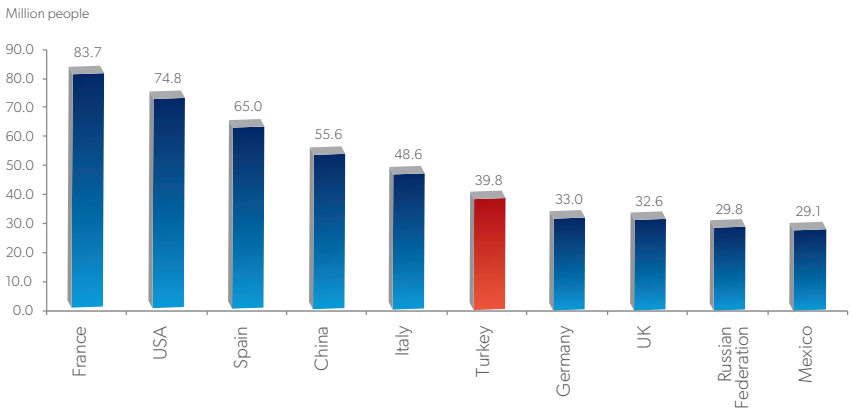
Source: Eurostat and Turkstat

* Figures for number of rooms in the UK belong to 2013.



COMPARISON OF TOTAL NUMBER OF VISITORS (2014)

Source: UNWTO



The average spending per capita in 2015 stood at US$ 756, with an average spending of US$ 715 by foreign visitors and an average spending of US$ 970 by our citizens residing abroad. In the same period, the average number of overnight stay was 10.1, with an average overnight stay of 8.7 for foreign visitors and an average overnight stay of 17.5 for our citizens residing abroad.

With a total number of 39.8 million visitors in 2014, Turkey is among the top ten most frequently visited countries in the world with the highest tourism revenues. Ranking 6th in the world and 4th in Europe in terms of the total number of visitors, Turkey has become a country where both the demand for hotels and hotel investments increased in recent years.

In 2015, the number of tourists coming to Turkey increased by 0.5% on a year-on-year basis to reach 41.6 million people. However, when citizens residing abroad are excluded, this figure stands at 35.6 million people with a decrease of 0.7%.

2015 Pipeline Projects Report by STR Global indicates that, as of December 2015, there are 1,132 hotel projects under construction or at the planning and final planning phases in Europe with a room capacity of 161,940. The total number of rooms in hotels that are under construction is 60,787. The UK has the largest share in this figure with 14,121 rooms, followed by Germany with 8,369 rooms, Turkey with 8,128 rooms and Russia with 7,933 rooms.

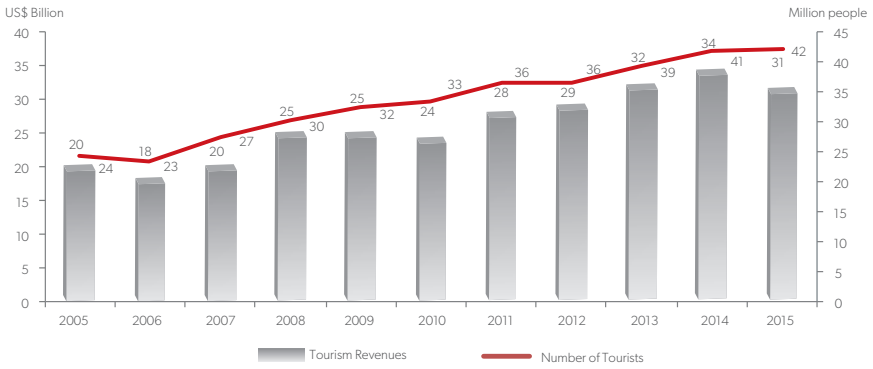
NUMBER OF HOTELS HAVING TOURISM ESTABLISHMENT CERTIFICATE/ NUMBER OF BEDS (31.12.2014)

	Number of Hotels	Number of Beds
5 Star	509	342,445
4 Star	678	206,302
3 Star	841	108,823
2 Star	433	37,818
1 Star	118	61,015
Other	552	50,913
Total	**3,131**	**807,316**

* As of the end of 2014, there are 1,117 hotels with a bed capacity of 309,556 that obtained a tourism investment certificate.

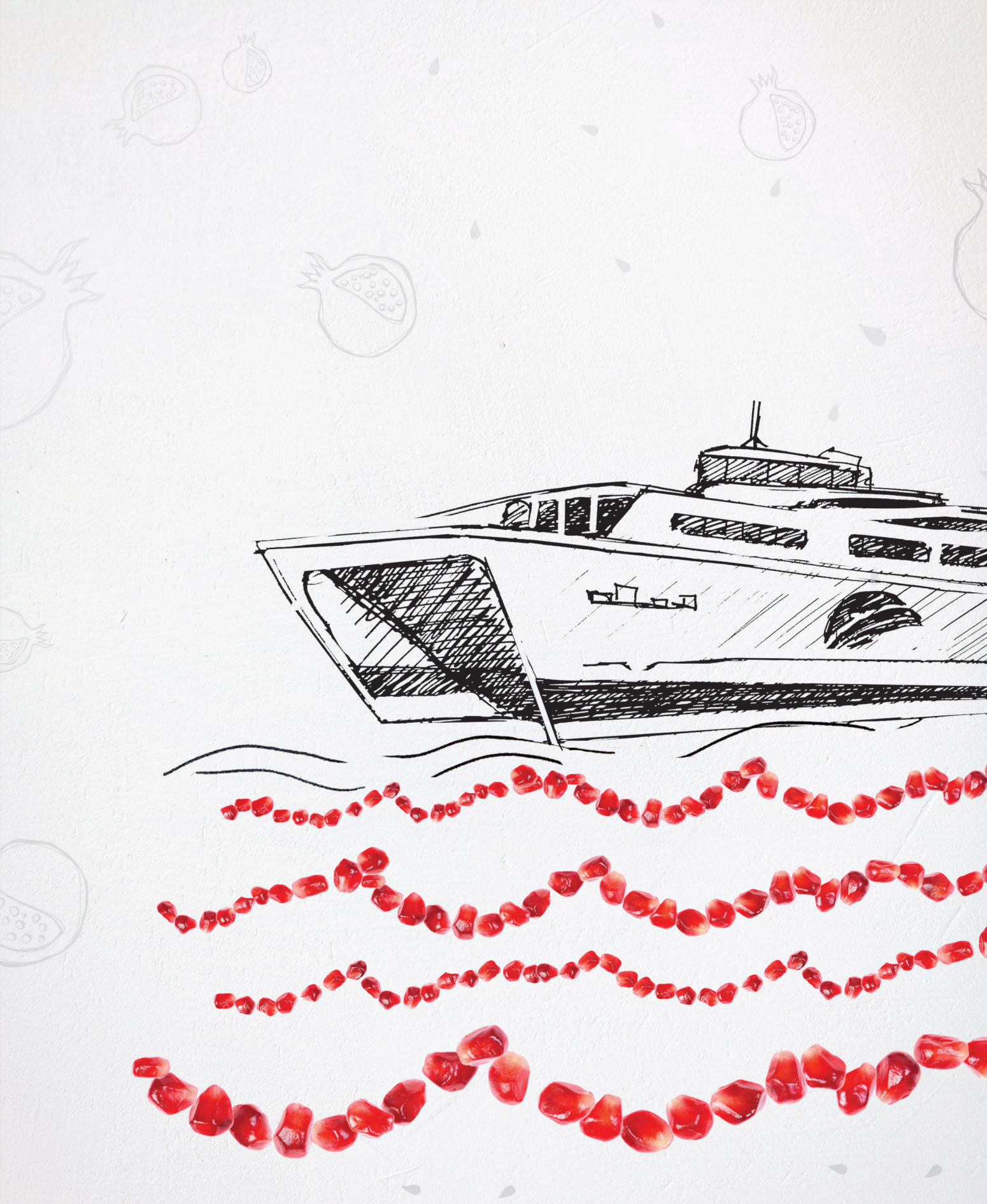
TURKEY - TOURISM REVENUES AND NUMBER OF TOURISTS

Source: Turkstat



IDO

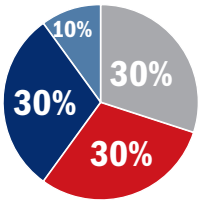
One of the most leading maritime transport companies across the world, IDO has a large fleet of 55 sea vessels and high passenger and vehicle transport capacity. IDO provides rapid, safe, economical and comfortable vehicle and passenger transportation services to important transportation points surrounding the Marmara Sea between its 35 piers and on 15 lines.





Adopting economy, comfort, speed and travel safety as its mission,
IDO minimizes the duration of crossing the Bosphorus,
Marmara Sea and Izmit Bay.

IDO: Speed, Trust, Economy and Comfort in Sea Transportation



Shareholding Structure

Akfen Holding	30%
Tepe Construction	30%
Souter Capital LLP	30%
Sera Gayrimenkul Yatırım ve İşletmeleri A.Ş.	10%

Subsidiaries and Affiliates

Zeytinburnu Liman İşletmeleri San. ve Ticaret A.Ş.	20%
BTA Denizyolları Yiyecek ve İçecek Hizmetleri A.Ş.	50%

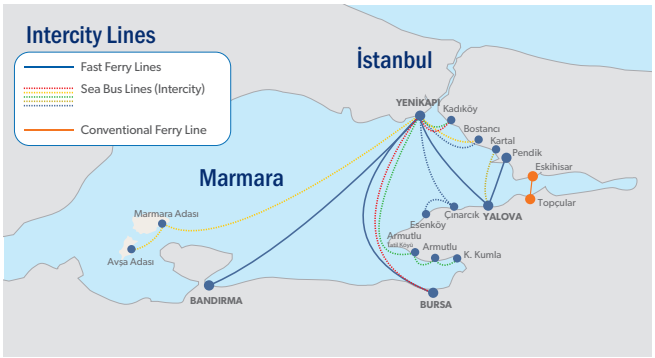
Having a capacity of carrying 37 thousand passengers and about 3 thousand vehicles in its 55-vessel fleet, IDO is one of the largest maritime transportation companies in the world.

In addition to offering vehicle and passenger ticketing services between 35 piers and on 15 lines to all critical transportation points around the Marmara Sea and Istanbul, IDO delivers a holistic service with activities such as food and beverage services at its terminals and land facilities and thus establishes a direct contact between Akfen and consumers.

IDO reduced the travel time between Yenikapı and Bandırma down to 2 hours, which normally takes 6 hours by land in the best-case scenario, and also decreased the 2-hour Pendik-Yalova travel time down to 45 minutes. Furthermore, via Istanbul-Bursa (Güzelyalı) line, the travel time between Istanbul and Bursa is reduced from 3.5 hours to 95 minutes.

One of the best examples of group synergy and the employment of Akfen Holding's know-how and experience in creating new working areas, BTA Sealines was founded through a partnership between BTA, a subsidiary of TAV Airports, and IDO, and delivered services at 75 sales points located on sea bus piers, fast ferries, conventional ferries and piers and sea buses in 2015. Having almost no revenues from food and beverage services before BTA Sealines was founded, IDO served 11 million passengers via BTA Sealines in 2015 and the average revenue per person stood at TL 6.49 with a 12.7% increase.

As of December 31, 2015, IDO has 1,816 employees. The most recent collective bargaining agreement with the Seafarers' Union of Turkey was signed for the period of 2015-2017. The number of employees who are union members is 908.





In 2015, the consolidated revenues of IDO stood at TL 611 million with an increase of 10%. EBITDA increased by 32%. The company made a loss of TL 234 million by the end of the period due to exchange rate losses arising from the depreciation of TL.

2015 HIGHLIGHTS

In addition to cost reduction measures such as restructuring, line optimizations and efficient repair and maintenance, steps to establish compliance with the competitive environment and increase revenues were taken in 2015.

The most significant development to this end was the launch of the night campaign to apply to vehicle passage on Eskihisar – Topçular direction between 02:00 – 06:00 starting from January 13, 2015. Furthermore, IDO management increased fees for passengers and vehicles on intercity fast ferry and sea bus lines in May 2015, which significantly reduced losses on sea bus lines on a year-on-year basis.



IDO carried 47.4 million passengers and 8.6 million vehicles in 2015

Fleet	
Passenger	
Sea Bus	24 / Capacity: 10,285
Conventional Ferry	20 / Capacity: 19,034
Fast Ferry	9 / Capacity: 7,132
Vehicle	
Conventional Ferry	20 / Capacity: 1,519
Fast Ferry	9 / Capacity: 1,354

Additionally, there are 2 service vessels in the fleet.

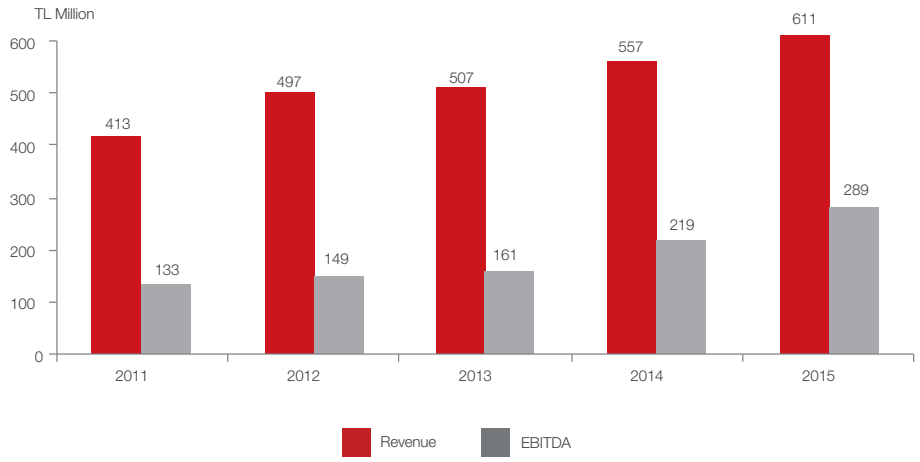
Line Improvements

- Launched for the first time between Pendik and Yalova and continued until the end of September, the 23:55 midnight line enabled sea connection between Istanbul and Yalova during the midnight hours.
- Yenikapı – Yalova line was optimized on June 16, 2015, increasing the number of daily voyages from 12 to 16.
- On Kartal – Yalova line, a sea bus started voyages as of April 1, 2015 instead of the former passenger boat.
- Fast Transit System was launched in conventional ferry lines on June 5, 2015.
- Vessel named Balıkesir 10 (a recently constructed vessel with a capacity of 400 passengers and 137 cars) was rented as a new member of the fleet on July 14, 2015 and started voyages between Eskihisar – Topçular and Ambarlı – Topçular.

Summary Financial Information (TL Million)	2015	2014	Change (%)
Balance Sheet			
Current Assets	63	50	25%
Non-Current Assets	1,723	1,585	9%
Total Assets	1,785	1,635	9%
Shareholders' Equity	126	88	44%
Non-Controlling Interest	-	-	
Short-Term Liabilities	221	322	-31%
Long-Term Liabilities	1,438	1,226	17%
Total Equity and Liabilities	1,785	1,635	9%
Income Statement			
Revenues	611	557	10%
EBITDA	289	219	32%
Net Profit	-234	-65	n.m.
Other Financial Data			
Investments	27	14	97%
Free Cash Flow	210	386	-46%
Net Debt	1,511	1,328	14%
Dividend Payments	-	-	-



IDO – REVENUE AND EBITDA GROWTH (2010 – 2015)



Cost-Saving Measures

In order to decrease fuel consumption, which is one of the most important expense items for the company, different alternatives are employed and new action is taken in line with performance/cost ratios. Regular cleaning of the underwater hulls of sea vessels continued, making a significant contribution to fuel saving. In 2015, a 3% decrease was achieved in fuel consumption per mile. TL-based fuel costs decreased in 2015 on a year-on-year basis, which was an important opportunity for IDO.

Other Income-Generating Developments

Cooperation with TEB on Advertisements: A set of actions was taken within the framework of the rights vested under the 26-month contract signed with TEB on June 1, 2015. Among these actions are mobile branches opened by TEB at terminals, booths, use of advertisement space at terminals and vessels as well as allocation for ATMs.

BUKOLI: In line with the objective of using IDO locations and advertisement space within the framework of cargo transport and establishing a common marketing plan, an additional protocol to Borusan Logistics Corporate Pass Contract was signed in relation to BUKOLI and due action was taken.

E-Ticket Application: An E-ticket project was launched to enable passengers to buy tickets easily and rapidly and have their pass on IDO lines.

IDO Mobile Application: An IDO application was developed for use on mobile devices working on IOS and Android operating systems and launched on July 16, 2015.

Corporate Sales Efforts

Ro-Ro Transport: IDO opened Ambarlı – Topçular Ro-Ro line to meet the increasing demand on Northern-Southern Marmara axis as a solution to shorten distances in and facilitate road transportation. The first voyage on this line serving trailer truck

Number of Passengers and Vehicles Transported	2015	2014	Change
Total Number of Passengers Transported	**47,377,389**	**47,501,612**	**-0.3%**
Fast Ferry	7,464,089	7,046,365	5.9%
Sea Bus	5,835,290	6,049,210	-3.5%
Conventional Ferry*	34,078,010	34,406,037	-1.0%
Total Number of Vehicles Transported	**8,604,468**	**8,216,450**	**4.7%**
Fast Ferry**	1,471,909	1,328,725	10.8%
Conventional Ferry	7,132,559	6,887,725	3.6%

* The in-vehicle passenger coefficients determined according to vehicle classification were used in the calculation of the number of intra-vehicle passengers on the Eskihisar-Topçular car ferry line. The coefficients have been accepted as shown below:

Vehicle Classification	Automobile	Minivan	Jeep/Light Truck/ Minibus	Midibus (21+)	Truck/2-axle Bus	3-axle Bus/3-axle Trailer Truck	Trailer Truck, 4-axle and over	Motorcycle
Coefficient	3	3	6	9	26	26	2	1

** The figures for the number of vehicles carried on the fast ferry lines have been given in terms of vehicle unit measurements (VUM). VUMs are calculated by converting the vehicle coefficients in different classifications of vehicles into the vehicle unit. The coefficients for the categories of vehicles carried on Fast Ferries are as given below:

Vehicle Classification	Motorcycle	Automobile	Auto for the Disabled	Minivan	Minibus (12-person)	Jeep	Minibus (19-person)	Midibus	Light Truck (0-2,000 kg)	Light Truck (0-2,001-2,500 kg)	Light Truck (0-2,501-3,500 kg)	Bus	Towed
Coefficient	0,25	1	1	1	1,25	1,25	1,5	2	1,5	2	2	5	1,5

and truck drivers was completed on November 16, 2015. 2,314 vehicles used this line until December 31, 2015.

Furthermore, an EIA application was filed in July 2015 for a Ro-Ro port project in Ambarlı and a public information meeting was held in September 2015. EIA process is currently underway.

Pluscard Use: Pluscard is a pre-paid card system integrated into the card sales system of IDO in April. 68,739 vehicles used this card by the end of 2015.

Filoido Corporate Card: Filoido Card is available for use as of December 2015 in cooperation with 54 firms. 135,000 vehicles enjoyed the services of this card in 2015.

Borusan – IDO Cooperation: The process of integration with Borusan Logistics is completed and sales and pass procedures started on August 14, 2015. As of December 31, 2015, 61,408 transit procedures were completed.

CORPORATE SOCIAL RESPONSIBILITY

Avşa Summer Camp for the Disabled: IDO provided free travel opportunity to the disabled citizens who attended the Disability-Free Summer Camp organized by Turkish Association for the Disabled. A total of 255 passengers travelled with IDO as a group for 11 weeks between June 23 and September 10.

143 passengers travelled free of charge while the remainder of passengers were given promotional tickets.

One of the biggest supporters of **TURMEPA**, IDO collaborates with Istanbul Metropolitan Municipality, Kocaeli Metropolitan Municipality and Akfen Water for the collection and disposal of wastes at vessels and terminals.



Yenikapı Terminal

AWARDS

In the 24th Congress on Quality under the theme "Sustaining Excellence" held in 2015 by KALDER, IDO was named as "KALDER Ambassador of Excellence" for its contribution to the image of the concept of quality in Turkey and its achievement on the journey of excellence.



ISO 9001:2008 Quality Management System, ISO 10002:2004 Customer Satisfaction Management System, ISO 14001:2004 Environmental Management System, OHSAS 18001:2007 Occupational Health and Safety Management System and Safe Management System, which is obligatory for vessel operators, are management systems observed and implemented by IDO.

ISO 9001 and ISO 10002 certificates were obtained on January 3, 2014 while ISO 14001 and OHSAS 18001 certificates were obtained on November 13, 2014. These certificates are valid for a period of three years.

IDO ranks 367th overall in the 2015 list of 'Turkey's 500 Biggest Private Companies' by Capital magazine whereas it ranks 9th in the 'Transportation' category.

Furthermore, IDO ranks 272th overall in the 2015 list of 'Turkey's 500 Largest Private Companies' by Fortune magazine, 151st in the 'Distribution by Provinces/Istanbul' rankings and 12th in 'Travel and Transportation Sector' rankings.



Eskihisar Pier

Number of Vehicles on the Rise

Maritime transport is divided into three main groups: long-distance (intercontinental), short-distance (international) and transportation facilities provided on a country's own cabotage lines. Intercontinental maritime transport mostly involves maritime trade, short-distance maritime transport and maritime trade, passenger and vehicle transport, while cabotage lines are largely devoted to passenger and vehicle transport.

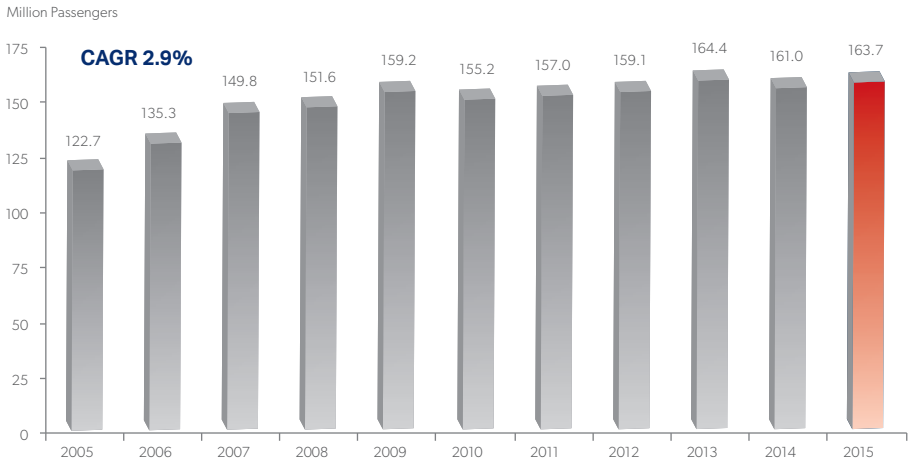
Almost all of the passenger and vehicle transport activities on cabotage lines throughout Turkey are carried out in the Marmara and Izmir regions of the country. More than 90% of the passenger and vehicles carried on all seas are transported in the Marmara Basin, with the rest being transported in the Izmir region.

CAGR related to the number of passengers transported on Turkey's cabotage lines increased by 2.9% between 2005 and 2015, rising to 163.7 million in 2015. While the number of transported passengers remained stable over the period 2008-2012, this figure exhibited significant growth in 2013 over previous years.

CAGR related to the number of vehicles transported on Turkey's cabotage lines increased by 6.5% between 2005 and 2015, rising to 13.0 million in 2015. In 2015, the number of vehicles transported exhibited a rise of 7.2% on a year-on-year basis.

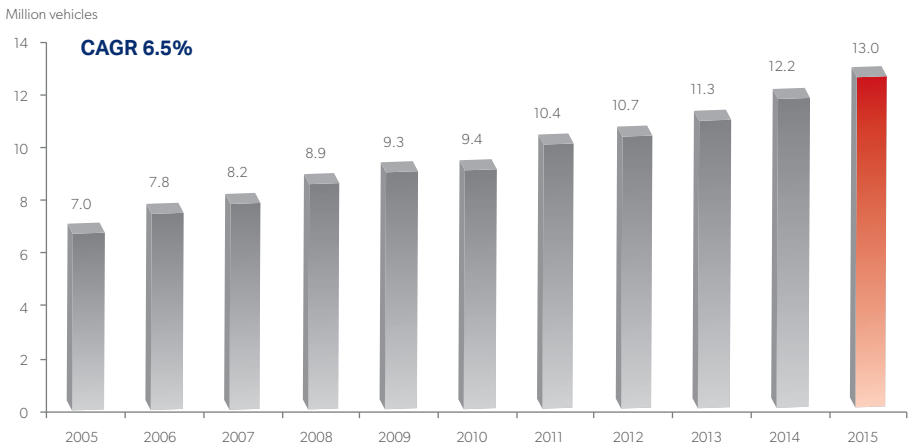
NUMBER OF PASSENGERS TRANSPORTED ON TURKEY'S CABOTAGE LINES

Source: Turkish Ministry of Transportation, Maritime Affairs and Communications



NUMBER OF VEHICLES TRANSPORTED ON TURKEY'S CABOTAGE LINES

Source: Turkish Ministry of Transportation, Maritime Affairs and Communications



AKFEN WATER

Being the first private sector company established in Turkey for water distribution, wastewater treatment and recycling, Akfen Water successfully continues to run water and wastewater treatment work in Güllük municipality and wastewater treatment work in Dilovası Organized Industrial Zone.

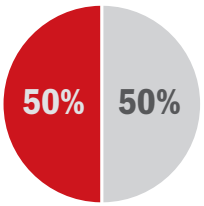




Akfen Water is one of the leading and most important players of the industry with the role it played in developing water concessions in Turkey, its experience and its skilled human resource.

Dilovası / Kocaeli

A company specialized in water and wastewater management



Shareholding Structure

Akfen Holding	50%
Kardan	50%

Subsidiaries and Affiliates

Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş	100%
Akfensu Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim A.Ş.	75%

Akfen Water is the first private sector company in Turkey that holds concessions and exclusively serves Municipalities and Organized Industrial Zones in the field of water and wastewater services concessions. It has the capability to obtain the largest market share in the industry thanks to being the first to enter the Turkish water and wastewater market, which is currently in the stage of development.

Akfen Water's 50% partner Kardan N.V. is an international investment company founded in the Netherlands, which is one of the leading companies of the global market with over 1,000 engineers and water and wastewater infrastructure investments in Europe, Africa, Asia, South America and the Mediterranean Basin.

In recent years, the vital significance of the preservation of water reserves and wastewater management was exposed due to the requirement to protect the environment following the rapidly increasing population and the wave of global warming experienced both in Turkey and the world, forcing authorities to take rapid action. On the other hand, many wastewater treatment plants that were built through turnkey tenders in various districts and provinces of Turkey are not operated efficiently due to technical and design deficiencies, insufficient operation capital and lack of qualified personnel. Models such as Concession or BOT gain increasing significance for the efficient use of public resources and sound operation of facilities.

Akfen Water was founded in 2005. Carrying out projects for constructing water and wastewater networks, rehabilitating existing networks, distributing potable water from underground and ground resources, preserving and improving the reserves, building treatment systems and developing waste water and solid waste management systems, the company has undertaken the Potable and

City Water Supply Facility and Waste Water Treatment Plant Construction and Operation Concession work of Güllük Municipality for a 35 year period in 2006.

The company is one of the leading and most important players of the industry with the role it played in developing water concessions in Turkey, its experience and its skilled human resource.

In addition to the Güllük concession project, thanks to the BOT agreement signed with the Dilovası Organized Industrial Zone Administration on August 3, 2007, Akfen Water offers wastewater treatment services to the plants and businesses of Dilovası Organized Industrial Zone as well as the general population of Dilovası Municipality. As part of the 29-year BOT agreement, the company started operations at a 21,144 m^3/day capacity (currently 11,000 m^3 are active) Waste Water Treatment Plant, a Sludge Drying Plant and Waste Water Collector Lines as of July 1, 2010. With this project, Akfen Water became the implementer of the first BOT model for solving the wastewater treatment problems of organized industrial zones in Turkey.

Transferring its water and wastewater experience into solid waste management and environmental management services, Akfen Water has successfully sustained services provided under the Waste and Environmental Management contract signed with IDO in 2012. Under the contract, the environment law and relevant laws and regulations, Akfen Water is responsible for identifying, sorting, collecting, separating, temporarily storing, transporting, recovering and disposing hazardous and non-hazardous wastes generated by İDO activities in vessels, ground vehicles, ground operations, offices and other port areas and for operating and maintaining the Biological Domestic Wastewater Treatment Plants having a capacity of 150 m^3/day at IDO Topçular Terminal.

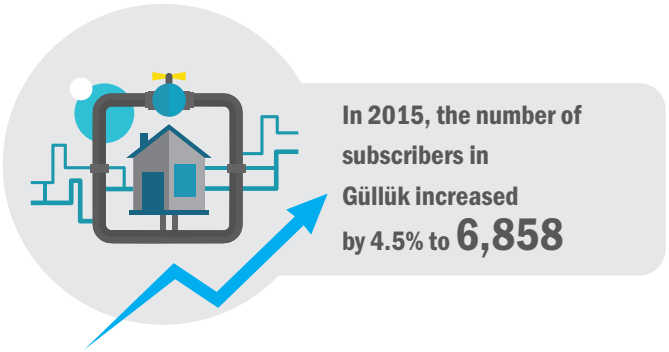
As of December 31, 2015, the number of employees at Akfen Water is 46.

In 2015, Akfen Water's consolidated revenues reached TL 14 million. EBITDA increase was 6% and net loss for the period was TL 2 million.

HIGHLIGHTS FROM 2015

The amount of invoiced water by Akfen Water Güllük increased by 5% to 532,398 m^3 on a year-on-year basis.

The company adopted a priority goal in implementing the correct infrastructure and advanced technologies to protect water resources and use them sustainably. To this end, the automation and monitoring technologies commissioned at wells and lift stations in 2014 are expanded in 2015 in a way to cover water storage tanks and other grid facilities as well, thus increasing efficiency of use of water resources.



The total amount of wastewater treated at Akfen Water Dilovası Facility during the year was 1,991,083 m^3. The guaranteed wastewater flow rate for 2015 was 3,300,000 m^3, whereas the guaranteed tariff was EUR 1.3.

Project development work continues in order to replicate the successful Solid Waste and Environmental Management services at IDO in new facilities such as hospitals, ports and airports and in firms and to realize both organic and inorganic growth targets in solid waste and recycling industry.

In the field of urban wastewater treatment services, rising population and developing industrial production also increased demand in sustainable and environmentally friendly wastewater services, thus imposing a heavier burden of investment on municipalities. In addition to novel investments, the technical and financial challenges in operating current facilities forced national and international stakeholders in the market to engage in close collaboration specifically recently and led to the initiation of various negotiation efforts to establish a new and comprehensive policy. Akfen Water

actively participated in such negotiation efforts, as a result of which the PPP model emerged as a solid solution alternative for wastewater treatment plant investments by municipalities.

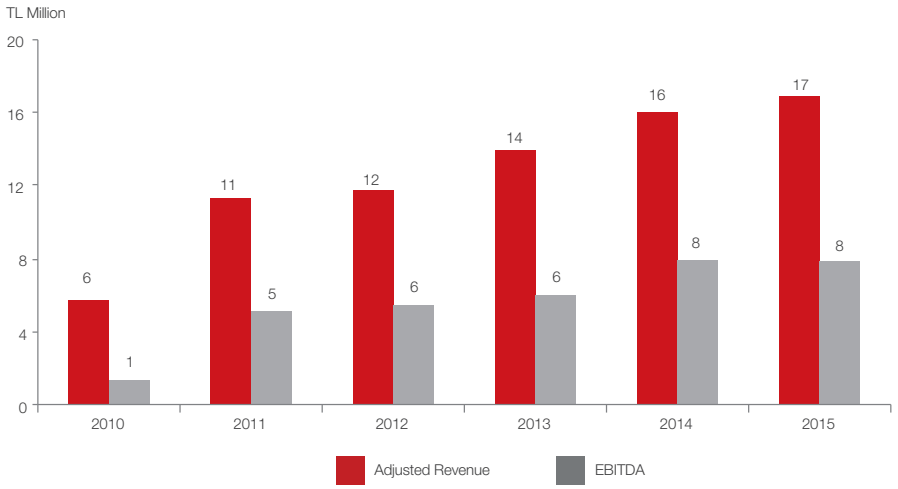
In this framework, Akfen Water closely monitors pilot projects the feasibility efforts for which are ongoing, and shares its experience in water and wastewater concessions with the stakeholders in the market in order for a PPP model to be developed in the field of urban wastewater treatment services.

The tariff guaranteed by the BOT contract for a 27-year period is EUR 1.3 for the first 11 years, and it will be EUR 0.8/m^3 from July 2021 until the expiration of the contract.

Akfen Water Dilovası and Güllük completed the installation efforts for ISO 14001:2004 Environmental Management, OHSAS 18001:2007 OHS Management and ISO 9001:2008 Quality Management Systems in 2015 and plans to complete certification processes in 2016.

Summary Financial Information (TL Million)	2015	2014	Change (%)
Balance Sheet			
Current Assets	35	23	51%
Non-Current Assets	53	49	7%
Total Assets	88	72	21%
Shareholders' Equity	28	28	-1%
Non-Controlling Interest	10	8	30%
Short-Term Liabilities	4	2	99%
Long-Term Liabilities	46	35	33%
Total Equity and Liabilities	88	72	21%
Income Statement			
Revenues	14	13	6%
EBITDA	8	8	6%
Net Profit	(2)	3	n.m.
Other Financial Data			
Investments	1	1	-39%
Free Cash Flow	2	(0)	n.m.
Net Debt	19	16	19%
Dividend Payments	-	-	-

AKFEN WATER – REVENUE AND EBITDA DEVELOPMENT (2010-2015)



CORPORATE SOCIAL RESPONSIBILITY

Upon the request of the Society of Developing Tourism and Protecting Environment in Güllük, Akfen Water provided the plumbing materials for 35 water bowls which were installed free of charge in order to ensure stray animals have somewhere to drink water.

The plumbing system and grid was repaired and renovated, safety fence was procured and installed, roof insulation was applied and external façade was painted at Güllük Primary School, which was constructed in 1920s. Materials and labor were provided for the repair and renovation of WCs and the plumbing system.

75. Yıl Milas State Hospital received aid for renewing office furniture in patient examination rooms.

A Market With A Huge Growth Potential

Having an increasing population and rapid urbanization, Turkey reflects a huge growth potential for water and wastewater sector but is still a developing market to this end. According to Turkstat data, in 2002, there were 145 treatment plants representing an annual capacity of 2.4 billion m^3 whereas in 2012, these figures rose to 460 treatment plants with an annual capacity of 5.6 billion m^3. However, Turkstat's data published in 2012 indicated that only 58% of Turkey's total population was connected to treatment plants and that in this respect, Turkey maintains one of the lowest rates in the OECD country rankings. Ministry of Environment and Urbanization aims at increasing this rate to 85% in 2017 and 100% in 2023.

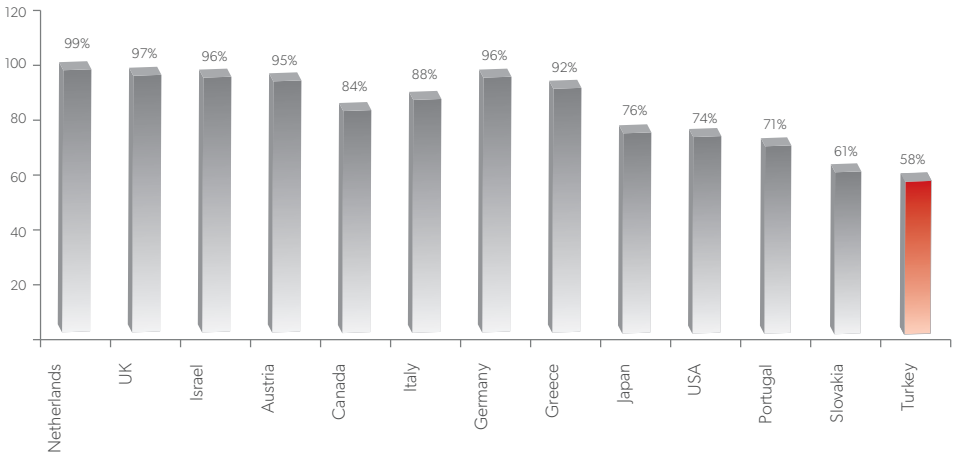
The need for investment required for attaining the said targets is specified in detail in the National Environment Action Strategy for Turkey, which is prepared for harmonization with the environment legislation of the European Union. The action plan issued by the Ministry of Environment and Urbanization states that the initial investment and renovation costs estimated for urban water and wastewater networks and treatment plants between 2015 and 2023 is EUR 20 billion in total. The plan indicates that renovation costs are about the same as initial investment costs. This leads to the conclusion that a significant portion of the current plants and facilities in Turkey have either outdated or insufficient technology.

It is noteworthy that Turkey's water and wastewater market is in a state of expansion at this time. The importance of managing and improving the efficiency of water sources as well as the significant growth potential in urban and industrial sectors has made these issues a part of the 2015-2017 medium-term development program by the State Planning Organization and of the Tenth Development Plan (2014-2018) by the Ministry of Development.

The medium-term program prioritizes drinking water and sewage investments as well as education and health investments within the framework of the public investment policy goals. The Tenth Development Plan points out that water and wastewater infrastructure services are not sufficiently effective due to investment and operational costs, technology choices and inadequate auditing, and sets forth major goals for the upcoming period that include access to drinking water and increasing the population to which services are provided via wastewater treatment plants.

CONNECTIVITY OF POPULATION TO TREATMENT PLANTS

Source: OECD



Public institutions fulfill almost all investment and operational requirements in the Turkish water and wastewater market. The problems in the market are not just limited to the burden that the need for new investments imposes on public finance. The limited budgets and inadequate technical capabilities of local administrations lead to technical and financial challenges in the operation of existing plants, thus resulting in a failure to ensure the required efficiency in terms of effective management of plants in a way to protect public health and ecological balance.

According to the latest Turkstat data, a total of TL 2.2 billion was spent by public institutions and special provincial administrations for environmental expenditures in 2014 and only TL 0.8 billion out of this was channeled into wastewater management services. Municipalities' expenditure in terms of environmental investments in 2014 totaled TL 13.4 billion, TL 2.5 billion of which was spent on investments for wastewater management services.

Increasing the share of private sector in the Turkish water and wastewater market emerges as a requirement that will ensure a feasible realization and efficient operation of the investments much needed in the sector. Pinsent Masons Water Yearbook indicates that the share of private sector in the Turkish wastewater treatment services market is around 10% and estimates that it will rise to about 25% by 2025. The yearbook also shows that the share of private sector is 90% in the UK, 51% in Spain and 47% in France. A gradually increasing private sector share in the Turkish water and wastewater market will be an important factor in fulfilling the needs and accelerating the growth of such a market with huge growth potential.



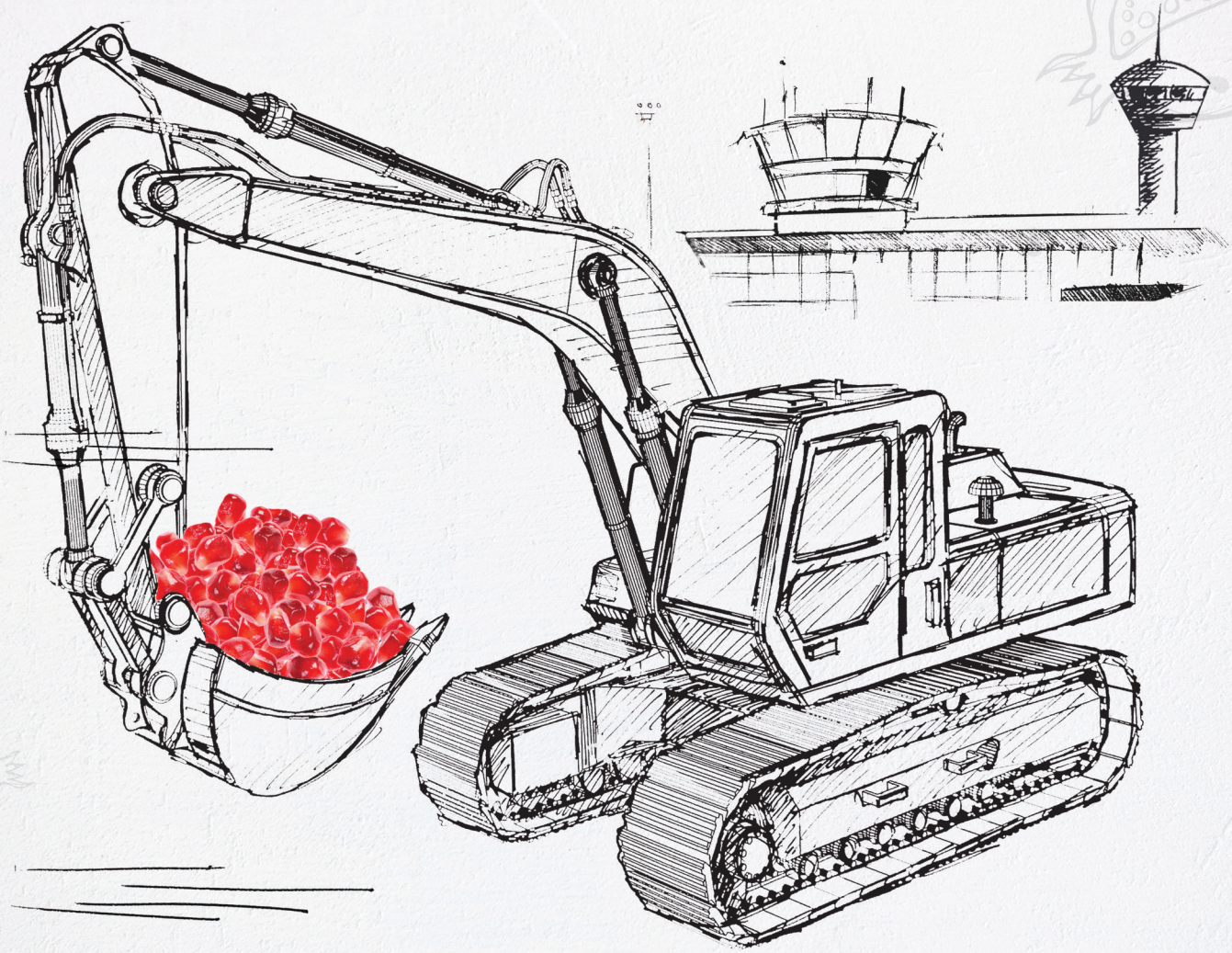
Akfensu, Dilovası

TAV INVESTMENT

Having undertaken projects so far with a total contract value of US$ 17.2 billion, TAV Construction maintained its position at No.1, which it attained the previous year, in the 2015 rankings of the ENR magazine, one of the most reputable publications of the sector, to be crowned as the largest company of the world in airport construction for two years in succession.

AKFEN CONSTRUCTION

Being the longest-established company founded with Akfen's equity, Akfen Construction has successfully completed projects with a total contract value exceeding US$ 2 billion in the field of infrastructure and superstructure investments such as, specifically, airport terminals, natural gas pipelines, hydroelectric power plants, hotels and housing.

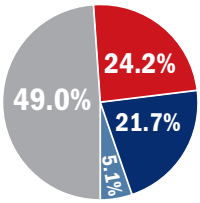


As of 2015, the total size of TAV Construction's ongoing projects amounted to a total of US$ 14,163 million. The company's backlog of ongoing projects came out to US$ 1,637 million.



Doha International Airport

The World's Largest Airport Construction Company



Shareholding Structure

ADP	49.0%
Tepe İnşaat	24.2%
Akfen Holding	21.7%
Sera Yapı	5.1%

Subsidiaries and Affiliates

TAV Construction	99.99%
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 LLC*	49.00%
TAV Al Rajhi Construction Co.*	50.00%

* The shares of TAV Construction in the affiliates are included.

Demonstrating the ability to manage more than one airport construction at different locations at the same time, TAV Construction also takes its unique working culture to any country it operates in.

In 2012, ADP Group became a partner of TAV Investment by acquiring 49% of the company's shares. TAV Investment's domestic and international business is conducted by TAV Construction, its flagship company. Currently, group company business constitutes only 6% of the ongoing projects of TAV Construction. The remaining and main business is the airport projects specifically in the Middle East and the Gulf region.

As of 2015, the total size of TAV Construction's ongoing projects amounted to a total of US$ 14,163 million and the total share of TAV Construction in ongoing projects was US$ 5,694 million. TAV Construction's backlog of ongoing projects came out to US$ 1,637 million. The preferred business model for TAV Construction in most of its projects is to work with its own business partners.

Most recently, TAV Construction, together with its partner Arabtec, was awarded the tender for the construction of the new terminal building and other connected works at Bahrain International Airport, which has a value of US$ 1.1 billion. The contract covers the construction of the main service building, airside and landside infrastructure works and a multi-story car park in addition to the terminal building which has a passenger capacity of 14 million.

Besides engaging in airport construction work, TAV Construction also builds skyscrapers that require the use of the latest technology. Among the company's ongoing high-rise projects are Marina-101 in Dubai, Damac Towers by Paramount and Emaar Square in Istanbul.

As of December 31, the total number of employees at TAV Investment was 5,984.

In 2015, the revenues of TAV Investment increased by 24% to TL 2,673 million whereas EBITDA was TL 109 million. The net profit for 2015 stood at TL 39 million.

Completed Projects

Project Name and Subject	Project Location	Project Size (US$ Million)	TAV Construction's Share (US$ Million)
Abu Dhabi Airport Midfield Terminal Pile Heads Construction	Abu Dhabi - UAE	63	31
Emirates Airlines A380 Maintenance Hangars Steel Doors Construction Project	Dubai - UAE	27	27
Al Sharaf Shopping Mall	Dubai – UAE	34	34
Towheed Iran School	Dubai – UAE	9	9
Emirates Financial Towers	Dubai – UAE	119	119
Sulafa Tower	Dubai – UAE	98	98
Majestic Tower	Sharjah – UAE	43	43
Batumi Airport	Georgia	29	20
Tbilisi Airport	Georgia	62	44
Doha International Airport Facility Management Works	Qatar	25	18
Skopje and Ohrid Airports	Macedonia	111	111
Cairo Airport TB3 Passenger Terminal Building Project	Egypt	490	392
New Enfidha Airport	Tunisia	615	615
Ankara Esenboğa Airport Domestic and International Terminals	Turkey	312	312
Istanbul Atatürk Airport Terminal Building and Multi-Story Car Park Project	Turkey	397	397
Istanbul Atatürk Airport Renovation Project	Turkey	60	60
Izmir Adnan Menderes Airport International Terminal Building Project	Turkey	180	180
Izmir Adnan Menderes Airport Domestic Terminal (Additional Works) Project	Turkey	19	19
Istanbul Atatürk Airport Expansion and Development Project	Turkey	89	89
Istanbul Atatürk Airport 2010-2011 Investments	Turkey	51	51
Izmir Adnan Menderes Airport New Domestic Terminal and Multi-Story Car Park	Turkey	366	366
Alanya Gazipaşa Airport	Turkey	16	16
Total		**3,214**	**3,050**

HIGHLIGHTS OF 2015

On December 1, 2014, TAV Construction started the expansion works for Istanbul Atatürk International Airport International Terminal as required by the contract signed between TAV and DHMİ (General Directorate of State Airports Authority), with the works going on in 2015. Eight new bridges will be added to the international terminal and the terminal will be expanded by 27 thousand m3 whereas the car park will be expanded by 17 thousand m3 through an investment of approximately EUR 75 million.

TAV-ACC Joint Venture signed the contract for a hotel project at Medina Prince Mohammad Bin Abdulaziz International Airport on December 10, 2014. The hotel project is planned for completion in 18 months with an investment of US$ 31 million. The construction works have been going on throughout 2015.

Constructed by TAV-ACC Joint Venture through an investment of US$ 1.2 billion, Medina Prince Mohammad Bin Abdulaziz International Airport was completed and delivered to the Employer on February 1, 2015.

On February 27, 2015, TAV Construction signed the contract for the construction of the New Headquarters of ADP Group at Charles De Gaulle Airport, which marks its first project in a European Union country. Having a project value of EUR 87.6

Ongoing Projects

Project Name	Project Location	Employer	Share of TAV Construction	Contract Value Total (US$ Million)	Contract Value TAV Construction Share (US$ Million)	Backlog Amount (US$ Million)	Physical Progress as of December 31, 2015
Dubai-Marina 101	United Arab Emirates	M/S Sheffield Holdings Limited	100%	206	206	22	92.3%
Damac Towers	United Arab Emirates	Damac Development	100%	333	333	126	48.0%
Abu Dhabi Midfield Terminal Building	United Arab Emirates	ADAC	33%	3,177	1,059	499	67.5%
Aeroports de Paris Headquarters & Social Building	France	AEROPORTS DE PARIS	100%	97	48	42	18.0%
Tbilisi International Airport Rehabilitation Works	Georgia	TAV URBAN GEORGIA LLC	100%	23	23	21	2.4%
Doha International Airport	Qatar	GOVERNMENT OF THE STATE OF QATAR	35%	4,039	1,413	0	100.0%
Libya-Tripoli International Airport	Libya	THE LIBYAN CIVIL AVIATION AUTHORITY	25%	2,103	526	332	36.9%
Libya-Sebha International Airport	Libya	THE LIBYAN CIVIL AVIATION AUTHORITY	50%	229	115	109	7.0%
Medina International Airport	Saudi Arabia	TIBAH JV	50%	963	481	4	100.0%
Saudi Airlines Catering Building - Medina	Saudi Arabia	TAV-ACC JV	50%	31	15	3	100.0%
Medina Airport Hotel Project –Medina	Saudi Arabia	TAV-ACC JV	50%	31	15	4	89.4%
King Abdul Aziz Airport	Saudi Arabia	SAUDIA AEROSPACE ENGINEERING INDUSTRIES	40%	765	306	183	34.4%
Riyadh KKIA Terminal 5 Airport	Saudi Arabia	GENERAL AUTHORITY OF CIVIL AVIATION (GACA)	50%	431	215	10	86.2%
Emaar Square North Zone Structural Works	Turkey	EMAAR Turkey	60%	70	42	1	98.8%
Emaar Phase 3	Turkey	EMAAR Turkey	60%	410	246	203	37.4%
Istanbul Atatürk Airport Expansion Project – Phase 3	Turkey	TAV İSYANBUL TERMİNAL İŞLETMECİLİĞİ A.Ş.	100%	43	43	28	66.5%
Oman Muscat International Airport	Oman	SULTANATE OF OMAN MINISTRY OF TRANSPORT AND COMM.	50%	1,216	608	53	92.9%
Total				**14,163**	**5,694**	**1,637**	

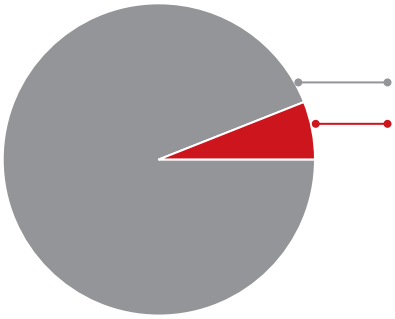
million, the project is planned for completion in 31 months in collaboration with the French partners Hervé.

TAV Construction also completed the construction of Antalya-Mersin road underpass, which remained under the runway that was extended during expansion work at Alanya Gazipaşa International Airport. The underpass was commissioned on May 26, 2015.

TAV Libya, TAV Construction's branch operating in Libya, had to pause its work at Tripoli International Airport Terminal and Sebha International Airport for an indefinite period of time due to the political instability in Libya. Although TAV Libya projected to resume operations once the working conditions in the country improved and allowed for the performance of regular operations, arbitration process was initiated –due to increasing political instability– to collect receivables and obtain legal redress in relation to the New Tripoli Airport and Terminal Buildings and the New Sebha International Airport projects.

Supported by its partners Arabtec and CCC, TAV Construction continued the construction of Abu Dhabi International Airport Midfield Terminal Complex, one of the largest steps for the expansion of the city of Abu Dhabi. Having a contract value of more than US$ 3 billion, the project attained an important milestone when the temporary struts of the arches to carry the main roof of the terminal were removed.

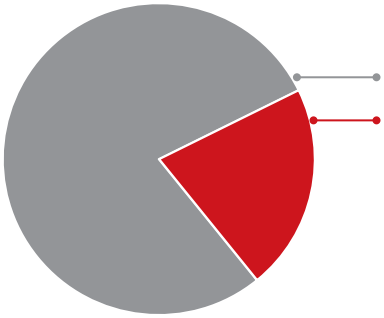
Distribution of Ongoing Projects



Third Party Projects 94.0%

TAV Projects 6.0%

* The distribution is made on the basis of backlog size



Airport Projects 78.5%

Other Projects 21.5%

* The distribution is made on the basis of backlog size.

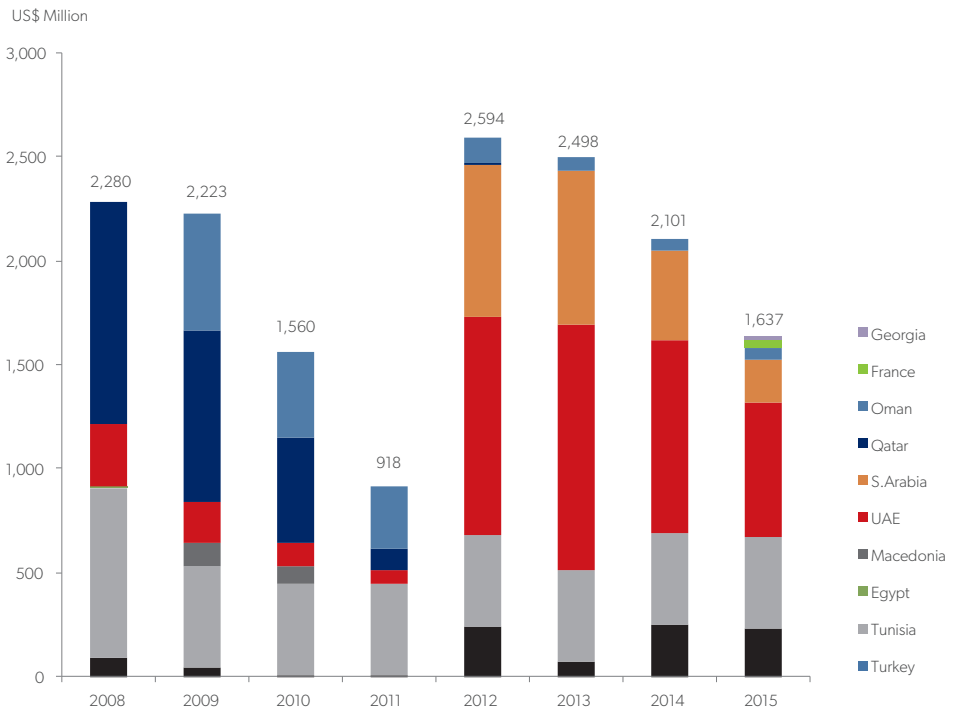


İzmir Adnan Menderes Airport

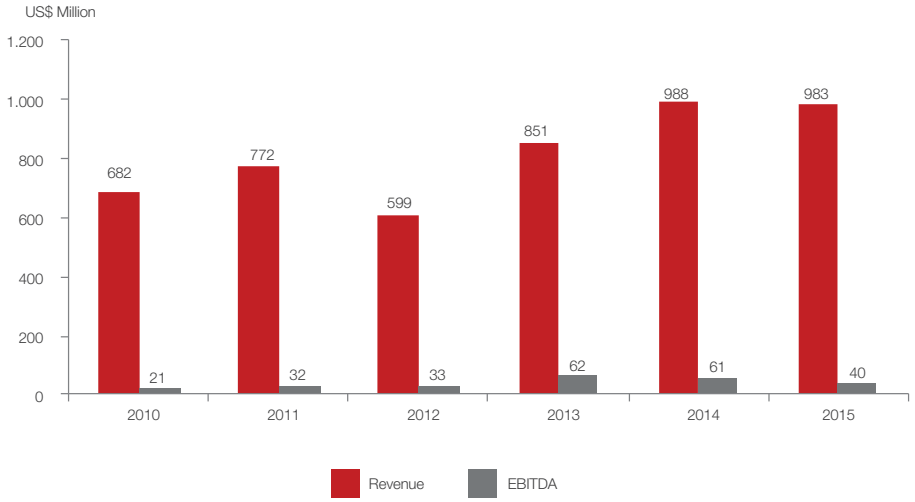
DISTRIBUTION OF ONGOING PROJECTS BY COUNTRIES

* The distribution is made on the basis of backlog size.

Most of the projects are located in the MENA Region.



TAV INVESTMENT – REVENUE AND EBITDA DEVELOPMENT (2010-2015)



Summary Financial Information (TL Million)	2015	2014	Change (%)
Balance Sheet			
Current Assets	2,173	1,701	28%
Non-Current Assets	860	618	39%
Total Assets	3,033	2,318	31%
Shareholders' Equity	351	244	44%
Non-Controlling Interest	(0)	(0)	-97%
Short-Term Liabilities	2,059	1,584	30%
Long-Term Liabilities	623	491	27%
Total Equity and Liabilities	3,033	2,318	31%
Income Statement			
Revenues	2,673	2,161	24%
EBITDA	109	133	-18%
Net Profit	39	51	-23%
Other Financial Data			
Investments	17	42	-59%
Free Cash Flow	(430)	(241)	n.m.
Net Debt	499	55	803%
Dividend Payments	-	5	-


Abu Dhabi



Istanbul Atatürk Airport

AFFILIATES

TAV Park Otopark Yatırım ve İşletmeleri A.Ş.

TAV Park was founded in 2008 to provide services in parking lot construction and operations. Boasting a track record of specialization, experience and know-how in the construction of underground multi-story parking lots, the company is also accomplished in aboveground, tunnel-type, semi- and fully-automated parking areas. With its modern smart-parks that it has launched under the T-PARK brand, TAV Park operates economic and secure parking areas that provide service 24/7 and focus on customer satisfaction. As one of Turkey's leading brands in its field, the company continues to proceed on an innovative path of new projects.

Riva İnşaat Turizm Ticaret İşletme Pazarlama A.Ş.

Established in 1998, Riva Construction also plans and realizes the construction of every kind of tourism facility, purchasing facilities to operate either partially or in full or to lease out in addition to utilizing the property it owns for the building of commercial or residential facilities.

In this context, TAV Yatırım Holding A.Ş. transferred its shares in TAV Havacılık A.Ş., its 99.88% subsidiary, to TAV İşletme Hizmetleri A.Ş. of TAV Havalimanları Holding A.Ş. in November 2015.

CORPORATE SOCIAL RESPONSIBILITY

Financial support was provided for classroom construction at the Primary School of Adıyaman Yazıbeydilli Village within the scope of **"Our Primary School"** project led by Boğaziçi University Construction Club.

Furthermore, aid extended to the **"Earthquake Foundation"** in previous years was also sustained in 2015.

AWARDS

Becoming one of the leaders in the sector in a short time with its airport projects in Turkey and in the countries of the region, TAV Construction occupied the No.1 position in the category of "Airport Construction" in 2014 rankings published by the international construction sector journal ENR, thus being acknowledged as the world's largest company in this field for two years in succession. The Company also ranked 82nd in the "World's Top 250 International Construction Companies" in ENR's 2015 rankings.



Constructed by the joint venture of TAV Construction and TAISEI from Japan and commissioned in April 2014, Hamad International Airport Passenger Terminal Complex received the "Transportation Project of the Year" award at the "MEED Quality Awards for Projects" contest organized by MEED magazine.

TAV Construction also ranked 3rd in the list of top 10 construction companies in the UAE published by Emirates Projects Magazine, a publication from the sector in the United Arab Emirates.

Medina Prince Mohammad Bin Abdulaziz International Airport was named the No.1 in the world in "Airport" category in the "Global Best Projects" contest organized by ENR magazine.

Construction Week named Sani Şener, TAV Group CEO, among the top 10 influential individuals in construction sector in the Gulf Region. Sani Şener was ranked No.10 in the list published by Construction Week, a prestigious publication from the industry, and included the top 100 influential businesspeople in construction sector in the Gulf Region. Şener was the only Turkish businessperson included on this top 10 list for 2015.

TAV Construction was also ranked in the 2015 rankings of Capital Magazine as 81st in the general listings of "Turkey's 500 Biggest Private Companies" and 5th in the "Construction" sector.

Furthermore, in the "Turkey's 500 Largest Private Companies" rankings for 2015 issued by Fortune magazine, TAV Construction was ranked 62nd in the overall list, 36th in the category "Distribution by Provinces/Istanbul", 5th in the list of "Construction and contracting industry", 17th in the list of "Companies with Highest Exports" and 36th in the list of "Companies with the Highest Number of Employees".

TAV Construction was granted the ISO 9001:2008 certificate (design, engineering and airport, skyscraper construction, etc.) by Bureau Veritas, which is valid until July 2, 2018



Doha

Driving Force behind the Economy

As it is the case in other developing countries with continuously increasing needs, Turkey has permanent needs for infrastructure (bridges, subways, dams, highways, etc.) and a rising need for housing as the average age of the young population is increasing, which all make the sector a driving force for Turkey. This also explains the high correlation between Turkey's growth trend and the construction sector. This strength developing and improving domestically manifested itself in successes attained specifically in regional countries and at a global scale.

Turkey ranks second behind China with 43 firms on the 2015 list of "Top 250 International Contractors in the World" by ENR magazine, one of the leading publications in the sector. The solid performance by the Turkish contracting companies continued in 2015 and the number of countries they operate in has reached 107 while the number of projects they undertake in these countries increased to 8,662 and the total value of these projects rose to US$ 322 billion as of the end of 2015.

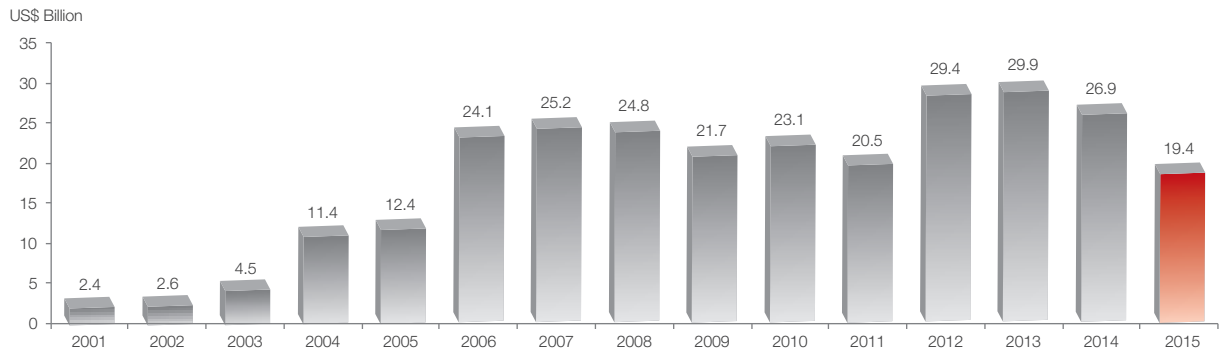
Russia, Kuwait, Turkmenistan, Algeria and Saudi Arabia respectively have been the top five countries where Turkish contractors undertook the highest number of projects in 2015. The total value of the projects in these 5 countries makes up more than 80% of the total business value undertaken in that period.

Considering the proximity of the construction sector to markets abroad, it is evident that there are very close bonds established with neighboring countries as well as countries of political collaboration. However, the decreasing interest in Turkish contractors due to the recent developments with Russia and the suspension or postponement of new investments by countries such as Turkmenistan and Algeria due to a decrease in their oil and natural gas revenues as prices went down forces industrialists from the construction sector to find new markets. In an attempt to adapt themselves to the new situation and find new markets just as Turkish industrialists do, Turkish contractors primarily follow up potential investment opportunities in countries of Sub-Saharan Africa and South America, where there is a huge accumulation of infrastructure works in line with their experience.

Besides, Turkish contractors have started to follow up opportunities in Iran and Cyprus following the lifting of the embargo on Iran and the positive progress in Cyprus peace talks, which are recent positive developments in neighboring countries.

DISTRIBUTION OF TURKISH CONTRACTING SERVICES ABROAD BY YEARS

Source: Ministry of Economy



DEVELOPMENT OF THE TURKISH CONSTRUCTION SECTOR

Source: Turkstat, TMB

* 2015 figures are the figures from the first three quarters of 2015.

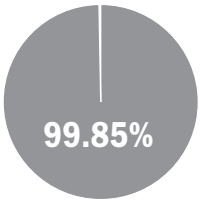






Ispart City Hospital

Akfen Construction Shares Transferred to Akfen Altyapı Danışmanlık



Shareholding Structure

Akfen Altyapı Danışmanlık A.Ş.	*99.85%
Hamdi Akın	0.05%
F. Meral Köken	0.05%
Nihal Karadayı	0.05%

* On October 30, 2015, Akfen Holding A.Ş. transferred its 99.85% stake at Akfen Construction to Akfen Altyapı Danışmanlık A.Ş. for a total consideration of US$ 58,911,500.

Subsidiaries and Affiliates

Hacettepe Teknokent Eğit.ve Klinik Araş. Mrk. Sağlık Ar-Ge Dan. Proj. San. Tic. A.Ş.	45.00%
Hyper Foreign Holland N.V	41.35%
Isparta Şehir Hastanesi Yatırım İşletme A.Ş.	95.00%
Isparta Yurt Yatırımları A.Ş.	100%
Eskişehir Şehir Hastaneleri Yatırım İşletme A.Ş.	100%
Şehir Hastaneleri İşletmeciliği A.Ş.	100%

Established in 1977 with a view to delivering feasibility and engineering services for industrial facilities, Akfen Construction has since expanded its service range. Being the longest-established company that is owned by Akfen Holding, Akfen Construction shares were transferred to Akfen Altyapı Danışmanlık A.Ş. in 2015.

Akfen Construction has so far completed projects worth US$ 2.1 billion in various sectors such as airport terminals and related infrastructure construction, natural gas pipelines/distribution systems, hospitals, schools, industrial power plants, hydroelectric and thermal power plants, water distribution, sewerage and waste water treatment.

Through the Board Resolution of July 13, 2015 and within the framework of the growth strategies for Akfen Holding, it is decided that Akfen Construction shares be transferred and other shares be obtained from companies investing in solar and thermal energy with a view to expanding the energy portfolio in investments and due to Akfen Construction's obligation to make large investments coupled with the possibility that the need for equity could have a negative impact on distribution of dividends by the Company. To this end, Akfen Holding A.Ş. transferred its 99.85% stake at Akfen Construction, a subsidiary, to Akfen Altyapı Danışmanlık A.Ş., an affiliate of the Company, for a total consideration of US$ 58,911,500 as of October 30, 2015.

The total contract value of ongoing projects by Akfen Construction in 2015, namely 2 hydroelectric power plants for Akfen Energy Group (Çalıkobası HEPP and Çiçekli HEPP), 2 hotel projects for Akfen REIT (Karaköy Novotel and Tuzla Ibis), İncek Loft housing project, Isparta City Hospital, Eskişehir City Hospital, Hacettepe Student Dormitory project, Loft Bulvar and Ataşehir Ofis projects, is US$ 949.8 million and the company's backlog is US$ 761.9 million as of October 30, 2015.

CORPORATE GOVERNANCE





Corporate Values And Future Outlook

OUR GOAL

To take advantage of opportunities for growth in new areas of business in all the sectors in which we work, both in and outside of the country and to add value to all of our stakeholders, especially our employees and our partners. To continue our achievements in all of our areas of expertise in business and to become a sustainable "national corporation."

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 and business development.
- 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 maximum income guarantee agreements.
- To create shareholder value and to maximize this value.
- To manage our assets actively.
- To achieve revenue growth, improved profitability, and an optimal capital structure.

OUR CORPORATE VALUES

The foundation stones that will make us a sustainable national corporation are:

- All jobs are important; all employees are valuable.
- We are dynamic and enterprising.
- Honesty is the sign of our quality.
- Our investments are both tangible and intangible.
- We walk where no one has ever walked before.
- We stand by our business and learn something every day.
- Our identity is our reputation.

OUR PRINCIPLES

- To bring together a dynamic, competent and participatory labor force under Akfen Holding that assigns importance to continuous improvement and to adding value.
- To maintain our understanding of quality and ethical values at the forefront of all of our business and management processes.
- To complete all our business commitments promptly and at the highest quality.
- To fulfill our promises to our employees, business partners, shareholders and social stakeholders and to protect their interests.
- To maintain the sustainability of transparency and our approach to doing honest business.
- Managing risks with an inventive and innovative approach to business when undertaking new initiatives and exploring opportunities.
- Investing in people and the community with social responsibility projects.

Akfen Holding recognizes that success and a promising future lie in the hands of employees. With a principle that states "All tasks are important, all human beings are valuable", Akfen Holding aims at developing a working environment that cares about the opinions of its employees, encourages their involvement and provides equal opportunities for all.

Akfen strongly believes that it is a basic criterion for sustainable success to ensure a working environment where tangible and intangible rights are protected and human rights are respected for Akfen employees, who adopted the principle of collaboration under Akfen roof based on love, respect and tolerance, as well as contractors' and sub-contractors' employees and treasures those efforts of collaboration in which corporate values and ethical principles are shared.

Based on this foundation, our Human Resources Policy adopts approaches which protect employee rights and cultivate an understanding of "Akfen Family" both within the company and before all stakeholders.

With a view to achieving company goals, Human Resources Management applies Human Resources Practices that provide fair and equal opportunities to everyone, concentrating on sustainable success in contemporary standards and in cooperation with all other departments.

Our Human Resources Policy is grounded in planning, selecting, placing, developing human resources that match the requirements of the business and the skills and competencies of employees; carrying out job analyses and formulating job descriptions to accommodate to changing conditions; performance and career planning, boosting job satisfaction and establishment of corporate culture and awareness.

ORGANIZATIONAL DEVELOPMENT

In an effort to ensure sustainable success and innovation; organization, human resources, business processes and job descriptions are structured according to necessities and are systematically revised. Activities include those with an aim to sustain, improve and generalize goal and competence oriented human resources systems that uphold a culture of high performance and constant development.

Distribution of Employees by Gender (2015)

	Companies	Number of Employees	Number of Female Employees	Number of Male Employees
Holding and Subsidiaries	Holding	59	24	35
	REIT	25	11	14
	Energ	181	9	172
	Total	**265**	**44**	**221**
Jointly - Managed Companies	Tav Airports	28,581	7,662	20,919
	Tav Investment	5,984	100	5,884
	MIP	1,412	83	1,329
	IDO	1,816	215	1,601
	Akfen Water	46	5	41
	Total	**37,839**	**8,065**	**29,774**
Grand Total		**38,104**	**8,109**	**29,995**

SELECTION AND PLACEMENT

Akfen Holding's Human Resources Management strives to recruit and retain dynamic, swift, flexible employees that add value to the Holding and are responsible toward the environment, society and human beings; who are able to take initiatives and are open to innovation and change and aim to improve themselves and their work. The department also determines the required functional competencies in job descriptions and recruits the candidates who are best fit to the job descriptions in the Company departments.

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 their 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 necessities.

PERFORMANCE MANAGEMENT

In order to reward workforce who adds value and identify points for improvement, a performance appraisal system comprised of basic, functional, professional, process and management competence stages where success is assessed on the basis of measurable criteria is currently under development. Efforts are in place to define development programs that support career paths for employees in line with feedback from managers while communicating expectations from employees concretely.

CAREER MANAGEMENT

In an effort to offer personal development opportunities to our staff while catering to corporate needs, employees are offered promotions in lateral or vertical transfers within the company or across subsidiaries. Labor force competencies are enhanced by job enrichment practices.

EMPLOYEE PROFILE

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

Distribution of Employees by Educational Status (2015)

	Companies	Educational Background		
		Undergraduate/Postgraduate	Junior High School/High School	Elementary School
Holding and Subsidiaries	Holding	40	18	1
	REIT	19	6	0
	Energ	73	94	14
	Total	**132**	**118**	**15**
Jointly-Managed Companies	TAV Airports	13,483	12,379	2,719
	TAV Investment	1.098	4,886	0
	MIP	317	593	502
	IDO	815	929	72
	Akfen Water	15	19	12
	Total	**15,728**	**18,806**	**3,305**
Grand Total		**15,860**	**18,924**	**3,320**



Hamdi AKIN

Chairman of the Board

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



İrfan ERCİYAS

Board Member / Executive Member

İrfan Erciyas, graduated from Economics and Finance department of Gazi University in 1977, has started to work in Türkiye Vakıflar Bankası. After having worked as inspector and Branch manager in Türkiye Vakıflar Bankası, he continued to work as Vice General Manager between 1996 and 2002 and as General Manager between 2002-2003. Erciyas who joined Akfen Holding in 2003 as Vice Chairman of the Board of Administrators, had worked especially on privatization of Vehicle Inspection Stations, Mersin International Port and IDO and also during the foundation and investment processes of Akfen REIT and Akfen Enerji, for the public offering of Akfen Holding and Akfen REIT and on the subjects of the share sales of the shareholdings and long term financing. İrfan Erciyas is working in Akfen Holding, as Executive Board Member since March 2010 and he is also Chairman of the Board of Administrators, Vice Chairman and Member of Board of Administrators of several subsidiaries and affiliates of Akfen Holding.



Selim AKIN

Board Member/ Vice Chairman

In 2006, Selim Akın graduated from the Business Administration Department at University of Surrey 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 upon his return to Turkey and currently acts as the chairman of trade committee. He is also a member of TÜSİAD and of TAV Airports Holding Early Risk Detection Committee.

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 Board Member of TÜGİAD-Turkish Young Businessmen's Association Ankara Branch, Vice Chairman of the Board of Directors at Akfen Holding and Board Member at subsidiaries of Akfen Holding.



Pelin AKIN

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. She is now a member of the Corporate Governance Committee at TAV Airports Holding, member of the Corporate Governance Committee of Akfen Holding and member of the Board of Directors at IBS Insurance and Reinsurance Brokerage and AKFEN REIT.

Akın currently takes part in different work groups in DEİK (Foreign Economic Relations Board) including Spanish Business Council and DEİK English Business Council, while being actively involved in TİKAV (Turkish Human Resources Education and Health Foundation) founded by Akfen Holding in 1999, as member of the Board of Trustees and member of the Board of Directors. Ms. Akın serves as Deputy Chairperson at Duke of Edinburgh International Award Turkey Program and also as Head of the Advisory Board at the Contemporary Turkish Studies chair at London School of Economics (LSE) since 2010. In an effort to consolidate political, economic and cultural relations between Turkey and the UK, Pelin Akın served as organizer of the Tatlıdil Forum since its establishment in 2011. She is also a member of TÜSİAD, TİKAD, TÜRKONFED, Young Presidents' Organization (YPO), Infrastructure and Investment Committee of B-20 Executive Committee, TOBB Young Entrepreneurs Advisory Board and the Global Shapers Community of the World Economic Forum. In 2015, Akın was elected as Associate Member to the Board of Directors of TÜSİAD and full member to the Board of Directors of TÜRKONFED, PODEM and TAİDER.



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 (Erdikler Public Accountancy). Mr. Erdikler has been an Independent Board Member of Akfen Holding since 2010.



Nusret CÖMERT

Independent Board Member

After graduating from Çukurova University in 1982, Department of Mechanical Engineering, Nusret Cömert has completed his graduate education in Management at 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 leaders hip training at Lausanne IMD Business School in 2006, has served as an Advance Leadership Academy Member at Harvard University in Boston since the beginning of 2012.



İbrahim Süha GÜÇSAV

General Manager
CEO

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 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 served as Vice Chairman of the Board of Directors of Akfen Holding from 2003 to March 2010. CEO of Akfen Holding since March 2010, Güçsav served as member of the Board of Directors of Akfen Holding between 2010-2012 and at TAV Airports Holding A.Ş. between 2000-2012. In addition to his duties as CEO, Güçsav is Chairman of the Board of Directors at Akfen REIT and Akfen Water and serves as a member to the Board of Directors at subsidiaries, including primarily Mersin International Port and Akfen HES Yatırımları ve Enerji Üretim A.Ş..

As of October 2014, Akfen Holding CEO Güçsav was additionally named Turkish Honorary Business Representative of the International Enterprise Singapore (IE Singapore), an agency of the Singapore Ministry of Industry and Trade.



Sıla Cılız İNANÇ

Assistant General Manager - Legal / CLO

Sıla Cılız İnanç, graduated from Marmara University, Faculty of Law in 1995, joined Akfen Holding in 1997 upon having carried out law internship in 1996. She took part in Public Private Partnership projects (PPP) in Turkey, mergers and acquisitions, worked in concern with construction, energy and competition law. She took an active role in secondary legislation of Public Tender Law. She worked at every stage of build-operate-transfer projects, transfer of rights/concession and all process of privatizations implementations including tenders and transfers in which Akfen and its subsidiaries participated, also dealt with establishment of financial structures, facility agreements and both public offering and legal adaptation process to CMB laws and regulations. She conducted company and holding structure works. She is now Deputy General Manager of Akfen Holding A.Ş. and also Board Member of various Akfen Holding subsidiaries.



Hüseyin Kadri SAMSUNLU

Assistant General Manager - Financial Affairs / CFO

Hüseyin Kadri Samsunlu graduated from Bosphorous 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 at Sınai Kalkınma Bankası (Turkish Industrial Development Bank) and served in various positions between 1995 and 2006 as General Manager and 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 joined Akfen Holding as Advisor to the Chairperson of the Board of Directors and later took office as Assistant General Manager of Business Development. He carried out significant duties during the public offering of Akfen Holding and Akfen REIT as well as all the privatization and tenders of the Holding during the same period, share sales of subsidiaries, bond and Eurobond issuances by the Holding and its subsidiaries, project financing and all other major financial processes for subsidiary acquisitions. Mr. Samsunlu is Member of the Board of Directors at KOTEDER (Association of Publicly Traded Companies) and currently serves as Assistant General Manager for Financial Affairs at Akfen Holding as well as Member of the Board of Directors of Akfen Holding Group Companies.



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 Holding A.Ş. as Assistant General Manager in charge of Financial Affairs from 2001 until 2008 at Çalık Holding A.Ş. 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. He currently serves as accounting Coordinator of Akfen Holding A.Ş.



Gülbin Uzuner BEKİT

Finance Coordinator

Gülbin Uzuner Bekit graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Economics in 1990. She went on to earn her MA in International Finance from Webster University, London in 1992. The same year, she began her professional career in the Financing and Budget Department at STFA Enerkom and joined Garanti Bank in 1995, where she served as a Manager in Financial Analysis, Marketing and Corporate Loans. Mrs. Bekit joined Akfen Group in 1998, where she currently serves as the Finance Coordinator. Mrs. Bekit took part in the project financing structuring, procurement and management of numerous projects for Akfen Holding and its subsidiaries affiliates as well as share dealing processes and related financing processes of subsidiaries. Mrs. Bekit is actively involved in public offering and bond issuances.

Senior Management of the Subsidaries and Affiliates

Frans JOL
Managing Director, MIP

With an over 40 years of experience in maritime and terminal operations, Frans Jol has extensive knowledge of terminal planning and electronic data interchange. Jol began his career, during which he would later work with numerous computer systems, at Shell Tankers. He moved forward as General Manager for Continental Europe at P&O Containers, Rotterdam , Holland and as Managing Director at various terminals in Italy for years. Most recently, he worked as Operations Director and Board Member at TIL (Terminal Investment Limited), where he directed eight terminals around the world at once. Throughout his career, Jol served as Board Member at PSA's various joint ventures, including PSA Sines in Portugal, ITL in Argentina, MPET in Belgium, and MPAT in Singapore. On January 15, 2016, he joined the Mersin International Port crew as Managing Director. Frans Jol and his team will build on MIP's achievements over the past decade and lead many important projects such as the East Med Hub to be opened this year.

Mustafa Sani ŞENER
CEO/Executive President, TAV Airports/TAV Investment

He was appointed as Member of the Board of Directors of TAV Airports and Chairman of the Executive Committee in 1997. 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). 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). He has got the first place in Thomson Extel's poll casted among domestic and foreign finance corporations in "Best CEO" category in Turkey on 2010, 2011, 2014 and 2015 and third place in European Transportation Sector on 2014.

Metin YILDIRAN
General Manager, Akfen Enerji Üretim

Mr. Yıldıran graduated from Istanbul Technical University in 1979 and has ample national and international experience and numerous publications in the environment and energy sector spanning thirty-five years. He started his career as an engineer at Turkish Electricity Authority in 1979. Until his retirement in 2005, he served in various positions including engineer and department head in United States of America Department of Energy, Oak Ridge National Laboratory, Türkiye Eletrik Üretim ve İletim A.Ş. and Elektrik Üretim A.Ş. Between 2005 and 2011, he served as consultant to various organizations on the environment and energy including Akfen Holding. He joined Akfen Holding as a professional member of staff in 2011. Metin Yıldıran currently serves as General Manager of Akfen Elektrik Enerjisi Toptan Satış A.Ş.,Akfen Enerji Üretim ve Ticaret A.Ş. and Adana İpekyolu Enerji Üretim Sanayi ve Ticaret A.Ş.

Mustafa Kemal GÜNGÖR
General Manager, Akfen HEPP

Mustafa Kemal Güngör graduated from Middle East Technical University Electrical and Electronic Engineering in 1998 and obtained his master's degree in the same department of the same university in 2003. Mr. Güngör specialized in Energy Systems in his senior year as an undergraduate as well as in his postgraduate studies. Since the completion of his studies, he has spent his entire working life in the energy business. Mr. Güngör started his career in energy transmission in 1998 and worked in high-voltage transmission line and transformer station projects. Later in his career he worked in companies investing in power plants. He was involved in the entire process of the building of the first private sector wind turbine in Turkey, from its construction until the end of its first operating year. He is one of the first members of the team that constructs and runs the hydroelectric power plants in the portfolio of Akfen Holding to which he joined in July 2007. Güngör also carries out the development of wind projects in the holding as well as contributing to the development of wholesale electricity sales and solar power projects. He currently serves as General Manager of HEPP and WPP companies in the Holding.

Vedat TURAL
General Manager, Akfen REIT

Vedat Tural graduated from Civil Engineering Department at Fırat University in 1982 and served as construction controller at the public housing with 736 apartments of Ceylan İnşaat ve Ekinciler İnşaat on behalf of Air Command Technical School during his military service. Vedat Tural started his professional life as field engineer and interim payment control engineer in Altınkaya Dam constructed by Yüksel İnşaat-Güriş A.Ş. Consortium between 1984-1989. He served as project manager between 1989 and 2005 for Yüksel İnşaat in Swiss Hotel (Field Chief), Zincirlikuyu Tat Towers, Şişli Tat Towers, Metrocity, Etiler Tat 2000 and later as project coordinator at Kadıköy Moda Tram project. Tural joined Akfen Group with Novotel and Ibis Hotel Zeytinburnu Project in 2005. He was appointed Executive Vice President for Technical Affairs in Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. on May 1, 2007. Later on November 1, 2012, he was named General Manager at Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. So far he has taken part in a total of 20 hotel construction projects of the company both at home and abroad.

Ufuk TUĞCU
General Manager, İDO

Ufuk Tuğcu graduated from High Maritime School in 1980 and received training at Southampton Warsash Maritime Academy in 1983. Mr. Tuğcu holds Tanker Safety, Inertgas System and Crude Oil Washing certificates and is currently the General Manager of İDO. Ufuk Tuğcu started his business life as "Captain" at Deniz Nakliyatı (Turkish Cargo Lines) A.Ş. in 1980 and served in the same position for nine years. He was then transferred to Petrol Ofisi Head Office in 1989 where he served as captain for the first three years. He was later appointed to managerial positions in 1992 and took office as Inspector and Ship Operating Manager between 1992 and 2000. Following the privatization of Petrol Ofisi in 2000, Mr. Tuğcu was appointed Ship Coordinator at Türkiye İş Bank and Doğan Group Consortium and joined İstanbul Deniz Otobüsleri A.Ş. (İDO) in November 2000. Tuğcu took office and served as Assistant General Manager at İDO until the privatization tender in 2011. He later worked as Deputy General Manager for Operations. He was appointed as the Deputy General Manager in April 2014, and has been appointed as General Manager in December 2014, a position he still holds. Tuğcu also serves as Deputy Chairman of the Board of Directors at Zeytinburnu Liman İşletmeleri A.Ş. (Zeyport). He is married with two children.

Emre SEZGİN
General Manager, Akfen Water

Mr. Sezgin graduated from the International Relations Department of Bilkent University Faculty of Economic and Administrative Sciences in 2000. He started his career the same year at ABN Amro Yatırım Menkul Değerler A.Ş. In 2002, Sezgin received his MBA in the UK and served as senior reinsurance specialist expert at IBS Insurance & Reinsurance Brokerage in 2004-2007. He took office in the Akfen Holding Business Development Department in 2008 and took part in project development, privatization tenders, mergers and acquisitions, public offering and bond issuances. Emre Sezgin who served as Deputy General Manager at Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. since March 2014, has been the General Manager as of August 2015.

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. After working for Güriş İnşaat A.Ş. for a short term, he joined Akfen the same year. Mr. Ruhi has served in various capacities at Akfen Construction, from Site Engineer to Project Manager. He has been the General Manager of Akfen İnşaat Turizm ve Ticaret A.Ş. since 2005 and has also been serving as a Board Member as of January 2016.

CORPORATE SOCIAL RESPONSIBILITY

Akfen considers that sustainable welfare is only possible by investing in human and society as well as economy. Therefore, Akfen concentrates on social responsibility projects on education, health, environmental and global issues.



Corporate Social Responsibility

Akfen Holding considers that sustainable welfare is only possible with investments in people and the society as well as economy. Through the long-term social responsibility projects it runs to this end, Akfen Holding aims to improve the knowledge base, manners and experience of the young generations and contribute to the elimination of today's environmental problems.

Akfen Holding delivers its corporate social responsibility under the Turkish Human Resources Education and Health Foundation (TİKAV) founded in 1999 by Akın Family.

The foundation aims at creating a benefit for the society it operates in through developing projects towards sustainable success in an effort to raise individuals that adapt to innovations of the constantly-evolving information age, are respectful towards social and universal values, are environmentally-conscious and demonstrate a sense of social responsibility.

TİKAV projects are divided into three categories: Local, National and International.

LOCAL PROJECTS

Personal Development Program

Personal Development Program is one of the leading projects implemented locally by TİKAV. The goal of the program is to create equal opportunities for university students with limited access to educational, cultural and personal development opportunities due to socioeconomic reasons in particular.

To this end, the foundation provides scholarship to students from freshman year to the senior year to help them enrich their knowledge and skills through a variety of personal development and foreign language and computer training programs, culture & arts and community service programs as well as national and international projects, talks and professional programs.

The program was launched in 1999 for the students of Elazığ Fırat University. It was later applied in Van Yüzüncü Yıl University in 2003, Middle East Technical University, Hacettepe University, Ankara University and Eskişehir Osmangazi University in 2006.

Adopting the goal of providing equal opportunities in access to educational resources, TİKAV focused on universities older than a decade in Eastern and Southeastern Anatolian Regions in 2009 and launched the project in educational institutions such as Elazığ Fırat University, Van Yüzüncü Yıl University, Şanlıurfa Harran University, Kahramanmaraş Sütçü İmam University and Erzurum Atatürk University.

Implemented only for Fırat University students since 2014, the Personal Development Program has reached out to approximately 300 young people since its inception in 1999.

NATIONAL PROJECTS

• Projects Carried Out in Cooperation with MIP

TİKAV runs regional social responsibility projects in Mersin in partnership with Mersin International Port (MIP), an affiliate of Akfen Holding.

Various projects for different target groups in need have been completed so far under the coordination of TİKAV and through funding from MIP.

As part of a project entitled "New Customs to Old Villages" launched in 2010, nearly 150 students living in mountain villages received training on computer use and hygiene/ personal care. In 2011 and 2012, 470 mothers received training on hygiene, personal care, nutrition and reproductive health within the scope of the "School for Mothers" project. In 2012, Kazanlı Primary School of Akdeniz District Governorate in Mersin was renovated as part of the "Colors: Our Common Language" project. In 2013, 100 muhtars in Mersin received trainings on Communication Techniques, Effective Leadership,


TİKAV Graduation Ceremony

Rules for Official Correspondence and Computer Use through the "Hand in Hand with Muhtars" project. In 2014, 1,000 relatives of persons with disabilities attended seminars on disability rights and the psychosocial needs of the disabled.

Furthermore, through the "We Repair for You to Study" program launched in 2012, Vali Sabahattin Çakmakoğlu Middle School of Toroslar District National Education Directorate and Mimar Sinan Middle School of Akdeniz District National Education Directorate were renovated and modernized in 2015.

In addition to these projects, public panel sessions on Working Life and Family and Domestic Communication were held in Mersin in 2015.

• "My Mother and Me" Project

Coordinated by TİKAV, "My Mother and Me" Project was supported by members of Ankara Branch of Young Businessmen Association of Turkey (TÜGİAD) and held in Ankara Pediatric Hematology and Oncology Training and Research Hospital between January-December 2015.

The project enabled children under long-term treatment at the hospital and their accompanying mothers to engage in social and cultural activities, which they had been unable to attend for some time due to physical reasons.

Around 2,500 mothers and 2,500 children attended nine separate organizations throughout the year in events such as birthday celebrations, local puppet shows, clown shows, balloon shows, theatre plays, magician shows, dance and rhythm workshops, talks and hairdressing services.

INTERNATIONAL PROJECTS

The Duke of Edinburgh's International Award for Young People

The international social responsibility project applied by TİKAV is The Duke of Edinburgh's International Award for Young People. The Award Program is run by The Duke of Edinburgh's International Award-Turkey National Authority under support by Akfen Holding and the representation of TİKAV.

The Duke of Edinburgh's International Award for Young People was first launched in the UK back in 1956 under the name 'The Duke of Edinburgh's Award' with the support of Prince Philip, the Duke of Edinburgh, based on the educational philosophy of Kurt Hahn, a German educator.

Regardless of their gender, culture, language, religion, race, political orientation, mental or physical disability, all young people between the ages of 14 and 24 can attend the Award Program, which is implemented in more than 140 countries around the world and considered to be one of the world's leading youth development programs.

Solely run on a voluntary basis, the award program aims at supporting young people in self-discovery and self-development and in acquiring self-confidence and discipline. The project is specifically considered as a selection criterion in getting accepted by universities in the UK.

In Turkey, the Award Program is run in 14 provinces in 65 different schools, universities and non-governmental organizations approved by the Ministry of National Education.

Receiving applications from about 2 thousand new participants every year, the Duke of Edinburgh's International Award for Young People has been attended by more than 12 thousand young people so far. The Award Program has a total of 3 separate categories, namely Bronze, Silver and Gold.

Under these categories setting the duration of completing the program (6 months, 12 months, 18 months), there are specific



sections on Community Service, Physical Recreation, Skills Development and Adventurous Journey and Expedition.

Engaging in 1-hour-long activities every week for each section, the participants complete their work. In addition to the activities they deliver under other sections, the participants are asked to live with others under the same conditions in an unfamiliar environment for at least 5 days within the scope of a "Residential Project" when they get to the Gold category.

More than 3 thousand young people graduated from the Duke of Edinburgh's International Award for Young People Program so far, with the total number of young people attending the program from Turkey expected to reach 20 thousand until 2020.

The Program reached more than 8 million young people around the world.

The 11th National Gold Award Ceremony for the Duke of Edinburgh's International Award for Young People Program was held on October 14, 2015 in Istanbul. The total of 21 Gold Awardees received their award certificates from



Prince Edward visiting a school

Prince Edward, Earl of Wessex, KG, GCVO. Furthermore, a gala dinner hosted by Hamdi Akın, Chairman of the Board of Akfen Holding, and Pelin Akın, Board Member of Akfen Holding, was held on October 15, 2015 in honor of Prince Edward, Earl of Wessex, KG, GCVO.

YOUNG AWARDEES TELLING ABOUT THE PROGRAM

It helped me discover my skills
Umutcan Demir (Awardee – Kadıköy Anatolian High School)

Attending and creating this program brought along a significant personal change. Previously, I was solely focused on academic success, oblivious to the outer world. Then I found out that success comes out of a combination of studying and social life. This program also enabled me to discover my skills. I used to take things from everyone, but thanks to this program, I realized for the first time that I could give things to the people around me and to the society I live in.

Discover your adventurous soul!
Deniz Hallik (Awardee – Bilkent Laboratory & International School)

During my efforts to complete three activities every week, I realize that 1.5-hour lessons, trainings or visits are not enough to develop yourself. We need to keep prejudices away and keep new experiences as close to ourselves as possible in order to smile at yesterday and dance with today while embracing tomorrow. The silence in the forest and the loneliness we had allowed us to detox ourselves, even for a brief period, from the busy lives we lead and from the obligations, demands, duties and requirements imposed on us.

I learned how to be useful for the society
Fatih Dursun (Fırat University, Electrical and Electronics Engineering)

It was when I saw the poster for the program, bearing the slogan "We are looking for the leaders of future", that I decided to attend. I wanted to see different places and do different things to be useful for the society. During the program, I visited retirement homes and had chats with elderly people within the scope of community service. In physical recreation, I ran. I learned English. We painted the walls of and renovated a primary school in Mersin. The program taught me that I should first develop myself in order to be useful for the society.

INVESTING IN TURKEY'S FUTURE

Supported Universities

Abdullah Gül University

As of 2011, Akfen Holding has contributed to Abdullah Gül University Support Foundation to help the university reach the position laid down in its vision as soon as possible and to aid the duties of public sector in the field of education.

London School of Economics

Akfen Holding is a permanent member of the Advisory Board of the "Contemporary Turkish Studies" chair founded with the initiative of Ministry of Foreign Affairs of the Republic of Turkey in London School of Economics, one of the most prestigious academic institutions worldwide. Pelin Akın, Board Member, fulfills this duty on behalf of the Holding.

Our Schools

Ülkü Akın Secondary School

The school is named after Ülkü Akın, the late spouse of Hamdi Akın, Chairman of the Board of Directors of Akfen Holding, who passed away at a young age due to a sudden illness. The school was opened in Ankara at the beginning of the academic year 1993-1994, with a protocol signed between the Governorship of Ankara and Hamdi Akın. There are 24 classrooms, 2 preschool classrooms, 1 laboratory, 1 multipurpose room and a library in the school, which has 330 students currently enrolled.

Hikmet Akın Secondary School

Hikmet Akın Secondary School opened its doors at the beginning of the 2004-2005 academic year in Hamidiye Neighborhood of Düzce. Mr. Hamdi Akın, Chairman of the Board of Directors of Akfen Holding, commissioned the construction of Hikmet Akın Secondary School in the memory of his mother, the late Mrs. Hikmet Akın. The school currently has 355 students.

SOCIAL RESPONSIBILITY

Turkish-English Tatlıdil Forum

Turkish-English Tatlıdil Forum was founded in 2011 in an effort to enlarge political and economic relations between Turkey and the UK in other areas, primarily business and trade. The Turkish branch of Tatlıdil Forum is run by Pelin Akın, member of DEİK (Foreign Economic Relations Board) English Business Council and member of the Board of Directors of Akfen Holding.

WOMEN

Turkish Businesswomen Association (TİKAD)

A member of the Board of Directors of the Turkish Businesswomen Association (TİKAD) and of the Board of Directors of Akfen Holding at the same time, Pelin Akın extends support to projects run by TİKAD, which observes a mission to assume responsibility in the democratization of Turkey and the integration of the country with the modern world.

HeForShe Project

Hamdi Akın, Chairman of the Board of Directors of Akfen Holding, and Pelin Akın, Member of the Board of Directors of Akfen Holding, support HeForShe, a global movement of solidarity for gender equality.

Turkish Enterprise and Business Confederation (TÜRKONFED)

A member of the Board of Directors of the Turkish Enterprise and Business Confederation (TÜRKONFED) and of the Board of Directors of Akfen Holding at the same time, Pelin Akın works at the Committee of Women in Business World and extends support to the project on the Multidimensional Empowerment of Women.

Akfen Holding Signs the Women's Empowerment Principles (WEPs)

Established in 2010 as a result of collaboration between the UN Global Compact and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), the WEPs platform offers the private sector the key points to be considered in workplaces, markets and within the society as a whole in order to ensure gender equality.

Akfen Holding is the first holding in Turkey to sign the Women's Empowerment Principles (WEPs), which aim at raising awareness to strike a gender balance in the business world as established under the collaboration of the UN Global Compact and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women). Signed by more than 900 companies around the world, the initiative has 47 signatories in Turkey.

YOUTH

Support to Youth and Young Entrepreneurs

In an effort to contributing to the economic growth of Turkey and inspire young entrepreneurs and managers, Akfen Holding Executives, specifically Hamdi Akın, Chairman of the Board of Directors of Akfen Holding, delivered speeches in conferences and summits across different cities of our country in 2015.

Following are some of the events attended by the executives of Akfen Holding:



İTÜ MBA Students

- TOBB University – Entrepreneurship and Leadership Panel
- MÜSİAD (Independent Industrialists' and Businessmen's Association) Elazığ Branch Young Entrepreneurs Meeting
- İTÜ MBA – Competitive Advantage Panel
- Capital Magazine – Young CEO Meetings
- Soroptimist International 20th International Panel on Women and Success Stories in Turkey
- Okan University Management and Research Community Leader's Corner Panel
- TİM (Turkish Exporters Assembly) Innovation Week / Adana
- Bilkent University 8th Brand Summit of Turkey
- TAİDER (Family Businesses Foundation) 3rd National Family Business Summit
- G-3 Forum
- Ankara Chamber of Industry – Ankara Brand Festival
- International Collaboration Platform – 6th Bosphorus Summit
- MARKA 2015 – International Brand Conference 2015

The Business 20 / B-20

Pelin Akın, Member of the Board of Directors of Akfen Holding, served on the Infrastructure and Investment Taskforce of The Business 20 (B-20) Executive Committee, which is the business pillar of the G-20 presided by Turkey in 2015.

The Business 20 is represented by the private sector representatives who turn the economic wheels of 20 countries which can reflect the diversity to represent the world in terms of population and geography. Bringing together international business leaders, the B-20 works to develop and implement new strategies for a balanced and sustainable growth in global markets.

FOREIGN ECONOMIC RELATIONS BOARD

Foreign Economic Relations Board (DEİK) is in charge of carrying out foreign economic relations of the Turkish private sector, primarily in foreign trade, international investments, services, contracting and logistics. The board also engages in looking into national and international investment opportunities, contributing to raising exports by Turkey and coordinating similar business development activities.

Founded in 1986, DEİK acquired a new and consolidated status following Law No. 6552 adopted on September 11, 2014, thereby completely taking over the responsibility "to carry out the foreign economic relations of the Turkish private sector."

As of December 2015, DEİK has 103 founding organizations, 130 business councils, more than 1,000 member companies forming these councils, with approximately 2,000 representatives by member companies within the Board.

Europe

In 2015, senior managers of Akfen Holding continued their representation of Turkey in various working groups of DEİK. Accordingly, Pelin Akın, Member of the Board of Directors of Akfen Holding, continued to serve in the Turkish-Spanish Business Council and the Turkish-English Business Council while Mustafa Sani Şener, Member of the Board of Directors of

TAV Airports and Chairman of the Executive Board, continued to serve as Chairman of the Turkish-French Business Council of the Foreign Economic Relations Board (DEİK).

Far East

Süha Güçsav, Akfen Holding CEO, is the Chairman of the DEİK Turkish-Singapore Business Council. As of October 2014, Güçsav was additionally named Turkish Honorary Business Representative of the International Enterprise Singapore (IESingapore), an agency of the Singapore Ministry of Industry and Commerce, and continued to serve in this position in 2015.

SPONSORSHIPS

- STEAM Geopolitical Energy Arena Conference
- 6th World Forum on Energy Regulation / Istanbul
- Akfen 40 Plus Sailing Team
- PPP Healthcare Summit
- EBRD Business Forum / Georgia

A Friend of AKUT (Search and Rescue Association)

Through donations under the scope of its AKUT Friendship Program, Akfen Holding became a close friend to AKUT, the first and leading local search and rescue group voluntarily helping out people facing disasters not only in Turkey but also abroad, wherever it can and solely by its own means; organizing operations saving 1,428 lives in 1,055 incidents of earthquakes, floods, landfalls and in the mountains, seas, route accidents, naturals disasters since its foundation.

GLOBAL COMPACT AGREEMENT

Akfen Holding signed the United Nations Global Compact Agreement on July 2, 2002, with an eye to contributing to the emergence of a common business culture based on universal principles.

Global Compact is a set of universally accepted principles and a voluntary initiative that supports sustainable development and good corporate citizenship. The learning-based forum is open to sharing of experiences while serving as a network of communication between corporations and other

stakeholders. Akfen Holding is the first holding in Turkey that is signatory to the Global Compact.

10 PRINCIPLES OF GLOBAL COMPACT

Human Rights

PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
PRINCIPLE 2: make sure that they are not complicit in human rights abuses.

Labor

PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
PRINCIPLE 4: the elimination of all forms of forced and compulsory labor;
PRINCIPLE 5: the effective abolition of child labor; and
PRINCIPLE 6: the elimination of discrimination in respect of recruitment and employment.

Environment

PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges;
PRINCIPLE 8: support any initiative and organization to promote greater environmental responsibility; and
PRINCIPLE 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

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

AKFEN HOLDİNG A.Ş.

2015 Corporate Governance Compliance Report

2015 CORPORATE GOVERNANCE COMPLIANCE REPORT

CHAPTER I – STATEMENT OF COMPLIANCE TO CORPORATE GOVERNANCE PRINCIPLES

Akfen Holding A.Ş. ("Company" or "Akfen Holding") complies with all the mandatory principles as part of the "Corporate Governance Communiqué" (Series: II, No. 17.1) applicable to 2015.

The Company continues its efforts to comply with the non-required principles as well, whereas the Company's approach towards and current situation in areas currently non-compliant with said principles are discussed in their relevant sections below.

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.

In accordance with the Corporate Governance Principles, Akfen Holding Articles of Association is updated to reflect any changes brought about by amendments.

The Company's Information Policy is made available via our website.

The Investor Relations Unit reports directly to the General Manager, and reports its activities to the Board of Directors at least once a year. The Investor Relations Manager has been appointed as a member of the Corporate Governance Committee. In addition, a staff member has been appointed to serve in the Investor Relations Unit, and information about these developments has been provided in the Public Disclose Platform.

In line with the Corporate Governance Principles, the Audit Committee and Corporate Governance Committee have been established upon the resolution made at the Board of Directors meeting on May 17, 2010.

Finally, the Board of Directors resolution no. 2015/12 of April 30, 2015 has included the following provisions: Nusret Cömert has been appointed as Committee Chairman, and Pelin Akın, Şaban Erdikler, Sıla Cılız İnanç ve Aylin Çorman have been appointed as members of the Corporate Governance Committee, which will also serve as the Nomination Committee and Remuneration Committee, for a term of 1 (one) year. Şaban Erdikler has been appointed as Chairman and Nusret Cömert has been appointed as member of the Audit Committee for a term of 1 (one) year. Nusret Cömert has been appointed as Chairman, and Selim Akın and Pelin Akın have been appointed as members of the Early Risk Detection Committee for a term of 1 (one) year.

The Company complied with and applied the corporate governance principles in the activity period ending on December 31, 2015.

Reasons for non-compliance with certain non-mandatory principles as laid down in the Communiqué on Corporate Governance:

- Article 3.1.2: Akfen Holding exercises due care for the rights of the stakeholders, whereas works are underway to draw up an employee indemnity policy.
- Article 4.3.9: Akfen Holding Board of Directors has six members, with one female director. The Company and the Board of Directors support programs aimed to increase the percentage of female board members. In this context, the Company Chairman Hamdi Akın also provides his personal support as a mentor to social programs towards this goal.
- Article 4.6.5: Remuneration and benefits provided to Board Members and senior executives are disclosed in the annual report. However, these disclosures are not on an individual basis.

The Company has a "Remuneration Policy" detailing the principles of remuneration of Board Members and senior executives.

The Company's updated "dividend distribution policy" and "remuneration policy" have been approved in the 2013 General Assembly held on April 28, 2014, announced on the Turkish Trade Registry Gazette and published on the Public Disclosure Platform and the Company website.

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 II – STAKEHOLDERS

2.1. Investor Relations Unit

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

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

In the organizational structure of the Company, the Investor Relations unit operates under the General Manager, and provides reports of its activities to the Board of Directors.

- The Investor Relations Unit operates under Süha Güçsav, Akfen Holding General Manager.
- The Investor Relations Unit provides a report of its activities to the Board of Directors on a monthly basis. The last report for the 2015 operating period has been submitted to the information of the Board of Directors and senior executives on February 2, 2016.

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,
- Produce descriptions for special conditions regarding the stock certificates to be posted to the Public Disclosure Platform and share those descriptions with investors over the Company's official website in both English and Turkish,
- 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.

Contact Information for the Investor Relations Department is found on the website (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.

Aylin Çorman, who holds an CMB Advanced Level License (license no: 200882) and Corporate Governance Rating Specialist's License (license no: 700841), and Zeynep Yanova,

Specialist, are the officers in charge of Investor Relations. Contact information for the personnel working in the Investor Relations Unit is as follows:

Aylin Çorman, Investors Relations Manager
Levent Loft – Büyükdere Cad. No: 201
K. 11 34394 Levent, Istanbul – TURKEY
Tel: +90 (212) 319 8700
Fax: +90 (212) 319 8730
acorman@akfen.com.tr
yatirimci@akfen.com.tr

Zeynep Yanova, Specialist
Levent Loft – Büyükdere Cad. No: 201
K. 11 34394 Levent, Istanbul – TURKEY
Tel: +90 (212) 319 8700
Fax: +90 (212) 319 8730
zyanova@akfen.com.tr
yatirimci@akfen.com.tr

As of February 2, 2016, 15.51% of the Company's shares are in the free float, approximately 8.5% of which is held by foreign investors. In 2015, the Company participated in 2 domestic and overseas investment conferences to provide information to shareholders and investors, and conducted meetings with over 40 current and potential investors. Numerous on-demand 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 194 material event disclosures and published these disclosures on the corporate website in 2015. 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.

2.2. 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, all information concerning shareholders and market players are disclosed via material event disclosures and 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.

2.3. General Assembly Meetings

The 2014 Ordinary General Assembly meeting was held on April 16, 2015 at the Third Floor Meeting Room in the Company Headquarters.

The Extraordinary General Assembly meeting was held on January 15, 2015 at the Third Floor Meeting Room in the Company Headquarters, with the purpose of amending Article 6 of the Articles of Association and discussing the Company's share buyback program. The Extraordinary General Assembly has brought before the shareholders the proposed amendment to Article 6 of the Company's Articles of Association in accordance with the approval of the CMB and the Republic of Turkey Ministry of Customs and Trade, as well as the Board of Directors Report regarding the Capital Decrease and the Share Buyback Program, which were all approved by the shareholders. (Pursuant to the CMB letter, there were no privileged votes in the voting.)

Furthermore, the Extraordinary General Assembly meeting was held on January 20, 2016 at the Third Floor Meeting Room in the Company Headquarters, with the purpose of discussing the amendment to Article 6 of the Articles of Association (Annex-2). The Extraordinary General Assembly has brought before the shareholders the proposed amendment to Article 6 of the Company's Articles of Association in accordance with the approval of the CMB and the Republic of Turkey Ministry of Customs and Trade, as well as the Board of Directors Report regarding the Capital Decrease, which were approved by the shareholders. (Pursuant to the CMB letter, there were no privileged votes in the voting.)

The Internal Directive regarding the Working Principles and Procedures of the General Assembly, which was approved by the 2012 General Assembly, is available on the Company website

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 three 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; certification of employees for the required infrastructure was also completed. Starting from 2013, the General Assembly Meetings have been organized as e-General Assembly Meetings.

The Third Floor Meeting Room that houses the General Assembly Meetings is located in the Company Headquarters, and can accommodate all shareholders. The General Assembly meetings are open to the public, and are organized under the supervision of the ministry representative assigned by the Governorship of Ankara Provincial Directorate of Commerce on behalf of the Ministry of Customs and Trade.

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).

At the year 2014 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.

2.4. Voting Rights and Minority Rights

Voting Rights

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

Pursuant to the Articles of Association, Class A shareholders have three votes for one share, while Class B shareholders have one vote for one share. Class A share certificates are registered shares.

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.

Equal Treatment of Shareholders

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

2.5. 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.

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 abovementioned deductions are applied, the General Assembly can distribute the profit to the members of the Board of Directors, officers, personnel and workers, various foundations and similar individuals and organizations. 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, (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.

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.

The decision to distribute dividend is based on the Holding's long-term strategies, capital needs of Group companies, investment and financing policies, profitability, and cash position.

On April 28, 2015, the Company has distributed a gross dividend of TL 20,000,000 (gross TL 0.076365025 per share) to shareholders in cash.

As noted above, the dividend distribution policy, which is submitted to shareholders' information in the General Assembly, has been announced on the Turkish Trade Registry Gazette and published on the Public Disclosure Platform and the Company website.

2.6. 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 transfer or 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 III — PUBLIC DISCLOSURE AND TRANSPARENCY

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.
- 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)

As of December 31, 2015, with a 79.36% stake, Mr. Hamdi Akın is the ultimate controlling shareholder in the Company (Following the capital decrease of January 28, 2016, this stake increased to 84.12%).

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 2014, are considered within this scope:

- Hamdi Akın, Chairman of the Board of Directors
- İrfan Erciyas, Executive Board Member
- Selim Akın, Vice Chairman of the Board
- Pelin Akın, Board Member
- Şaban Erdikler, Independent Board Member
- Nusret Cömert, Independent Board Member

Senior executives with a role in management: CEO Mr. İbrahim Süha Güçsav, CLO Sıla Cılız İnanç, CFO Hüseyin Kadri Samsunlu.

Other management; Fatma Gülbin Uzuner Bekit (Finance Coordinator), Necmiye Meral Altınok (Budget & Reporting and Risk Management Coordinator), Rafet Yüksel (Accounting Coordinator), Tuba Şahanoğlu (Business Development Manager), Nafiz Turgut (Human Resources Manager), Aylin Çorman (Investor Relations Manager), Zeynep Yanova (Investor Relations Specialist), Sabahattin İlhan (Information Technology Manager), Serpil Dardağan (Internal Audit Manager), Sezen Kaya (Financial Reporting Senior Specialist), Murat Yazıcıgil (Budget & Reporting and Risk Management Senior Specialist) and İdil Güngördü (Legal Affairs Senior Specialist). Also, Oktay Uğur (Consultant to the Board), Coşkun Mesut Ruhi (General Manager of Akfen İnşaat), Mustafa Kemal Güngör (General Manager of HEPP Group), Kürşat Tezkan (General Manager of Akfen SPP), Vedat Tural (General Manager of Akfen REIT), Deniz Bilecik (Assistant General Manager of Akfen REIT), Hakkı Özgür Sıvacı (KPMG Auditor), Yusuf Anıl (Accounting Manager of Akfen REIT), Ebru Burcu Karabacak (Deputy General Manager, Financial and Administrative Affairs, Akfen Akfen Construction), Aybeniz Sezgin (Deputy General Manager, Financial and Administrative Affairs, 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 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.

3.1. The Company Website and its Contents

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

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

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

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

- The history of the Company,
- The most up-to-date management and shareholding structure,
- The summary balance sheet, income statement and cash flow statement,
- Summary operational information,
- The Board of Directors and Board committees,
- Agenda for the General Assembly meeting, General Assembly information document, proxy voting form, meeting minutes and appendices, if any
- Final version of the Articles of Association including the amendments
- 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 are published and updated via the Company website.

3.2. 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. Annual reports are prepared in line with the Corporate Governance principles.

CHAPTER IV – STAKEHOLDERS

4.1. 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.

4.2. 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.

4.3. Human Resources Policy

- Our basic Human Resources Policy involves bringing together the requirements of a task with the skills and qualifications of our employees; and select, develop, utilize and manage our human resources in lie with modern criteria and on the basis of equal opportunity.
- The Human Resources management aims to create a dynamic, open-ended and innovative environment to improve employee performance and translate corporate goals into individual goals, therefore ensuring that the Company goals are met in an effective and efficient manner.
- Our employee profile is open to changes and improvement and is highly-motivated and committed to teamwork and team spirit. Our human resources make good use of its resources and time, and it is also highly sensitive towards social responsibility efforts.
- Relations with employees are managed by the Human Resources Coordination Department, led by Nafiz Turgut as the Department Manager. Our ethical conduct forms the foundation of our business. The Company is committed to provide a peaceful and productive working environment by adopting an honest, transparent and fair-minded approach; free from discrimination, mobbing and favoritism. No complaints have been received from employees in this respect.

As of December 31, 2015, Akfen Holding, its subsidiaries and joint ventures employ a total of 38,104 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.

4.4. 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 considers that sustainable welfare is only possible through investing in human beings and the society as well as economy. Through the long-term social responsibility projects it runs to this end, it aims at improving the knowledge base, manners and experience of the young generations and contributing to the elimination of today's environmental problems.

Please see the section entitled "Corporate Social Responsibility" for detailed information about our social responsibility projects.

CHAPTER V – BOARD OF DIRECTORS

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

Four out of the six members of the Board of Directors (more than half) are non-executive members, and two members are executive members. The positions of Chairman of the Board, Executive Director and General Manager are held by different individuals. There are no Board Members authorized to represent and bind the Company individually.

Mr. Şaban Erdikler and Mr. Nusret Cömert, who have been appointed as Board members upon the proposal of the Nomination Committee, have independent member status in accordance

with the Independence Criteria of the CMB's Corporate Governance Principles; and they have submitted their statements of independence accordingly. During the operating period, no circumstance has occurred that might annul the independent status of Independent Board Members.

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.

5.2. 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 Board of Directors has convened 28 times within the operating period.

For the 2015-2016 period, the Company has a "Directors Liability Insurance" in effect with an upper limit of US$ 35,000,000, covering the potential damages that might be caused to the Company as a result of faults on the part of Board Members while performing their duties..

Prohibition 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 prohibition of doing business or competing with the Company was approved by the shareholders at the General Assembly held on April 16, 2015.

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.

5.3. Number, Structure and Independence of Board Committees

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

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

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

Corporate Governance Committee

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

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

Corporate Governance Committee Chairman:

Nusret Cömert,
Independent Board Member – Akfen Holding A.Ş.

Corporate Governance Committee Members:

Pelin Akın,
Non-executive Board Member – Akfen Holding A.Ş.

Şaban Erdikler,
Independent Board Member – Akfen Holding A.Ş.

Sıla Cılız İnanç,
Assistant General Manager – Akfen Holding A.Ş.

Aylin Çorman
Investor Relations Manager – Akfen Holding A.Ş.

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 Risk Detection Committee

With the resolution of the Board of Directors dated March 19, 2013, the Company has decided to form a separate committee to carry out the task of early risk detection, which had previously been performed by the Corporate Governance Committee, pursuant to CMB Communiqué (Series IV, No. 63 amending the Communiqué Series IV, No. 56).

The members of the Early Risk Detection Committee are as follows:

Early Risk Detection Committee Chairman:

Nusret Cömert,
Independent Board Member – Akfen Holding A.Ş.

Early Risk Detection Committee Members:

Selim Akın,
Vice Chairman of the Board – Akfen Holding A.Ş.

Pelin Akın,
Board Member – Akfen Holding A.Ş.

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. In addition, the Committee provides a report of risks identified and actions taken to the Board of Directors on a bimonthly basis.

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 Company. The Audit Committee consists of two members appointed from among Independent Board Members, and one of them serves as the Committee Chairperson.

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

The Audit Committee is responsible for taking necessary measures to ensure the adequacy and transparency of any internal or independent external audit, as well as fulfilling any task as stipulated by the Capital Market Law and the Communiqué on Corporate Governance.

Members of the Audit Committee are listed below:

Chairman of the Audit Committee:

Şaban Erdikler,
Independent Board Member – Akfen Holding A.Ş.

Nusret Cömert,
Independent Board Member – Akfen Holding A.Ş.

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

5.4. Risk Management and Internal Control

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.

5.5. Strategic Goals of the Company

Goal

The Company's goal is to leverage new business areas and growth opportunities in all fields of operation, local and overseas, to create benefit for our stakeholders, particularly to our employees and shareholders, while maintaining the success we have achieved in our areas of expertise to become a sustainable, national enterprise.

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 maximum 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.

Principles

- Assembling under the Akfen Holding roof a participating, dynamic and qualified human resource with a constant focus on development and value creation
- Giving emphasis to our quality approach and ethical values in all business processes as well as management
- Delivering on our undertakings on time and with quality results
- Fulfilling our commitments to and safeguarding the interests of our employees, business partners, shareholders and social stakeholders
- Ensuring the sustainability of our transparent and respectable business approach
- Managing risks with a unique and innovative business understanding while leveraging new initiatives and opportunities
- Investing in people and society through social responsibility efforts

The Board of Directors determines the strategic goals for the relevant periods through discussions with the Executive Director and Senior Management. The Board of Directors also evaluates the Company's progress towards its goals, its activities and past performance as part of the end-of-year performance evaluation process.

5.6. 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.

In accordance with the Corporate Governance Principles, the "Remuneration Policy" and any compensation provided to Board Members and Senior Executives were discussed under a separate agenda item in the 2013 Ordinary General Assembly, held on April 28, 2014 to inform the Shareholders; and the abovementioned policy was laid down in a written form and approved by the assembly.

The Company, under no circumstances, provides any form of loan, credit or letter of guarantee to Board Members or executives.

ANNEX 1: RESUMES OF BOARD MEMBERS AND SENIOR EXECUTIVES

Please see the "BOARD OF DIRECTORS" and "SENIOR EXECUTIVES" sections of this annual report for the resumes of Akfen Holding Board Members and Senior Executives.

ANNEX 2: AMENDMENT TO THE ARTICLES OF ASSOCIATION

AMANDED VERSION	NEW VERSION
ARTICLE 6 - CAPITAL The Holding took up the registered capital system as per the provisions of the former Capital Market Law no. 2499 and adopted this system with the permission no. 10/327 granted by the Capital Markets Board of Turkey on April 16, 2010. The Holding's authorized stock amounts to TL 1,000,000,000.00 (one billion), divided into 1,000,000,000 shares of TL 1 (one) nominal value. The authorized stock permit granted by the Capital Markets Board of Turkey is valid for 2014-2018 (5 years). Even if the Holding does not reach the registered authorized stock by the end of 2018, the Board of Directors will have to be authorized by the first General Assembly in order to be able to make a decision for a capital increase after 2018, provided that they obtain the permission of the Capital Markets Board for the previous or new upper authorized capital limit. This authorization may be extended for 5-year (five) periods with the General Assembly resolutions. The Company may not increase the capital without said authorization. The Holding has an issued capital of TL 261,900,000. The former issued capital was TL 291,000,000. Of this capital, which was fully paid in cash, an amount of TL 29,100,000 was deducted whereby the issued capital was reduced to TL 261,900,000. This capital is divided by shares worth TL 1 into two groups: Group A includes 57,458,736 shares and Group B includes 204,441,264 shares. Two groups amount to 261,900,000 shares in total. 57,458,736 shares in Group A were assigned to Hamdi Akın. Group A shares are registered shares, whereas Group B shares are bearer shares. The current capital is fully paid in cash and free from collusion. If and when necessary, the Company may increase or reduce capital as per the provisions of Turkish Commercial Code and Capital Legislation. In the case of capital increase, the Board of Directors shall, under any circumstances, issue new Group A and B shares in proportion to the shares held by Group A and B shareholders in the Company. The shareholders shall participate in the capital increase by buying, together with the preferences applicable to the relevant group, the shares to be issued under the same group. If the Board of Directors decides to exercise a premium capital increase, those who guarantee the premium shares to be issued shall separately pay the premiums, which will be determined in addition to the nominal value of the premium shares, on the date of issuance as specified by the applicable article of the TCC. When deemed necessary from 2014 to 2018, the Board of Directors is authorized to increase the issued capital up to the aforementioned authorized capital by issuing new shares in line with the provisions of the Capital Market Law and notwithstanding the Turkish Commercial Code provisions governing the increase of principal capital. The shares representing the capital are tracked within the framework of dematerialization principles. As per the provisions of the Capital Market Law, the Board of Directors is authorized to increase the issued capital by issuing new shares up to the authorized capital and decide on the issuance of shares above (premium) or below the nominal value as well as fully or partially limit the shareholders' rights to acquire new shares whenever they deem it necessary. The authority to limit the acquisition of new shares may not be exercised in such a way to cause inequality among the shareholders.	**ARTICLE 6 – CAPITAL** Holding, mülga 2499 sayılı Sermaye Piyasası Kanunu hükümlerine göre kayıtlı The Holding has adopted the registered capital system in accordance with the provisions of the repealed Capital Markets Law No. 2499 and implemented the registered capital system upon the Capital Markets Board approval no. 10/327 of April 16, 2010. The Holding's registered capital has a ceiling of TL 1,000,000,000.00 (one billion), divided into 1,000,000,000 shares with a nominal value of TL 1 (one) each. The registered capital ceiling permission granted by the Capital Markets Board is valid from 2014 to 2018 (for five years). Even if the newly approved registered capital ceiling is not reached as of the end of 2018, in order for the Board of Directors to take a capital increase decision after 2018, authorization must be taken at the first General Assembly meeting to be held for a new term, with prior permission of the Capital Markets Board for the previously determined ceiling or for a new ceiling. The duration of this authority may be extended for 5 (five) year periods through General Assembly resolutions. If no such authorization is obtained, the Company cannot increase capital through a Board of Directors decision. The Holding has an issued capital of TL 247,080,686. The previously issued capital of TL 261,900,000 has been reduced by TL 14,819,314 to TL 247,080,686. The issued capital has been divided into 57,458,736 Group A shares and 189,621,950 Group B shares for a total 247,080,686 shares with a nominal value of TL 1 (one) each. 57,458,736 Group A shares have been registered to Hamdi Akın. Group A shares are registered shares, while Group B shares are bearer shares. The existing capital is fully paid, free of collusion. The share capital may be increased or decreased as required, within the framework of the provisions of the Turkish Commercial Code and Capital Markets laws and regulations. In any case, the Board of Directors shall issue new Group A and Group B shares in proportion to the existing shares held by the Group A and Group B shareholders respectively, as of the time of capital increase. Shareholders shall participate in capital increase by subscribing for the shares to be issued in the same group as their existing shares, along with any the privileges associated with the related group. Pursuant to the relevant article of the Turkish Commercial Code, if the capital increase involves issuance of premium shares, those who subscribe for premium shares issued shall be obliged to pay to the Company, in addition to the nominal value of shares, any such premiums as determined at the date of issue. In accordance with the provisions of the Capital Markets Law, the Board of Directors is authorized, for the 2014-2018 period, to increase the issued capital by issuing new shares up to the abovementioned registered capital ceiling when deemed necessary, without being subject to the provisions of the Turkish Commercial Code regarding capital increase. The shares representing the capital are monitored by recording in accordance with the principles of recording. In accordance with the provisions of the Capital Markets Law, the Board of Directors is authorized to pass resolutions to increase the issued capital by issuing new shares up to the registered capital ceiling, to issue shares with values above (premium share) or below the nominal value per share, or to restrict, partially or completely, the shareholders' rights to purchase newly issued shares. However, the power to restrict the right to purchase newly issued shares cannot be used in such manner to cause inequality between shareholders.

A - GENERAL INFORMATION

(Prepared in accordance with the Capital Markets Board Communiqué (Series II, No. 14.1))
(Figures expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

1 - Accounting Period

This report covers the accounting period from January 1, 2015 to December 31, 2015.

2 - Company Information

The Company's Trade Name: Akfen Holding A.Ş.
Trade Registry Number: 145672

Head Office:
Koza Sokak No: 22 06700 GOP/ANKARA
Tel: 0312 408 10 00 Fax: 0312 441 07 82

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Levent/İSTANBUL 34394
Tel: +90 212 319 8700
Fax: +90 212 319 8710
Website: www.akfen.com.tr

3 - Company Organization, Capital and Shareholding Structures, and Changes within the Accounting Period

Shareholding Structure– December 31, 2015

Trade Name/Name of Partner	Share in Capital (TL)	Share in Capital (%)	Group
Hamdi AKIN	57,458,736	21.94%	A
Hamdi AKIN**	141,041,014	53.85%	B
Meral KÖKEN	81,088	0.03%	B
Nihal KARADAYI	81,088	0.03%	B
Selim AKIN	24	0.00%	B
Pelin AKIN	24	0.00%	B
Akfen Holding A.Ş.***	7,989,806	3.05%	B
Akınısı Makina Sanayi ve Ticaret A.Ş.	1,058,000	0.40%	B
Akfen Turizm Yatırımları ve işletmecilik A.Ş.	1,058,000	0.40%	B
Free Float*	53,132,220	20.29%	B
Total	**261,900,000**	**100.00%**	

* *As of the date of this report, Hamdi Akın owns 9,346,455 shares (accounting for 3.57% of Company's capital) whereas Selim Akın holds 8,223,000 (accounting for 3.14% of Company's capital) in free float. Akfen Holding holds 6,829,508 shares (accounting for 2.61% of Company's capital) in free float, purchased as part of the buy-back program. In addition, Akfen Altyapı Danışmanlık A.Ş. owns 21,763,636 shares in free float (accounting for 8.31% of Company's capital)*

** *Hamdi Akın, Company Chairman, has converted 50 million of his Akfen Holding shares into shares tradable on BİAŞ.*

*** *7,989,806 Akfen Holding shares held by Akfen Holding A.Ş. are tradable on BİAŞ.*

4 - Preferred Shares

Each Group A share has three votes in General Assemblies, and there is a preferred share system in place.

As of December 31, 2015, Akfen Holding owns 14,819,314 Akfen Holding shares, which are all public in nature, accounting for 5.66% of the Company's registered capital.

On November 17, 2015, the Company Board of Directors passed a resolution to cancel shares –accounting for 5.66%- repurchased as part of the buyback program and applied to the CMB on the same day in order to obtain the relevant permission. The CMB granted the required permission and communicated it through an official letter dated December 18, 2015. Cancellation of shares with a nominal value of TL 14,819,314 to reduce the Company paid-in capital from TL 261,900,000 to TL 247,080,686 was approved on January 20, 2016 by the Extraordinary General Assembly, and the aforementioned capital reduction was carried out on January 28, 2016.

5 – Board of Directors and Committees

Board Members appointed in the Akfen Holding Ordinary General Assembly of April 16, 2015 for a term of one year and their respective committees are listed below:

Name	Position	Independent Membership	Committees	Executive Membership
Hamdi AKIN	Chairman	Non-Independent	Chairman	Non-Executive
İrfan ERCİYAS	Board Member / Executive Director	Non-Independent	Executive Director	Executive
Selim AKIN	Board Member / Vice Chairman	Non-Independent	Vice Chairman, Corporate Governance Committee Member, Early Risk Detection Committee Member	Executive
Pelin AKIN	Board Member	Non-Independent	Corporate Governance Committee Member, Early Risk Detection Committee Member	Non-Executive
Şaban ERDİKLER	Independent Board Member	Independent	Audit Committee Chairman, Corporate Governance Committee Member	Non-Executive
Nusret Cömert	Independent Board Member	Independent	Corporate Governance Committee Chairman, Audit Committee Member, Early Risk Detection Committee Chairman	Non-Executive

Audit Committee members, appointed by the Board Meeting of April 30, 2015 no. 2015/12 for a term of one year in accordance with the Communiqué are listed below:

Audit Committee	
Şaban Erdikler	Committee Chairman
Nusret Cömert	Committee Member

The Corporate Governance Committee has been appointed for a term of one year upon the resolution made at the Board of Directors meeting on April 30, 2015, and will also serve as the Nomination Committee and Remuneration Committee.

Corporate Governance Committee	
Nusret Cömert	Committee Chairman
Pelin Akın	Committee Member
Şaban Erdikler	Committee Member
Sıla Cılız İnanç	Committee Member
Aylin Çorman	Committee Member

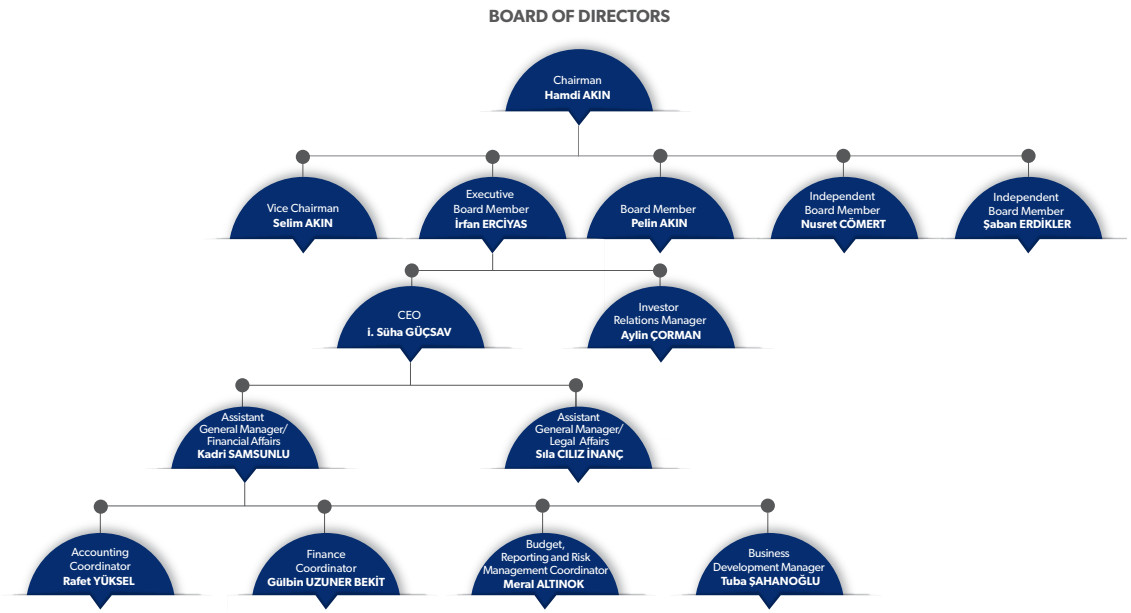
The Early Risk Detection Committee has been appointed for a term of one year upon the resolution made at the Board of Directors meeting on April 30, 2015. Distribution of roles among committee members is as follows:

Early Risk Detection Committee	
Nusret Cömert	Committee Chairman
Pelin Akın	Committee Member
Selim Akın	Committee Member

Authority and Limitations of the Board of Directors

The Chairman and members of the Board of Directors represent and manage the Company in accordance with the provisions of the relevant articles of the TCC and Articles 9 and 10 of the Company's Articles of Association.

Organizational Structure



Management Team

Name	Position	Positions held in the Company in the last 5 years
İbrahim Süha GÜÇSAV	General Manager	Board Member / General Manager
Sıla CILIZ İNANÇ	Assistant General Manager/Legal Affairs	Legal Affairs Coordinator
Hüseyin Kadri SAMSUNLU	Assistant General Manager/Financial Affairs	Advisor to the Chairman, Assistant General Manager/Business Development
Meral Necmiye ALTINOK	Budget, Reporting and Risk Management Coordinator	Akfen Infrastructure Investments Holding Assistant General Manager
Rafet YÜKSEL	Accounting Coordinator	Accounting Manager
Gülbin UZUNER BEKİT	Finance Coordinator	Finance Coordinator

General Managers of Affiliates and Subsidiaries

Company	General Manager
TAV Havalimanları Holding A.Ş./ TAV Yatırım Holding A.Ş.	Mustafa Sani Şener
Akfen İnşaat Turizm ve Ticaret A.Ş.	Coşkun Mesut Ruhi
Akfen Elektrik Enerjisi Toptan Satış A.Ş./ Akfen Termik Enerji Yatırımları A.Ş.	Metin Yıldıran
Mersin Uluslararası Liman İşletmeciliği A.Ş./ PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş.	Frans Jol
İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.	Ufuk Tuğcu
Akfenhes Yatırımları ve Enerji Üretim A.Ş./ Akfenres Rüzgâr Enerjisi Yatırımları A.Ş.	Mustafa Kemal Güngör
Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.	Vedat Tural
Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.	Emre Sezgin

6 - Information Regarding Board Members' Transactions with the Company on Behalf of Themselves or a Third Party, and Activities that Fall Under the Scope of Non-Competition

All transactions conducted by Board Members or managerial personnel within the 2015 operating period that might result in a conflict of interest between their obligations to the Company and their personal interests and other duties have been carried out with prior permission of the General Assembly in accordance with Articles 395 and 396 of the Turkish Commercial Code as well as other relevant laws and regulations, with explanations for such transactions and activities provided in line with legal obligations.

B - REMUNERATION OF BOARD MEMBERS AND SENIOR EXECUTIVES

Key Management Personnel Compensation

During the period that ended on December 31, 2015, short-term benefits provided to senior executives of Akfen Holding and its subsidiaries has amounted to TL 6,577 (December 31, 2014: TL 5,252). These provisions are in line with statutory statements, and in accordance with the Company's remuneration policy.

Staff and Worker Movements

As of December 31, 2015, Akfen Holding employs 265 (December 31, 2014: 346) while its subsidiaries employ 37,839 (December 31, 2014: 36,166) people in total.

Employee Benefits

As at 31 December 2015 and 31 December 2014, employee benefits are comprised of vacation pay liabilities and reserve for employee severance indemnity.

As at 31 December employee benefits are as follows:

('000 TL)	2015	2014
Vacation pay liability – short term	2,053	2,865
Employee severance indemnity – long term	1,441	2,797
	3,494	5,662

C – THE COMPANY'S RESEARCH AND DEVELOPMENT EFFORTS

Information on the Company's prospective projects has been provided in the "Akfen Holding and Group Companies" section of this report.

D – COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS

Area of Activity

The sectors in which Akfen Holding operates, its main subsidiaries and joint ventures accounted for by the equity method are listed below.

The Capital magazine's "Turkey's Top 500 Companies" ranking has included seven joint ventures of Akfen (three of which are subsidiaries and affiliates of TAV Airports, a joint venture of Akfen) in 2015. The list comprises TAV Airports, TAV Construction, ATÜ, TAV Istanbul, MIP, IDO and HAVAS. Moreover, in 2015, Akfen entered the "Fortune 500" list in Turkey with six joint ventures (including three subsidiaries and affiliates of TAV Airports), namely TAV Construction, ATÜ, TAV Istanbul, MIP, IDO and BTA Airports.

* *On January 19, 2016, Akfenres Rüzgâr Enerjisi Yatırımları A.Ş. was merged into Akfenhes Yatırımları ve Enerji Üretim A.Ş. without liquidation and as a whole, following which Akfen HEPP changed its company title into Akfen Yenilenebilir Enerji A.Ş. Akfen Electricity Wholesale was transferred over to Akfen Renewable Energy, upon EMRA's approval as at January 25, 2016. On February 22, 2016, our company acquired 100% stake in Karine Enerji Üretim Sanayi ve Ticaret A.Ş., which was previously held by Selim Akın. The merger started with Karine's incorporation into Akfen Renewable Energy without liquidation and as a whole.*

** *Subsidiaries and joint ventures in other areas are Akfen Thermal Energy, Akfenres Rüzgar Enerjisi Yatırımları A.Ş., and Akfen Enerji Dağıtım ve Ticaret A.Ş.*

Akfen Holding subsidiaries are autonomous in terms of management; however, in line with the principles of centralized coordination and audit, the subsidiaries are directed and audited in terms of financing, financial coordination, audit, legal affairs, management information systems, human resources, promotion, training and organization. Joint ventures accounted for by the equity method are supported at the board of directors' level, and Akfen Holding Internal Audit Department conducts regular audits of such ventures on behalf of the Holding.

1) Important Developments during the Period

January 2, 2015, Share Acquisition from Indirect Subsidiary: 3,990 Akfen Electricity Wholesale shares accounting to a total nominal value of TL 997,500 (corresponding to 99.75%) have been purchased by Akfen Holding A.Ş. at TL 6,000,000, whereas the final cost for the purchase will be determined after the completion of the valuation report, and any difference in price will be paid as additional share price. Akfen Holding A.Ş. became the sole shareholder of Akfen Electricity Wholesale. The share acquisition was completed on December 31, 2014.

January 15, 2015, Extraordinary General Assembly Results: The Extraordinary General Assembly held on January 15, 2015 has approved the amendment to the Article 6 of the Articles of Association with respect to reducing the Company's capital from TL 291,000,000 to TL 261,900,000 and extending the validity of the registered capital ceiling (The CMB has ruled that the validity period can be extended to December 31, 2018, which then has been approved by the General Assembly as is), as well as the

share buyback program. Minutes for the Extraordinary General Assembly, including the amendment to the Articles of Association, Board of Directors Report on Capital Reduction and the Share Buyback Program, and the list of attendees have been published on the Company website, KAP, and CRA's e-company portal.

January 16, 2015, Registration of the Extraordinary General Assembly: The Extraordinary General Assembly of January 15, 2015 was registered at the Ankara Trade Registry on January 16, 2015.

January 21, 2015, Capital Reduction Date: Capital reduction will only involve shares repurchased as part of the Company's "Share Buyback Program", accounting for 10% of the Company's paid-in capital with a nominal value of TL 29,100,000, which will be redeemed in line with CMB's procedures on capital reductions not requiring fund outflow. It was announced that other Akfen Holding A.Ş. shares would not be cancelled as a result of this transaction. Necessary information regarding the cancellation of shares, representing a nominal value of TL 29,100,000 was submitted to the CRA and BİAŞ for readjustment of share price. The share cancellation has been carried out on January 22, 2015, reducing the company capital from TL 291,000,000 to TL 261,900,000.

January 30, 2015, Initiation of the Share Buyback Program: The Share Buyback Program to repurchase Akfen Holding A.Ş. shares was approved by the Extraordinary General Assembly held on January 15, 2015. Accordingly, the Board of Directors has been authorized for a period of 36 months. This authorization to carry out the program is valid from January 15, 2015 to January 15, 2018. The statutory upper limit for shares that can be repurchased as part of the program corresponds to 10% of the Company's capital. As the Company's existing paid-in capital is TL 261,900,000, the upper limit for share buyback equals TL 26,190,000.

March 9, 2015, Board of Directors Resolution on Dividend Distribution: The Board of Directors no. 2015/4 convened on March 9, 2015 resolved on submitting to approval of the Ordinary General Assembly the proposal that, as per the financial statements for the year from January 1, 2014 to December 31, 2014, and the relevant legislation, the Company distributes a dividend of TL 20,000,000.00 (twenty million) (gross) with respect to the profits in 2014 and previous years, and gross TL 0.076365025 per each share with a nominal value of TL 1 in cash, starting from April 28, 2015.

March 9, 2015, Appointment of Independent Auditor: Pursuant to relevant provisions of CMB's "Principles Regarding Independent Auditing Standards in the Capital Markets", Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (KPMG) was appointed as the independent auditing firm to provide services in 2015. This resolution was to be submitted to approval of the next general assembly.

April 16, 2015: 2014 Ordinary General Assembly Results: The Ordinary General Assembly Meeting for 2014 was held at the Company's Headquarters on Thursday, April 16, 2015 at 16:00. In accordance with financial statements for the accounting period of January 1, 2014 – December 31, 2014, the General Assembly passed a resolution to distribute TL 20,000,000.00 gross profit from 2014 and previous years. According to the General Assembly resolution, the Company will distribute gross profit of TL 0,076365025 per each share with TL 1 nominal value, as of April 28, 2015.

April 30, 2015, Board of Directors Resolution: The Board of Directors meeting no. 2015/10 of April 30, 2015 has resolved to appoint Hamdi Akın as Chairman of the Board, Selim Akın as Vice Chairman of the Board, İrfan Erciyas as Board Member and Executive Director, İbrahim Süha Güçsav as General Manager, Sıla Cılız İnanç as Assistant General Manager for Legal Affairs and Hüseyin Kadri Samsunlu as Assistant General Manager for Financial Affairs for a term of one year, effective immediately, regardless of the duration of their prior term.

April 30, 2015, Board of Directors Resolution: The Board of Directors meeting no. 2015/12 of April 30, 2015 has resolved that, in accordance with the CMB's Corporate Governance Communiqué (Series II, No. 17.1); Board Member Pelin Akın, Assistant General Manager Sıla Cılız İnanç, Independent Board Member Şaban Erdikler, Independent Board Member Nusret Cömert and Investor Relations Manager Aylin Çorman will be appointed as members of the Corporate Governance Committee for a term of one year, with Nusret Cömert also serving as Chairman of the Corporate Governance Committee; the Corporate Governance Committee will also serve as the Nomination Committee and Remuneration Committee; Independent Board Member Şaban Erdikler and Independent Board Member Nusret Cömert will be appointed as members of the Audit Committee for a term of one year, with Şaban Erdikler also serving as Chairman of the Audit Committee; Independent Board Member Nusret Cömert, Vice Chairman of the Board

Selim Akın and Board Member Pelin Akın will be appointed as members of the Early Risk Detection Committee for a term of one year, with Nusret Cömert also serving as Chairman of the Early Risk Detection Committee.

June 1, 2015, Directors Liability Insurance: Pursuant to Article 4.2.8 of the CMB's Corporate Governance Communiqué (Series II, No. 17.1), Board Members and Senior Managers of our Company are covered by the "Directors Liability Insurance" in effect with an upper limit of US$ 35,000,000 which corresponds to over 25% of our company capital.

July 13, 2015, Share Sales and Purchases as Part of Growth Strategies of the Company: As part of the growth strategies of our Company, on grounds of the possibility that the necessities for a large-scale investment and equity of the subsidiary Akfen Construction should have negative impact in the dividend distributions of our Company, the Company took a Board of Directors decision dated July 13, 2015 nr. 2015/16 in order to transfer the shares of Akfen Construction and purchase shares from companies invested in solar and thermal energy so as to enlarge the current energy portfolio of the Company. Following decisions were taken accordingly:

Article 1. On grounds that the 205,686,000 shares with a nominal value of TL 205,686,000 representing 99.85% of Akfen Construction's capital should have negative impact in the dividend distributions of our Company due to the necessities for a large-scale investment and equity of the said subsidiary, it was concluded that the amount of such shares is incompatible with the growth strategy of our Company; the related party interested in the transfer of Akfen Construction's shares is reportedly available for negotiations; a valuation report shall be prepared in accordance with article 9.2.b of the provision II-17.1 in CMB's Corporate Governance Communiqué (Series II, No. 17.1) for the transfer of shares to related party Akfen Altyapı Danışmanlık SA; the transfer shall be in the form of related party; all related legislative duties for the transfer shall be completed.

Article 2. Following the completion of duties stated in Article 1, the transfer shall be finalized according to the price to be specified in the valuation report and the trade agreement between parties.

Article 3. In the event that the valuation report defines the said transaction as significant transaction, necessary actions shall be taken to realize the transfer accordingly.

Article 4. On grounds that Karine, having companies in its portfolio involved in solar energy generation, is fully owned by Board of Directors member Selim Akın, who is considered a related party of our Company, with 50,000 shares with a nominal value of TL 50,000 representing 100% of his share capital, and that Karine's field of operations are compatible with the growth strategy of our Company in solar energy; necessary actions shall be taken to purchase the said shares by our Company; a valuation report shall be prepared in accordance with article 9.2.b of the provision II-17.1 in CMB's Corporate Governance Communiqué (Series II, No. 17.1) for the transfer of shares; the transfer shall be in the form of related party; all related legislative duties for the transfer shall be completed; the transfer of Karine's shares shall be finalized as early as possible in line with energy market legislation according to the price to be specified in the valuation report and the trade agreement between parties.

Article 5. For the purposes of restructuring and improved effectiveness of Akfen Thermal Energy, partial demerger process of the said subsidiary shall be initiated; necessary actions shall be taken for the completion of full transfer of shares by December 31, 2015 owned by Adana İpekyolu, subsidiary of Akfen Thermal Energy, to a new company with partial demerger management.

Article 6. On grounds that the total shares of Board of Directors member Selim Akın equivalent to 90,000 with a nominal value of TL 90,000 representing 40% of his capital in Adana İpekyolu, considered a related party of our company, which includes a coal-fired plant project with an energy generation capacity of 660 MWe in Adana Yumurtalık are compatible with the growth strategy of our Company in energy generation activities; necessary actions shall be taken to purchase the said shares by our Company; a valuation report shall be prepared in accordance with article 9.2.b of the provision II-17.1 in CMB's Corporate Governance Communiqué (Series II, No. 17.1) for the transfer; the transfer shall be in the form of related party; all related legislative duties for the transfer shall be completed.

Article 7. On grounds that the total shares in subsidiary Akfen Thermal Energy owned by Board of Directors member Hamdi Akın equivalent to 202,954 shares with a nominal value of TL 50,738,500 representing 29,75% of his capital are compatible with the growth strategy of our Company in terms of area of activity Akfen Enerji Üretim which will be the only subsidiary of

Akfen Termik following the partial demerger stated in Article 5, necessary actions shall be taken to indirectly acquire all the shares of Akfen Enerji Üretim by our Company; a valuation report shall be prepared in accordance with article 9.2.b of the provision II-17.1 in CMB's Corporate Governance Communiqué (Series II, No. 17.1) for the transfer; the transfer shall be in the form of related party; all related legislative duties for the transfer shall be completed; the transfer of shares shall be carried out following the demerger of Akfen Thermal Energy as early as possible in line with energy market legislation according to the price to be specified in the valuation report and the trade agreement between parties.

July 24, 2015, About Share Sales and Purchases: As per our company's Board of Directors Decision dated 13.07.2015 nr. 2015/16 and the valuation reports dated July 20, 2015 prepared by DRT Kurumsal Finans Danışmanlık Hizmetleri A.Ş. ("Deloitte"), it was decided that the transfer of shares shall be carried out as follows. Share Assignment Agreements for the said transactions were signed on July 24, 2015:

- 205,686,000 shares of our company representing 99.85% of Akfen Construction's capital shall be transferred to related party Akfen Altyapı Danışmanlık at a price of US$ 58,911,500.
- Totality of 50,000 shares in Karine Enerji Üretim ve Sanayi A.Ş. owned by Board of Directors member Selim Akın representing 100% of his capital, shall be purchased by our Company at a price of US$ 24,000,000.
- Adana İpekyolu, in which Selim Akın has 90,000 shares representing 40% of his capital, shall be acquired by our Company at a price of US$ 24,600,000. The transfer of shares will be carried out following the partial demerger of Akfen Thermal Energy, our subsidiary which owns 50% stake in Adana İpekyolu.
- Total shares in subsidiary Akfen Thermal owned by Board of Directors member Hamdi Akın equivalent to 202,954 shares representing 29.75% of his capital shall be purchased by our company at a price of US$ 28,333,305, in order to acquire the totality of indirect shares of Akfen Enerji Üretim which will be the only subsidiary following the partial demerger of shares in Adana İpekyolu as part of restructuring in Akfen Thermal.

July 27, 2015, Subsidiary Share Sales Regarded as Significant Transaction: The undermentioned decision by our Company's Board of Directors dated 24.07.2015 nr. 2015/18 was unanimously taken by both independent members and other member of our board. Considering the criterion stated in the Article 6 of the Communiqué on Common Principles Regarding Significant Transactions and the Retirement Right, the transfer of 99.85% of our shares in Akfen Construction is not a significant transaction. Following are the reasons thereof: a) According to the latest disclosed financial statements, the registered value of assets of the transaction in the latest disclosed financial statements corresponds to 12.67% of the total assets of Akfen Holding Solo equivalent to TL 1,623 million. b) The price of transaction corresponds to 9.50% of the shareholder value of TL 1,619 million calculated on the basis of the arithmetic average of adjusted weighted average of prices in the six days prior to the Board of Directors decision. c) Assets to be transferred, rented or to be established real right upon in the last year contribute 0% to the revenues in the financial statements of last year (considered 0%, as construction income belongs to the group and is eliminated in the consolidated income of Akfen Holding). Each criterion therefore falls below 50%, and in due consideration of significance of such assets for the activities of the subsidiary, the transaction is not regarded as significant transaction.

July 29, 2015, Share Purchases as part of the Share Buyback Program: As part of the "Share Buyback Program" approved by the Extraordinary General Assembly on January 15, 2015, the Company has bought back 13,853 Akfen Holding A.Ş. shares on July 29, 2015, increasing the number of total shares repurchased by the Company within the program to 6,829,508. As the Company already holds 7,989,806 Akfen Holding A.Ş. shares acquired within the previous share buyback program, total number of repurchased shares has reached 14,819,314, which accounts for 5.66% of the Company's paid-in capital.

August 26, 2015, CMB Approval of Limit Increase in Transaction Amount of Share Buyback Program: As part of the "Share Buyback Program" decided upon during the Extraordinary General Assembly Meeting of our company dated January 15, 2015, we applied to the CMB for an increase of limit to 50% which, the sub-clause (c) of clause 1 of article 15 of the Communiqué on Buy-backed Shares No.II-22.1 states as follows: "total amount of shares to be bought back by partners and/ or subsidiaries in a single day, shall not exceed twenty five percent of the average

transaction amount of the shares in the twenty days preceding the day of transaction," to which the CMB responded positively in the meeting dated August 21, 2015 nr. 21/1023 following negotiations within the CMB.

October 30, 2015, Akfen İnşaat Turizm ve Ticaret A.Ş. Share Sales: Based on the Board of Directors decision of our company dated July 13, 2015 nr. 2015/16, we signed a share assignment agreement on July 24, 2015 for the transfer of 99.85% shares we own in subsidiary Akfen Construction to related party Akfen Altyapı Danışmanlık SA at a price of US$ 58,911,500. Upon the fulfillment of closure conditions, the said transfer was finalized as of October 30, 2015.

October 30, 2015, Adana İpekyolu Enerji Üretim A.Ş. Share Purchase: Based on the Board of Directors decision of our company dated July 13, 2015 nr. 2015/16, we signed a share assignment agreement on July 24, 2015 to purchase the shares owned by our company's member of the Board of Directors Selim Akın in Adana İpekyolu, which corresponds to 40% of the capital of the said company, at a price of US$ 24,600,000. Following the fulfillment of closure conditions, the said transfer was finalized as of October 30, 2015.

November 6, 2015, EBRD's Investment Prospects in our Renewable Energy Companies: EBRD is interested in capital investment in subsidiaries of Akfen Holding A.Ş.: Akfen HEPP (Akfen Renewable Energy) which owns special-purpose entities that invest in hydroelectric power plants and Akfen WPP which owns special-purpose entities that invest in wind power as well as in Karine, which owns special-purpose entities that invest in solar energy with which our Company signed a share sales agreement upon fulfillment of closure conditions for transfer which we announced in Public Disclosure Platform on July 24, 2015.

Although no agreement has been signed between EBRD and our Company so far, we have held talks on main aspects of the said interest.

November 17, 2015, Board of Directors Decision on Capital Decrease Through Redemption of Company Shares: During the said Board of Directors meeting, it was decided that the "Akfen Holding A.Ş. Articles of Association Draft Amendment"; given enclosed, prepared for the amendment of Article 6 of the "Articles of Association" in line with Turkish Commercial Code and Capital Markets Board regulations, shall be submitted to CMB and the Ministry of Customs and Trade of the Republic of Turkey for due consideration and comments; and that the said draft shall be presented at the first general assembly meeting following its approval. The said amendment stipulates a TL 14,819,314 decrease of our issued capital from TL 261,900,000 to TL 247,080,686 through redemption of shares bought back in line with legislation and other shares suitable for redemption. The decision was taken on grounds that

- The issued capital of our company has been long traded far above the maximum purchase limit TL 8 and sufficient supply and demand in the market is achieved to determine the price,
- Our current shareholders will gain higher value in their current shares when investors to invest in our company through capital decrease purchase shares from the Stock Exchange rather than from the buyback program,
- Our investors will benefit more from the prospective dividends to be distributed in the coming years,
- Capital decrease is the transaction that yields highest returns for the shareholders.

Application for the said transaction is made to the CMB on November 17, 2015.

December 15, 2015, Subscription of European Bank for Reconstruction and Development Acquires to our Company's Subsidiary: Based on the Board of Directors decision of our company dated December 14, 2015 nr. 27, EBRD signed a "Subscription Agreement" between our subsidiaries Akfen HEPP, Akfen WPP, Akfen Elektrik Enerjisi Toptan Satış A.Ş. ("Akfen Wholesale") and Karine GES, and a Shareholders Agreement with our Company. Accordingly, Akfen WPP, Akfen Wholesale as well as Karine GES and Akfen HEPP following their transfer to our Company, will join under one roof to establish a renewable energy company in which EBRD will have a 20% stake.

EBRD purchased 20% stake at a price of US$ 100,000,000 which will be channeled to the energy company to be built and into the ongoing as well as new investments of the company.

December 18, 2015, CMB's Approval of the Application Made on October 17, 2015 Regarding the Amendment to the Articles of Association for Capital Decrease: As is published on CMB Bulletin dated December 17, 2015 nr. 2015/34, the application on October 17, 2015 for the amendment to Article 6 of the Articles of Association of our company was approved by CMB.

December 22, 2015, Board of Directors Decision on the Call for Extraordinary General Assembly: The Extraordinary General Assembly meeting of our Company will be held at 11:00 on Wednesday, January 20, 2016 at the Assembly Hall on the third floor at the Head Office of our Company at Akfen Holding A.Ş. premises located in Koza Sokak No: 22 GOP Ankara.

December 23, 2015, Process of the Exercise of the Right to Squeeze-out and Right to Sale: The Material Disclosure submitted by Hamdi Akın to the Public Disclosure Platform on December 22, 2015 declares that as part of Capital Markets Board's Communiqué on Squeeze-Out and Sell-Out Rights, as of December 22, 2015,

- The calculation of total shares of Akfen Holding A.Ş.; of which Hamdi Akın is entitled to 79.36% and 84.12% voting power, Selim Akın is entitled to 3.14% and 3.33% voting power, Akınısı Makina Sanayi ve Ticaret A.Ş. is entitled to 0.40% and 0.43% voting power, Akfen Turizm Yatırımları ve İşletmecilik A.Ş. is entitled to 0,40% and 0,43% voting power, Akfen Altyapı Danışmanlık SA is entitled to 8.31% and 8.81% voting power, (i) does not take into account the voting privileges of Group A privileged shares, (ii) does not include the 14,819,314 shares; which the Company acquired as part of the share buyback program about which, upon approval by CMB, amendment to the article on capital for capital decrease will be submitted for approval of partners on the Extraordinary General Assembly Meeting of the Company on January 20, 2016, in the total voting powers of the Company on grounds of lack of votes, although they are included in the share rate calculation,
- The rates specified as total voting powers are not rates that take into account privileged shares with voting privileges, while rates specified as voting powers are rates which do not include shares acquired through the buyback program,
- Partners who act in concert have now a total of 97.11% of the total shares/ votes of the Company, thereby becoming controlling shareholders, and will exercise their rights to sale and withdrawal from partnership.

Following shall be the process of such exercise of rights to sale;

Shareholders who are not controlling shareholders of the Company are entitled to sell their shares to controlling shareholders during the three-month foreclosure (between December 23, 2015-March 22, 2016) starting on December 22, 2015, date of entitlement to controlling shareholder status.

Following the reception of the request to exercise the right to sale, our Company will prepare a valuation report in line with related regulations of the Board in order to determine the share values the results of which will be published in Public Disclosure Platform according to provisions of the Communiqué.

Accordingly, the price of right to sale for each share of our Company shall be the highest amount among the prices listed below:

1) Arithmetic average of the weighted prices in the Stock Market in the thirty days prior to December 22, 2015, date of the share acquisition by Hamdi Akın: TL 10.9998
2) Arithmetic average of the weighted prices in the Stock Market in the six months prior to December 22, 2015: TL 8.7517
3) Arithmetic average of the weighted prices in the Stock Market in one year prior to December 22, 2015: TL 7.3360
4) Arithmetic average of the weighted prices in the Stock Market in five years prior to December 22, 2015: TL 5.3013
5) Price to be specified by the Valuation Report to be prepared.

Partners who apply in written form to the Investor Relations Department of our Company in order to exercise their right to sale ahead of the preparation of the valuation report, shall be paid within the legal term specified in the Communiqué following the preparation and publication of the report in Public Disclosure Platform.

Shareholders other than controlling shareholders who would like to exercise their right to sale must apply to the Investor Relations Department of our Company in written form. The said shareholders will be paid the share price amount by our Company in two work days following the notification to Hamdi Akın, who undertakes the transactions on behalf of shareholders, of such payment which will be made in three workdays following the preparation and publication of the report in Public Disclosure Platform.

Controlling shareholders shall be able to exercise their right to withdraw from partnership other shareholders who have not

exercised their rights to sale following the end of the three-month foreclosure period (between December 23, 2015 and March 22, 2016), at a price of TL 10.9998 which amounts to the arithmetic average of the weighted prices in the Stock Market in the thirty days prior to December 22, 2015, the date on which the controlling shareholder status was announced to public in compliance with Communiqué provisions.

December 28, 2015, Sell-Out Rights: Pursuant to the CMB's Communiqué on Squeeze-Out and Sell-Out Rights, on December 28, 2015, one shareholder requested to exercise the right to sell-out i.e. sell the Company the Akfen Holding A.Ş. shares with a total nominal value of TL 8 (0.0000% of the Capital).

Investments

In 2015, the Company's investments amounted to TL 348.1 million. A significant portion of these investments was in Isparta City Hospital, İncek Loft, energy and REIT; with TL 245.8 million as part of Akfen Construction's investments, TL 32.5 million in the hydroelectric power plant under development, and TL 61.6 million by Akfen REIT.

Internal Control Mechanism:

With the establishment of the Audit Committee, the Internal Control Mechanism is tasked to carry out its duties delegated by the Board of Directors under the main structure of the Audit Committee. The Independent Board Member Şaban Erdikler serves as the current Chairman of the Audit Committee.

Equity and stakes in subsidiaries and affiliates:

Trade names, ownership interests (sum of direct and indirect ownership interests) and methods of consolidation for the Company's primary subsidiaries and affiliates are as follows.

Trade Name	Ownership Interest (%) as of December 31, 2015	Consolidation
TAV Havalimanları Holding A.Ş.	8.12	Equity Method
TAV Yatırım Holding A.Ş.	21.68	Equity Method
Mersin Uluslararası Liman İşletmeciliği A.Ş.	50.00	Equity Method
PSA Akfen Liman İşl. ve Yönetim Dan. A.Ş.	50.00	Equity Method
İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.	30.00	Equity Method
Akfen Termik Enerji Yatırımları A.Ş.	70.25	Fully Consolidated
Akfenhes Yatırımları ve Enerji Üretim A.Ş.	100.00	Fully Consolidated
Akfenres Rüzgâr Enerjisi Yatırımları A.Ş.	100.00	Fully Consolidated
Akfen Elektrik Enerjisi Toptan Satış A.Ş.	100.00	Fully Consolidated
Akfen Enerji Dağıtım ve Ticaret A.Ş.	100.00	Fully Consolidated
Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.	56.88	Fully Consolidated
Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.	50.00	Equity Method

Private and Public Audits Conducted During the Accounting Period

Private and public audits during 2015: A partial tax audit has been realized for the 2010, 2011, and 2012 accounting periods of Akfen Enerji Üretim A.Ş., a subsidiary of our subsidiary Akfen Thermal Energy. The audit for 2010-2011 was completed without any problems, whereas the audit for 2012 is still in progress.

In addition, auditing of the 2011 and 2012 accounting periods continue for Beyobası Enerji Üretim A.Ş., a subsidiary of our subsidiary Akfen HEPP.

Lawsuits

As stated in the report submitted to CMB on February 29, 2016, as of December 31, 2015, the Company does not have any short-term or long-term provisions for litigation costs.

Sanctions imposed on the Company and its management

No administrative or judicial sanctions have been imposed on the Company, or its management due to regulatory violations.

Donations

During 2015, Akfen Holding's donations to various foundations and associations amounted to full TL 2,396,279 (2014: TL 393,066). The Ordinary General Assembly meeting held on April 16, 2015 has determined an upper limit of full TL 3,000,000 for donations to be made in 2015.

Corporate Social Responsibility:

Information on Corporate Social Responsibility Projects Akfen Holding took part in during 2015 can be found in the "Corporate Social Responsibility" section of this report.

Related Party Statements

Related party balances

As at 31 December, 2015 and 31 December, 2014 short term receivables and payables balances are as follows:

('000 TL)	31 December 2015	31 December 2014
Trade receivables	-	822
Non-trade receivables	99,587	652
	99,587	**1,474**
Trade payables	3,783	1,530
Non-trade payables	1,603	25,911
	5,386	**27,441**

As at 31 December, 2015 and 31 December 2014, long term receivables and payables balances are as follows:

('000 TL)	31 December 2015	31 December 2014
Non-trade receivables	431,387	51,690
	431,387	**51,690**
Trade payables	-	39
Non-trade payables	9,066	7,737
	9,066	**7,776**

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, 2015 and 31 December, 2014 the Group had the following short term trade receivables from its related parties:

Due From Related Parties Short Term Trade Receivables ('000 TL)	31 December 2015	31 December 2014
Akfen Altyapı Danışmanlık A.Ş.	99,308	-
IDO	-	322
Others	279	500
	99,587	**822**

As at 31 December, 2015 and 31 December, 2014 the Group had the following long term non trade receivables to its related parties:

Due to related parties (long term-non trade receivables): ('000 TL)	31 December 2015	31 December 2014
Akfen İnşaat	425,334	-
Akfen Su	5,455	-
İDO	66	31,665
Hacettepe Teknokent	-	9,114
Hyper Foreign Holland N.V.	-	7,373
Others	532	3,538
	431,387	**51,690**

As at 31 December, 2015 and 31 December 2014, the Group had the following short term non trade payables to its related parties:

Due to related parties (short term-non tr) ('000 TL)	31 December 2015	31 December 2014
Adana İpekyolu*	1,575	17,109
Akfen Gayrimenkul Geliştirme ve Ticaret A.Ş.	-	8,502
Others	28	300
	1,603	**25,911**

* Represents Akfen Thermal Energy's payables to Adana İpekyolu.

Akfen Holding's payables to TAV Investment constituted the entirety of the short-term non-trade payables to related parties as at December 31, 2015 and December 31, 2014.

Related party transactions

As of December 31, services provided to related parties are as follows:

Services provided to related parties: (TL Thousand)	December 31, 2015		December 31, 2014	
Company	Amount	Transaction	Amount	Transaction
TAV Havalimanları	27,346	Revenue from Electricity Sales	26,454	Revenue from Electricity Sales
Akfen İnşaat	8,583	Financial Income	-	Financial Income
MIP	6,816	Revenue from Electricity Sales	3,442	Revenue from Electricity Sales
İDO	3,075	Revenue from Electricity Sales	3,293	Revenue from Electricity Sales
İDO	738	Financial Income	1,426	Financial Income
Hacettepe Teknokent	536	Financial Income	931	Financial Income
Akfen Su	727	Revenue from Electricity Sales	711	Revenue from Electricity Sales
Akfen Gayrimenkul Yatırımları Ticaret A.Ş.	-	Financial Income	151	Financial Income
Other	-	Financial Income	54	Financial Income
	47,821		**36,462**	

As of December 31, services received from related parties are as follows:

Services received from related parties: (TL Thousand)	December 31, 2015		December 31, 2014	
Company	Amount	Transaction	Amount	Transaction
Ibs Sigorta ve Reasürans Brokerliği A.Ş.	4,704	Procurements	3,729	Procurements
	4,704		**3,729**	

E – FINANCIAL SITUATION

Details on the financial situation of the Company have been provided in the sections of this report entitled "Message from the CEO" and "Financial Results for 2015".

Dividend 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 to be distributed to 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.

F – RISKS AND THE ASSESSMENT OF THE BOARD OF DIRECTORS

Risk Management and Internal Control Mechanism

In December 2012, implementation of the Risk Management Guide Book was 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, and 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.

In this context, the Company established and implemented a management reporting system in 2014. In addition, Akfen HEPP Group's Occupational Health and Safety Directive has been updated in line with the constantly developed policies and procedures on occupational health and safety. In order to ensure maximum readiness in case of emergencies, a business continuity (disaster recovery) plan has been drawn up and issued on December 18, 2014.

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.

Risk Management:

The detailed information about Risk Management can be found in the "Financial Risk Management" section (pages 229-232) of this report. Akfen Holding categorizes its risks as financial, operational, strategic, legal and reputational.

1) FINANCIAL RISKS

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.

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.

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.

The Group uses derivative financial instruments to manage its exposure to currency risk on its bank borrowings. This is achieved by entering into swap contracts.

Interest Rate Risk

The activities of the Group are exposed to the risk of interest rate fluctuations as 32% of Akfen Holding borrowings are subject to 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 aim at optimizing the net interest income, given market interest rate levels consistent with the Group's business strategies.

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 optimizing 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, the risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties.

2) OPERATIONAL RISK

Operational risk is the risk of suffering direct or indirect damage due to a wide variety of causes related to the Group's processes, employees, technology and infrastructure. All Group activities entail a certain amount of operational risk. 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.

The Audit Committee convened four times during the accounting period, on a quarterly basis. The internal audit unit was also present in these meetings where audits conducted at Akfen Holding, its subsidiaries and joint ventures were reviewed and discussed in detail.

The scope of the internal audit activities involve observing Independent Audit closing meetings, which are part of the financial statement preparation process, in order to assess risk factors relating to consolidated entities, and their potential impact.

Prospective risks, The Early Risk Detection Committee of the Board of Directors analyzes risks the Company might face in the future. The analyses so far have revealed no risk that might affect the Company's activities. Reporting to the Board of Directors on a biannual basis, the Early Detection of Risk Committee has convened multiple times during 2015 to identify, monitor and develop action plans for risks, and submitted 6 (six) reports to the Board of Directors. Additionally, the Committee convenes on an annual basis to review the Company's existing risk management systems.

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.

G – OTHER MATTERS

1 - IMPORTANT DEVELOPMENTS AFTER THE PERIOD

Akfen Holding:

January 20, 2016, Extraordinary General Assembly Results: The amendment to the Articles of Association concerning reduction of the Company's paid-in capital from TL 261,900,000 to TL 247,080,686, and the Board of Directors Report on Capital Reduction were approved on January 20, 2016 by the Extraordinary General Assembly, which was registered at the Ankara Trade Registry on January 20, 2016. .

January 27, 2016, Fair Sell-Out Price and Exercise of Sell-out Rights: SWith respect to transactions regarding sell-out rights to be exercised as per the CMB's Communiqué on

"Sell-out and Squeeze-out Rights", Akfen Holding signed an agreement with Ünlü Menkul Değerler A.Ş. to receive brokerage and valuation services.

Following the first request for exercise of sell-out rights submitted to our Company on December 28, 2015 pursuant to the aforementioned Communiqué, the sell-out fair price of an Akfen Holding A.Ş. share with a TL 1 nominal value has been determined as TL 13.0723, according to the valuation report issued and submitted to the Company on January 26, 2016 by Ünlü Menkul Değerler A.Ş., assigned to establish the fair value regarding the exercise of sell-out right.

Accordingly, as per the relevant article of the Communiqué, the fair value for the exercise of the sell-out right shall be determined on the basis of the following prices:

1) Arithmetic average of the weighted prices in the Stock Market over thirty days prior to December 22, 2015, the date of the share acquisition by Hamdi Akın: TL 10.9998
2) Arithmetic average of the weighted prices in the Stock Market over six months prior to December 22, 2015: TL 8.7517
3) Arithmetic average of the weighted prices in the Stock Market over one year prior to December 22, 2015: TL 7.3360
4) Arithmetic average of the weighted prices in the Stock Market over five years prior to December 22, 2015: TL 5.3013
5) The price determined in the valuation report is TL 13.0723. Accordingly, the fair sell-out price has been determined as TL 13.0723, being the highest of the above prices.

In this context,

- shareholders who would like to exercise their sell-out rights are requested to fill out the related form and have their own brokerage company deliver it to Ünlü Menkul Değerler A.Ş. by 17:00 on March 22, 2016 at the latest, and
- to have their shares transferred to their asset account related to the share through CRA.

January 27, 2016, Capital Reduction Date: The amendment to Article 6 of the Articles of Association was approved on January 20, 2016 by the Extraordinary General Assembly, which was registered at the Ankara Trade Registry on the same date. Accordingly, the capital reduction will only involve shares repurchased as part of the Company's "Share Buyback Program", accounting for 5.66% of the Company's paid-in capital with a nominal value of TL 14,819,314, which will be redeemed in line with CMB's procedures on capital reductions not requiring fund outflow. Other Akfen Holding A.Ş. shares will not be cancelled as a result of this transaction. Necessary information regarding the cancellation of shares, representing a nominal value of TL 14,819,314 was submitted to the CRA and BİAŞ for readjustment of share price. The share cancellation has been carried out on January 28, 2016, reducing the company capital from TL 261,900,000 to TL 247,080,686.

February 22, 2016, Acquisition of Fixed Assets: In accordance with Akfen Holding's board decision no. 2015/16 of July 13, 2015, it was decided to purchase 100% of Karine Enerji Üretim ve Sanayi A.Ş., owned by Company's Board Member Selim Akın at a value of US$24,000,000 as of February 22, 2016. In addition, as part of the Group's ongoing structuring in the renewable energy portfolio and pursuant to the Articles 136 and 138 of the Turkish Commercial Code and Articles 19 and 20 of the Corporate Tax Law, the boards of Karine Energy and Akfen Renewable Energy resolved on February 22, 2016 to merge Karine Energy, without liquidation as a whole, with Akfen Renewable Energy, and the Group initiated the related transactions.

Akfen Energy Group

January 14 & January 20, 2016, Resolution on Merger of Subsidiaries: Pursuant to the Articles 136 and 138 of the Turkish Commercial Code and Articles 19 and 20 of the Corporate Tax Law, the boards of Akfen Holding's wholly owned subsidiaries Akfen HEPP and Akfen WPP decided on January 14, 2016, to merge Akfen WPP, without liquidation as a whole, with Akfen HEPP and to change the corporate name of Akfen HEPP into Akfen Yenilenebilir Enerji A.Ş., and the related transactions had been initiated. The aforementioned merger and the change of Akfen HEPP's corporate name into "Akfen Yenilenebilir Enerji A.Ş." have been completed and registered as at January 19, 2016.

January 25, 2016, Transfer of Subsidiaries: As part of the structuring in the Holding's energy group companies and subject to approval by EMRA, the transfer of the Company's subsidiary Akfen Wholesale to Akfen Renewable Energy was completed on January 25, 2016. In this context, on the same day, Laleli Enerji Elektrik Üretim A.Ş., a subsidiary of Akfen Renewable Energy was transferred to Akfen Termik Enerji Yatırımları A.Ş., a subsidiary of the Company..

AKFEN REIT

February 16, 2016, Novotel Istanbul Bosphorus (Karaköy): Novotel Istanbul Bosphorus (Karaköy), a 200-room, five-star hotel in the centre of Karaköy, one of the oldest trade centers of Istanbul has been put into service by the Akfen REIT subsidiary Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. Thus, the number of hotels in Akfen REIT's portfolio, in Turkey and abroad, rose to 19 operational hotels.

TAV Airports

February 15, 2016, BTA - Muscat Airport Food & Beverage Areas: TAV Airports' subsidiary BTA Yiyecek İçecek Hizmetleri A.Ş. has been declared as the preferred bidder to operate the food and beverage areas at the New Muscat International Airport located in Oman's capital Muscat. The operating right shall be valid for ten years, starting from 2017. The food court to be managed extends to an area of 3,142 m2 consisting of 20 food and beverage points, inside the airport which served approximately 9 million passengers during 2015.

February 15, 2016, Dividend Distribution for 2015: TAV Airports Board of Directors has resolved to submit to the approval of the General Assembly the decision to distribute TL 0.9567243 (95.67243%) gross cash dividend per share with a nominal value of TL 1, starting from March 23, 2016. The total proposed gross cash dividend to be distributed is TL 347,560,013.

February 19, 2016, 2015 Ordinary General Assembly: TAV Airports' 2015 Ordinary General Assembly of Shareholders will be held on Monday, March 21, 2016 at 14:00 in the TAV Academy Hall (A) located at the following address: TAV Akademi (A) Salonu, Atatürk Havalimanı Dış Hatlar Terminali, A Kapısı - VIP yanı TAV Yönetim Merkezi, Yeşilköy, Istanbul.

TAV Investment

January 25, 2016, Bahrain International Airport Tender: On January 25, 2016, TAV Construction, a subsidiary of TAV Investment, announced winning the US$1.1 billion tender for the new terminal building and related works of the Bahrain International Airport, with its partner Arabtec (TAV Construction's share: 40%). The contract comprises a terminal building with an annual capacity of 14 million passengers as well as the main service building, air and ground infrastructure works, and multi-storey car park.

2 - GOVERNMENT INVENTIVES AND GRANTS

According to the Investment Incentive Code No.47/2000, Akfen REIT has a 100% investment incentive on any investments made by Akfen REIT until December 31, 2008 in Turkish Republic of Northern Cyprus, without any time limitation.

Based on the Cabinet decree dated July 1, 2003 and numbered 2003/5868, it is resolved that the ratio of the private consumption tax on 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 the fuel oil quantity is determined with regards to technical specifications of and registered in journal of the vessel to consume such fuel oil. IDO benefits from this private consumption tax deduction since 2004.

According to the Cabinet decree dated December 2, 2004 and numbered 2004/5266, 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 as well as 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 as well as banking and insurance taxes and funds. IDO makes use of discounts of corporate tax and income tax in this scope.

As at December 31, 2014 and December 31, 2015, TAV Esenboğa and TAV İzmir have investment grants.

There are VAT and customs duty exemptions with respect to the investments made in HEPP projects through various investment incentive certificates.

3 - CAPITAL MARKET INSTRUMENTS

The number of repurchased shares as part of the Company's "Share Buyback Program", approved at the Extraordinary General Assembly of January 15, 2015 has reached 6,829,508

upon purchase of 13,853 Akfen Holding A.Ş. shares on July 29, 2015. As the Company already holds 7,989,806 Akfen Holding A.Ş. shares acquired within the previous share buyback program, total number of shares repurchased has reached 14,819,314 shares, accounting for 5.66% of the Company's paid-in capital. The Extraordinary General Assembly on January 20, 2016 approved the cancellation of these shares, which have a total nominal value of TL 14,819,314 to reduce the Company capital from TL 261,900,000 to TL 247,080,686. The related capital reduction was carried out on January 28, 2016.

On January 9, 2014, the Company issued the first series of TL 140,000,000 in floating-rate corporate bonds (ISIN code TRSAKFH11710) with a term of three years and coupon payments every three months. The bonds have an annual spread of 3.25%. The interest rate effective for the ninth coupon payment, which will be made on April 11, 2015, was announced as 3.47% (annual compound interest rate: 14.66%). As part of the issuance, the Company was authorized to issue bonds up to a limit of TL 200,000,000 in nominal value, based upon the CMB resolution no. 29833736-105.03.01-3 of January 2, 2014. The CMB's permission for the remaining TL 60 million was valid until December 31, 2014.

On March 27, 2014, the Company issued TL 200,000,000 in floating-rate corporate bonds (ISIN code TRSAKFH31718) with a term of three years and coupon payments every six months. The bonds have an annual spread of 3.50%. The interest rate effective for the fourth coupon payment, which will be made on March 24, 2015, was announced as 7.1867% (annual compound interest rate: 14.93%).

On December 11, 2014, the Company issued the second series of TL 60,000,000 in floating-rate corporate bonds (ISIN code TRSAKFHA1719) with a term of three years and coupon payments every three months. The bonds have an annual spread of 3.00%. The interest rate effective for the fifth coupon payment, which will be made on March 10, 2016, was announced as 3.33% (annual compound interest rate: 14.04%).

MINUTES OF THE 2014 ORDINARY GENERAL ASSEMBLY

- The Board of Directors' Annual Report, Financial Statements and Independent Audit Report have been approved.
- As per the financial statements for the year from January 1, 2014 to December 31, 2014 and the relevant legislation, the Company will distribute a first dividend of TL 20,000,000.00 (twenty million) (gross) with respect to the profits in 2014 and previous years, and gross TL 0.076365025 per each share with a nominal value of TL 1 in cash, starting from April 28, 2015.
- Each Board member has been independently released from liability arising from the affairs of the Company during 2014.
- Six people including two independent names have been nominated to the Board of Directors. Hamdi Akın, İrfan Erciyas, Selim Akın, and Pelin Akın have been appointed as Board Members, whereas Şaban Erdikler and Nusret Cömert have been elected as Independent Board Members, for a term of one year.
- Board Member compensation has been approved.
- The appointment of Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (KPMG) as Independent Auditor has been approved.
- Relevant persons have been authorized in accordance with the provisions laid down in Articles 395 and 396 of the Turkish Commercial Code and the CMB regulations.
- The General Assembly has been informed about the donations made during 2015, and an upper limit of TL 3,000,000 has been determined for donations to be made in 2015.
- The General Assembly has been informed about the duties of the Board Member candidates within and without the Group, including independent members, and related party transactions, securities, pledges and mortgages granted as well as donations and charities made within the year.

PROFIT DISTRIBUTION FOR 2014

1. Paid-in Capital			**261,900,000.00**
2. Total Legal Reserves (As Per Statutory Records)			**20,474,510.43**
Information concerning preferred shares, if the Articles of Association involve preferred shares			
		As Per CMB	As Per Statutory Records
3	**Profit for the Period**	-11,863,000.00	-27,733,221.06
4	**Taxes (-)**	0.00	0.00
5	**Net Profit for the Period (=)**	-11,863,000.00	-27,733,221.06
6	**Previous Years' Losses (-)**	0.00	0.00
7	**First Legal Reserve (-)**	0.00	0.00
8	**NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)**	0.00	0.00
9	Donations Made During the Year (+)	0.00	
10	Net Distributable Profit including Donations, as the First Level Dividend Base	0.00	
11	First Dividend to Shareholders (*)	0.00	
	- Cash	20,000,000.00	
	- Shares		
	- Total		
12	Dividends Distributed To Holders of Preferred Shares	Dividends to be distributed to holders of preferred shares in accordance with the Articles of Association	
13	Dividends to Board Members, employees, etc.	-	
14	Dividends to Holders of Usufruct Right Certificates	-	
15	Second Dividend to Shareholders	-	
16	Second Legal Reserve	-	
17	Statutory Reserve	-	-
18	Special Reserve	-	-
19	**EXTRAORDINARY RESERVES**	0.00	0.00
20	**Other Resources for Distribution** - Previous years' profit - Extraordinary reserves - Other distributable reserves as per the legislation and the AoA	20,000,000.00	0.00

Information On Dividend Per Share

DIVIDEND PER SHARE					
	GROUP	**TOTAL DIVIDEND AMOUNT (TL)**	**DIVIDEND PER SHARE FOR TL 1 NOMINAL VALUE**		
			AMOUNT (TL)	**SHARE (%)**	
Gross		20,000,000.00	0.076365025	7.637	
	Toplam	20,000,000.00			
Net		17,000,000.00	0.064910271	6.491	
	Toplam	17,000,000.00			

EXTRAORDINARY GENERAL ASSEMBLY RESULTS

RESOLUTIONS OF THE AKFEN HOLDİNG A.Ş. EXTRAORDINARY GENERAL ASSEMBLY MEETING HELD ON WEDNESDAY, JANUARY 20, 2016 AT 11:00

- The amendment to the Article 6 of the Articles of Association has been approved. In this context, the General Assembly has resolved to reduce the Company's capital from TL 261,900,000 to TL 247,080,686, down by TL 14,819,314.
- The General Assembly has also approved the Board of Directors Report on Capital Reduction.

Board Of Directors Report On Capital Reduction of Akfen Holding A.Ş.

A - FRAMEWORK OF THE REPORT

This report was prepared in accordance with the provisions laid down in Article 19.11.c of the Communiqué on Shares VII-128.1, published on the Official Gazette No. 28685 of June 22, 2013, which mandates that "a report to be prepared by the board of directors with respect to the causes of decrease of capital, and the principles applicable in capital decrease, and the benefits of capital decrease to the corporation, also stating that the capital decrease will not lead to any decrease in assets of the corporation, is required to be announced to shareholders together with the agenda of meeting of the general assembly of shareholders, where capital decrease will be discussed, at the latest, and to be made ready for inspection by shareholders in the headquarters of the corporation, and to be approved by the general assembly of shareholders," and the Article 473 (1) of the Turkish Commercial Code, which states that, "If a joint stock company reduces its capital without issuing fully paid new shares in the amount of the reduced capital, the general assembly shall resolve to amend the articles of association accordingly. Announcements, letters and notifications made via website regarding the call for general assembly shall include the purpose, scope and procedure of the capital reduction in detail and in line with the principles of accountability. In addition, the board of directors shall prepare and submit to the general assembly a report on this matter, which shall be registered and announced together with the general assembly's resolution for capital reduction."

B - SHARES SUBJECT TO CAPITAL REDUCTION

Our Company Akfen Holding A.Ş. ("Company") has bought back 14,819,314 shares as part of a "Share Buyback Program", with reference to the authorization by the Extraordinary General Assembly held on January 15, 2015. The program was initiated on the grounds that the share price of our Company, which started to trade on Borsa İstanbul A.Ş. (BİAŞ) on May 14, 2010, has declined significantly below its initial public offering price due to global economic fluctuations and the instability in Turkey's geopolitical region, also due to the fact that the price on the stock exchange was not reflecting the performance of our Company's operations; and aims to form a basis for repurchasing Company shares trading on the stock exchange when deemed necessary as a result of market evaluations in order to reduce price fluctuations.

Following this transaction, the percentage of treasury shares in the Company increased to 5.6584%, corresponding to 14,819,314 shares, all of which are planned for redemption as part of the capital reduction.

C - BOARD OF DIRECTORS RESOLUTION FOR CAPITAL REDUCTION

The Company's Board of Directors meeting on November 17, 2015 has taken the following decisions:

1 – Pursuant to relevant provisions of the Turkish Commercial Code and the Capital Markets Law, Article 6 of the Company's Articles of Association titled "Capital" shall be revised as stated below,

2 – Pursuant to relevant provisions of the Turkish Commercial Code and the Capital Markets Law, the Company's paid-in capital shall be reduced from TL 261,900,000 to TL 247,080,686, through redemption of shares accounting for TL 14,819,314, which were bought back in accordance with the relevant legislation due to following reasons;

- *The Company has been traded at much higher prices than TL 8, i.e. the maximum purchase limit, for a long time, and demand and supply have reached the levels high enough to set a share price,*
- *Thanks to capital reduction, investors shall acquire our shares through the Stock Market instead of those repurchased as part of the buyback program, which increase the value of the shares held by existing shareholders,*
- *Investors shall benefit more from potential distribution of dividend in the future,*
- *Capital reduction is the most profitable transaction for investors.*

3 – Based on the reasoning above, it was decided unanimously that the Article 6 of the Company's Articles of Association concerning "Capital" be amended, the attached "Draft Amendment to the Akfen Holding A.Ş. Articles of Association" be referred to the CMB and the Ministry of Customs and Commerce for evaluation and approval, and the amendment

be submitted for the approval of shareholders at the earliest General Assembly after obtaining said permissions."

The amendment to the Articles of Association involves reducing the Company's issued capital of TL 261,900,000 to TL 247,080,686, through redemption of TL 14,819,314 in shares.

D - THE PURPOSE OF REDEEMING COMPANY SHARES FOR CAPITAL REDUCTION, AND GROUNDS FOR REDEEMING SAID SHARES THROUGH CAPITAL REDUCTION

- The share buyback program was initiated in 2010 with the purpose of preventing volatility in share prices due to large reduction in share prices and insufficient demand, even in case of low public offering rates. In other words, imbalanced demand was offset through the share buyback program, which, firstly protected investors from any potential harm and, then has boosted their return on investment rates as a result of the increase in share prices. Since the end of July, Akfen Holding has been listed above TL 8, our upper price limit for share buyback, and the trading volume has been sufficient. Therefore, given that the rational determination of our share price in the market would be a sound development for investors, any potential excess supply would be eliminated if the stocks repurchased through capital reduction were traded in the market.
- Capital reduction would result in redemption of shares bought back, and new investors would buy shares from the Stock Exchange instead of those repurchased as part of the share buyback program, which would increase the value of the shares already held by our existing shareholders. In addition, as it is not possible to float the shares held by the Company through the share buyback program, new investors would find a reliable atmosphere while current shareholders would have the opportunity to meet more new buyers.
- Since the capital reduction will provide the same amount to fewer shares, and the dividend to be distributed will remain unchanged while the number of shares decreases, investors would be able to acquire a higher portion of the dividend with the same number of shares.
- We are of the opinion that our Company stocks are still undervalued. Although the rate of reduction is smaller than that of the beginning of the share buyback program, we think that the right to determine the real value of Akfen Holding belongs to investors, who are the owners of the Company. Moreover, as the investors will have a higher percentage of shares through capital reduction, and as a result of the subsequent readjustment of the share price at Borsa İstanbul A.Ş., the value of and return on the shares held by investors would increase.

Due to the following reasons, it was deemed the most suitable solution for the Company and investors to reduce the Company's capital through redemption of the shares acquired by our Company as part of the share buyback program either by holding or trading them at BİAŞ:

1. The Company has been traded at much higher prices than TL 8, i.e. the maximum purchase limit, for a long time, and demand and supply have reached the levels high enough to set a share price,
2. Thanks to capital reduction, investors shall acquire our shares through the Stock Market instead of those repurchased as part of the buyback program, which increase the value of the shares held by existing shareholders,
3. Investors shall benefit more from potential distribution of dividend in the future,
4. Capital reduction is the most profitable transaction for investors.

E - BENEFITS OF SHARE REDUCTION THROUGH REDEMPTION OF SHARES FOR THE COMPANY AND ITS PARTNERS

We believe that investing in our Company is one of the most profitable venues of investment. Repurchasing of shares will increase the return on equity for our shareholders. It is of crucial importance for the interests of our shareholders that our shares reflect the real value of the Company. The outcome of a reissue of repurchased shares at BİAŞ would create a significant abundance of shares, prompting new investors to hold their purchase orders as they wait for the situation to resolve, which in turn would increase sell orders. These factors would lead to a new drop in prices, or at the very least, seriously hamper the efforts to increase share prices, while also causing other higher-value assets held by the Company to become undervalued.
As of today, we maintain our belief that the Company is undervalued. The recently completed share buyback program actually serves as a proof of this position for investors. The redemption of shares

will deliver a strong message to all investors that we do not plan to sell at the current prices. We believe this approach to be a significant and rewarding demonstration of our transparency and accountability to all investors and market players.

Same of our subsidiaries and affiliates are still in their growth phase; hence, their contribution to the Company's income is limited. This limited flow of funds from subsidiaries and affiliates also affects the dividend distribution to shareholders. The redemption of shares acquired through the share buyback program will serve, in effect, as a form of dividend distribution, which we believe to be a significant development for investors and market players.

The aforementioned reduction in capital will not lead to a reduction in the Company's assets.

F – THE PRINCIPLES GOVERNING THE CAPITAL REDUCTION THROUGH REDEMPTION OF SHARES

F.1. CMB Resolution on Procedures and Principles of Capital

The CMB Resolution İ-SPK.22.1 (No. 23/759 of July 24, 2014) that clarifies which articles of the Communiqué on Share Buybacks apply to capital reductions, is as follows: "Solely the provisions laid down in Article 19, paragraphs 6, 9, 10 and 11 of the 'Communiqué on Shares' (VII-128.1) apply for capital reductions carried out as per the CMB Resolution which reads as 'It has been resolved that, in capital reductions carried out using the method outlined in Article 19, paragraph 9 of our Institution's 'Communiqué on Share Buybacks" (II-22.1), stating that "shares bought back are redeemed pursuant to the capital reduction procedures of the Board which do not require any fund outflow". Procedures will be implemented in accordance with the following provisions of the "Communiqué on Shares":

"Capital decrease not requiring fund outflow

ARTICLE 19 –

...

(6) Capital decreases not requiring a fund outflow may be executed only through decrease of the number of shares.

...

(9) It is the responsibility of the board of directors of the corporation to duly complete the capital decrease processes.

(10) The provisions of the second paragraph of article 473 and articles 474 and 475 of TCC are not applicable in capital decreases not requiring a fund outflow.

(11) Without prejudice to the principles set forth in third paragraph of this article, whether the corporation belongs to authorized capital system or not, the following actions are required to be taken in capital decreases:

a) An application is filed to the Board with the documents and submittals listed in Annex 8 of this Communiqué for receipt of its consent on the new version of the article related with "capital" of the articles of association, or with the documents and submittals listed in Annex 3 of this Communiqué in the case of a capital increase executed simultaneously with capital decrease, or with the documents and submittals listed in Annex 4 of this Communiqué for corporations the shares of which are traded in the Emerging Companies Market.

b) If the consent or approval of another authority is also required for draft amendments in article pursuant to the special laws and regulations applicable on the corporation, such consent or approval is received, and other procedures required in connection therewith are completed..

c) A report to be prepared by the board of directors with respect to the causes of decrease of capital, and the principles applicable in capital decrease, and the benefits of capital decrease to the corporation, also stating that the capital decrease will not lead to any decrease in assets of the corporation, is required to be announced to shareholders together with the agenda of meeting of the general assembly of shareholders, where capital decrease will be discussed, at the latest, and to be made ready for inspection by shareholders in the headquarters of the corporation, and to be approved by the general assembly of shareholders.

d) The amendments made to the articles of association with respect to capital decrease, and the relevant report of the board of directors will be discussed and decided in the meeting of the general assembly of shareholders to be held in maximum six months following receipt of consent of the Board with regard to the amendments proposed in the articles of association. Draft amendments, which are not approved by the general assembly of shareholders within six months, become null and void. In said decision of the general assembly of shareholders, the voting privileges, if any, cannot be used. If and to the extent the capital decrease breaches also the rights of privileged shareholders, the general assembly of privileged shareholders must also approve the amendments mode to the articles of association and the relevant report of the board of directors. The provisions of Article 454 of TCC are applicable on the general assembly of

privileged shareholders. Meeting and decision quorums relating to the meeting of the general assembly of shareholders where capital decrease decisions will be taken are determined pursuant to the provisions of sixth paragraph of article 29 of the Law.
e) The capital decrease decision taken by the general assembly of shareholders and the relevant approved report of the board of directors will, within fifteen days following the date of meeting of the general assembly of shareholders, be registered in the trade registry and announced in Turkish Trade Registry Gazette.

F.2. Relevant Provisions of the Communiqué on Share Buybacks

The Communiqué on Share Buybacks" (II-22.1), as published on the Official Gazette No. 28871 of January 3, 2014, contain provisions on the disposal and redemption of repurchased shares.

"Disposal and Cancellation of Shares Bought Back"
ARTICLE 19 – (9)
...
"Shares bought back are redeemed pursuant to the capital reduction procedures of the Board which do not require any fund outflow".

F.3. Capital Reductions Not Requiring Fund Outflow

The CMB Resolution **İ-SPK.22.1 (No. 23/759 of July 24, 2014)** that clarifies which articles of the Communiqué on Share Buybacks apply to capital reductions is as follows:
"Solely the provisions laid down in Article 19, paragraphs 6, 9, 10 and 11 of the 'Communiqué on Shares' (VII-128.1) apply for capital reductions carried out as per the CMB Resolution which reads as 'It has been resolved that, in capital reductions carried out using the method outlined in Article 19, paragraph 9 of our Institution's 'Communiqué on Share Buybacks' (II-22.1), stating that *'shares bought back are redeemed pursuant to the capital reduction procedures of the Board which do not require any fund outflow".*

F.4. Relevant Provisions of the Communiqué on Shares

Article 19, paragraphs 6, 9, 10 and 11 of the Communiqué on Share Buy Backs (VII-128.1), as published on the Official Gazette No. 28685 of June 22, 2013 shall be applied to capital reduction through redemption of shares.

The aforementioned regulation is provided above:

F.5. Relevant Provisions of the Turkish Commercial Code

Articles 473 et. seq. of the Turkish Commercial Code contain provisions regarding capital reduction of joint stock companies. In line with CMB regulations, Article 473, paragraph 2 and Articles 474 and 475 are not applicable to capital reductions through cancellation of shares not requiring fund outflow.

Article 473 of the TCC :
B) Reduction of registered capital

I – Resolution
ARTICLE 473 – (1)
If a joint stock company reduces its capital without issuing fully paid new shares in the amount of the reduced capital, the general assembly shall resolve to amend the articles of association accordingly. Announcements, letters and notifications made via website regarding the call for general assembly shall include the purpose, scope and procedure of the capital reduction in detail and in line with the principles of accountability. In addition, the board of directors shall prepare and submit to the general assembly a report on this matter, which shall be registered and announced together with the general assembly's resolution for capital reduction.

G – CONCLUSION

We, the members of the Board of Directors, hereby declare that the reduction of the Company capital by TL 14,819,314, bringing down the issued capital from TL 261,900,000 to TL 247,080,686 serves the best interests of the Company and its shareholders, confirm that all information provided herein is accurate, and guarantee that the Report will be submitted for the approval of the shareholders at the earliest General Assembly meeting.

Sincerely,

BOARD OF DIRECTORS
AKFEN HOLDİNG A.Ş.



INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Board of Directors of Akfen Holding

Report on the Audit of the Annual Report of the Board of Directors within the Framework of Independent Audit Standards

We have audited the annual report of Akfen Holding and its subsidiaries (hereinafter collectively referred to as "the Group") pertaining to the accounting year ending on December 31, 2015.

The Board of Directors' Responsibility Regarding the Annual Report

As per the provisions of the Article 514 of the Turkish Commercial Code ("TCC") No. 6102 and the Capital Markets Board's ("CMB) "Communiqué on Principles of Financial Reporting in Capital Markets" No II-14.1, the Group management is responsible for preparing its annual report in such a way as to be accurate and consistent with the financial tables, and for undertaking the internal control efforts necessary to prepare an annual report compliant with these criteria.

The Responsibility of the Independent Auditor

Our responsibility is to provide our opinion on whether or not the financial information included in this annual report is consistent with the financial tables of the Group subject to the independent audit report dated February 29, 2016 and whether or not they are accurate, based on the independent audit we have carried out in relation to the Group's annual report within the framework of Article 397 of the TCC.

The independent audit we have carried out has been conducted in compliance with the Independent Audit Standards ("IAS"), which is a part of the Turkish Audit Standards issued by the Public Oversight, Accounting and Auditing Standards Authority. The standards require compliance with ethical provisions and the independent audit to be

planned and carried out in such a way as to obtain reasonable assurances regarding whether or not the financial information contained within the annual report is accurate, and consistent with the financial tables.

The independent audit involves the application of audit procedures with a view to obtaining audit evidence pertaining to historical financial information. The selection of these procedures depends on the professional judgment of the independent auditor. We believe that the independent audit evidence that we obtained during the independent audit constitute satisfactory and appropriate grounds to formulate our opinion.

Opinion

In our opinion, the financial information contained within the annual report of the board of directors, in all substantial aspects, is consistent with the inspected financial tables, and is accurate.

Other Responsibilities Arising From Regulatory Obligations

As per paragraph 3 of the Article 402 of the TCC and within the framework of IAS 570 "Continuity of the Enterprise", no significant evidence has been found that may cast any doubt on the Group's ability to sustain its activities in the foreseeable future.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

A member of KPMG International Cooperative



STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an "independent member" in Akfen Holding A.Ş. ("the Company") Board of Directors within the scope of the criteria stipulated under legislation, the Articles of Association and the Corporate Governance Communiqué of the Capital Markets Board, and that;

a) Within the last five years, there has been no executive employment relation that would give important duties and responsibilities or individual or joint ownership of more than 5% of capital, voting rights or preferred shares, or any form of significant commercial relationship between myself, my spouse, or my relatives up to the second degree of blood or affinity, and the Company, partnerships where the Company has control or significant influence, partnerships that have control or significant influence over the Company, or legal entities controlled by such partners.

b) Within the last five years, I have not been an executive manager with important duties and responsibilities, a member of the board of directors, or a shareholder (with 5% stake or above) of an entity that is in a commercial relationship with the Company involving the provision of a significant amount of products and services through contract, including, in particular, auditing (including tax audit, legal audit and internal audit), rating and consulting services.

c) I have the professional training, knowledge, and experience necessary to adequately carry out the tasks and duties I will assume as an independent member of the board of directors.

d) I will not be working as a full-time employee in a public institution or organization (with the exception of serving as an academician at a university in accordance with relevant laws and regulations) after being elected as a member.

e) I am a resident in Turkey as per the Income Tax Law No. 193 of December 12, 1960.

f) I have the strong ethical standards, professional standing and experience necessary to positively contribute to the activities of the Company, remain neutral in conflicts of interests between the Company and its shareholders, and take decisions freely by taking the rights of the stakeholders into consideration.

g) I will spare sufficient time to Company to oversee its activities and fully perform the requirements of my tasks and duties.

h) I have not served as a member of the Board of Directors of the Company for more than six years within the last decade.

i) I am not serving as an independent member of the board of directors in more than three companies controlled by the same individual, company or group of partners, or in more than five companies publicly traded on the stock exchange.

j) I have not been registered and announced on behalf of the legal entity elected as member of the Board of Directors

Şaban ERDİKLER

March 8, 2016



STATEMENT OF INDEPENDENCE

I hereby declare that I am a candidate to serve as an "independent member" in Akfen Holding A.Ş. ("the Company") Board of Directors within the scope of the criteria stipulated under legislation, the Articles of Association and the Corporate Governance Communiqué of the Capital Markets Board, and that;

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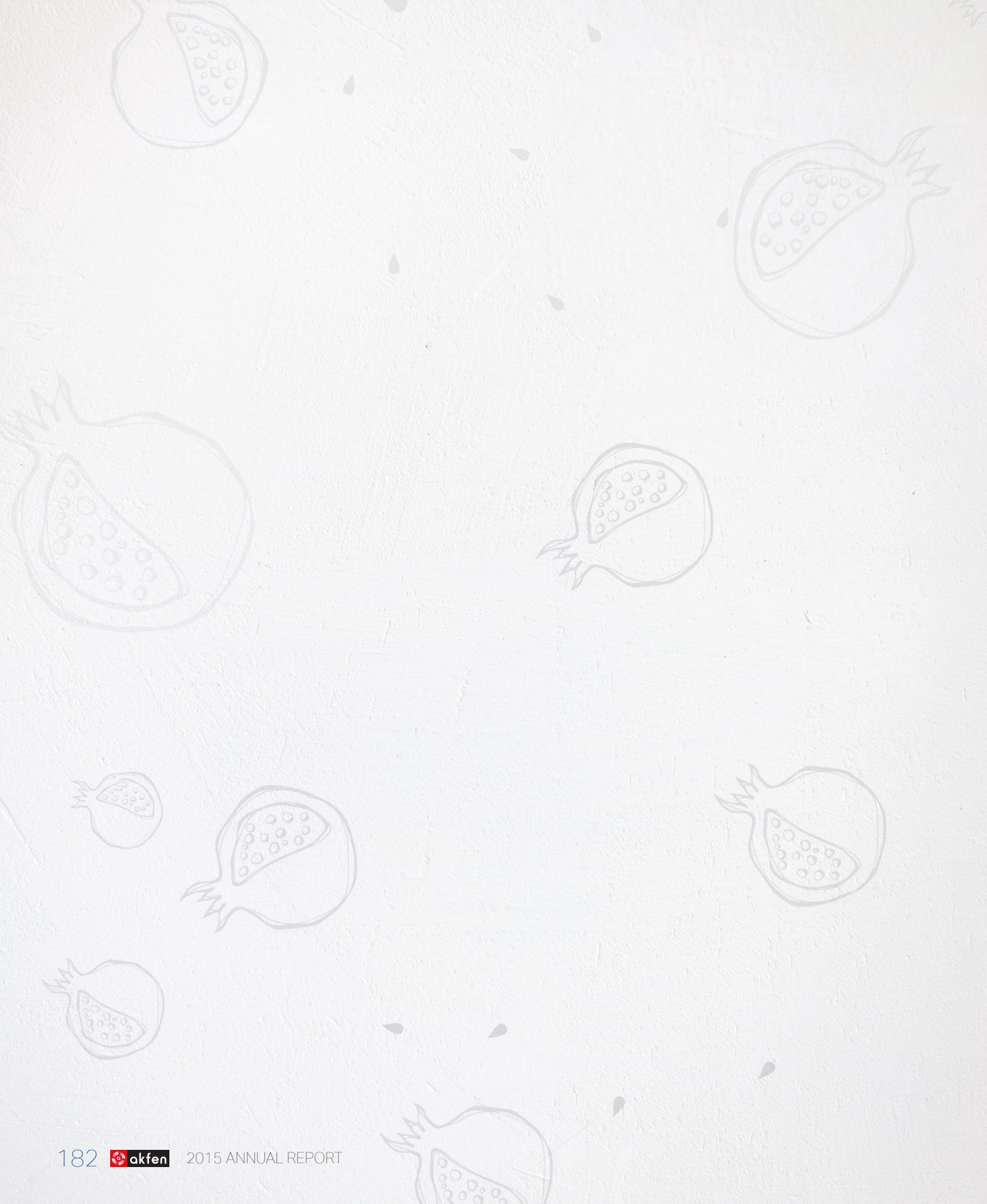
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j) I have not been registered and announced on behalf of the legal entity elected as member of the Board of Directors

NUSRET CÖMERT

March 8, 2016



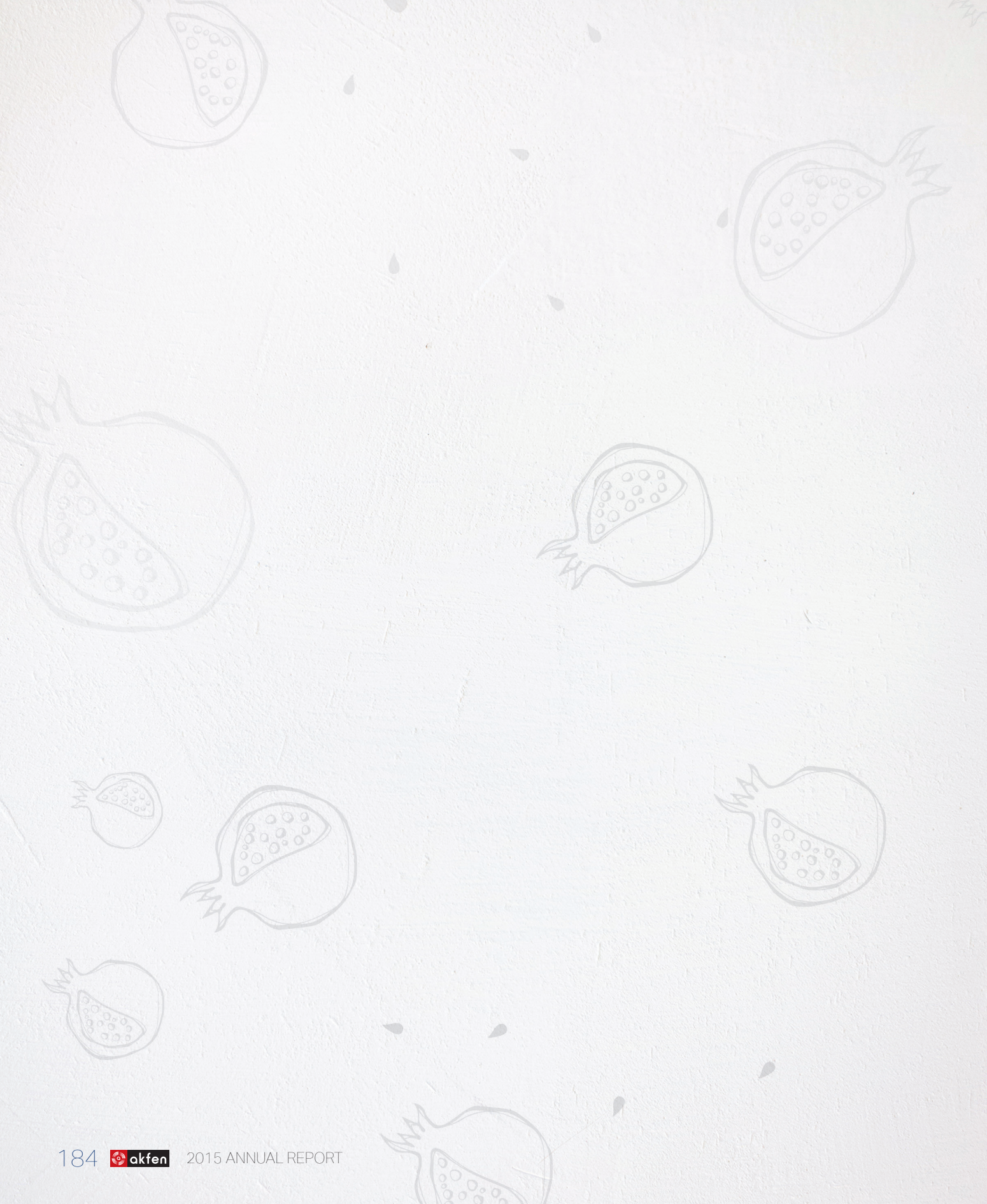


Akfen Holding Anonim Şirketi
Convenience Translation to English of
Consolidated Financial Statements
As at and for the Year Ended
31 December 2015
(Originally Issued in Turkish)

KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

29 February 2015

This report includes 2 pages of independent auditors' report and 135 pages of consolidated financial statements together with their explanatory notes.



Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Kavacık Rüzgarlı Bahçe Mah.
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Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English

To the Board of Directors of Akfen Holding Anonim Şirketi,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Akfen Holding Anonim Şirketi and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards.

Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on February 29th 2016.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2015, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

Hakkı Özgür Sıvacı, SMMM
Sorumlu Denetçi
29 Şubat 2016
İstanbul, Türkiye

Hakkı Özgür Sıvacı, SMMM
Partner
29 February 2016
İstanbul, TURKEY

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

INDEX

PAGES

CONSOLIDATED BALANCE SHEET 188-189

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 190-191

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 192-193

CONSOLIDATED STATEMENT OF CASH FLOWS 194-195

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 196-322

NOTE 1	REPORTING ENTITY	196
NOTE 2	BASIS OF PREPARATION OF FINANCIAL STATEMENTS	204
NOTE 3	BUSINESS COMBINATIONS	233
NOTE 4	SEGMENT REPORTING	233
NOTE 5	CASH AND CASH EQUIVALENTS	237
NOTE 6	RESTRICTED CASH BALANCES	239
NOTE 7	LOANS AND BORROWINGS	239
NOTE 8	TRADE RECEIVABLES AND PAYABLES	250
NOTE 9	OTHER RECEIVABLES AND PAYABLES	253
NOTE 10	RECEIVABLES AND PAYABLES FROM FINANCIAL ACTIVITIES	255
NOTE 11	INVENTORIES	255
NOTE 12	BIOLOGICAL ASSETS	255
NOTE 13	ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS	255
NOTE 14	INVESTMENTS IN EQUITY ACCOUNTED INVESTEES	258
NOTE 15	INVESTMENT PROPERTY	263
NOTE 16	PROPERTY, PLANT AND EQUIPMENT	267
NOTE 17	INTANGIBLE ASSETS	269
NOTE 18	GOVERNMENT GRANTS	270
NOTE 19	PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	271
NOTE 20	COMMITMENT AND CONTINGENCIES	272
NOTE 21	EMPLOYEE BENEFITS	292
NOTE 22	RETIREMENT PLANS	293
NOTE 23	OTHER ASSETS AND LIABILITIES	293
NOTE 24	PREPAID EXPENSES	294
NOTE 25	EQUITY	295
NOTE 26	REVENUE AND COST OF SALES	298
NOTE 27	GENERAL ADMINISTRATIVE EXPENSES	298
NOTE 28	EXPENSES BY NATURE	299
NOTE 29	OTHER INCOME/EXPENSE	299
NOTE 30	INCOME FROM INVESTMENT ACTIVITIES	299
NOTE 31	FINANCIAL INCOME	300
NOTE 32	FINANCIAL EXPENSE	300
NOTE 33	ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS	300
NOTE 34	TAXATION	301
NOTE 35	EARNINGS PER SHARE	306
NOTE 36	RELATED PARTY DISCLOSURES	307
NOTE 37	NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS	309
NOTE 38	SUBSEQUENT EVENTS	320
NOTE 39	OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE	322
NOTE 40	DISCLOSURES FOR STATEMENT OF CASH FLOW	322
NOTE 41	DISCLOSURES FOR STATEMENT OF CHANGES IN EQUITY	322

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish AKFEN HOLDİNG ANONİM ŞİRKETİ

Consolidated Balance Sheet as at 31 December 2015

(Currency: Thousands of Turkish Liras "TL")

ASSETS	Notes	Audited	
		31 December 2015	31 December 2014
Current Assets		**196,719**	**564,851**
Cash and cash equivalents	*5*	22,424	63,736
Trade receivables		17,867	115,043
-Due from related parties	*8-36*	--	*822*
-Trade receivables from third parties	*8*	*17,867*	*114,221*
Other receivables		99,734	2,190
-Other receivables from related parties	*9-36*	*99,587*	*652*
-Other receivables from third parties	*9*	*147*	*1,538*
Restricted bank balances	6	47,664	--
Inventories	11	--	252,387
Prepaid expenses	24	8,119	7,805
Current tax assets		886	7,732
Other current assets	23	25	115,958
Asset classified as held for sale	**13**	**1,071,328**	**--**
Non-Current Assets		**2,902,219**	**3,342,575**
Trade receivables		--	135,624
-Trade receivables from third parties	*8*	--	*135,624*
Other receivables		448,730	66,726
-Other receivables from related parties	*9-36*	*431,387*	*51,690*
-Other receivables from third parties	*9*	*17,343*	*15,036*
Investments in equity accounted investees	14	864,249	631,082
Investment property	15	1,428,361	1,351,891
Property, plant and equipment	16	63,210	875,349
Intangible assets	17	31,754	83,560
Goodwill		3,309	3,309
Deferred tax assets	34	6,364	77,457
Prepaid expenses	24	11,797	14,333
Other non-current assets	23	44,445	103,244
TOTAL ASSETS		**4,170,266**	**3,907,426**

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish AKFEN HOLDİNG ANONİM ŞİRKETİ

Consolidated Balance Sheet as at 31 December 2015

(Currency: Thousands of Turkish Liras "TL")

LIABILITIES	Notes	Audited	
		31 December 2015	31 December 2014
Current Liabilities		**299,188**	**720,603**
Short term loans and borrowings	7	42,728	31,809
Short term portion of long term loans and borrowings	7	224,119	331,706
Trade payables		19,316	30,815
-Due to related parties	*8-36*	*3,783*	*1,530*
-Trade payables to third parties	*8*	*15,533*	*29,285*
Other payables		10,022	41,820
-Other payables to related parties	*9-36*	*1,603*	*25,911*
-Other payables to third parties	*9*	*8,419*	*15,909*
Employee benefit obligations		548	574
Deferred income	*24*	402	278,772
Short term provisions		2,053	3,655
-Provision for employee benefits	*19-21*	*2,053*	*2,865*
-Other provisions	*19*	--	*790*
Other current liabilities		--	1,452
Liabilities classified as held for sale	***13***	**788,562**	--
Non-Current Liabilities		**1,346,703**	**1,515,117**
Long term loans and borrowings	7	1,262,779	1,414,551
Trade payables		--	8,411
-Due to related parties	*8-36*	--	*39*
-Trade payables to third parties	*8*	--	*8,372*
Other payables		12,688	12,408
-Other payables to related parties	*9-36*	*9,066*	*7,737*
-Other payables to third parties	*9*	*3,622*	*4,671*
Deferred tax liability	*34*	69,795	76,828
Long term provisions		1,441	2,919
-Provision for employee benefits	*19-21*	*1,441*	*2,797*
-Other long term provisions	*19*	--	*122*
EQUITY		**1,735,813**	**1,671,706**
Total Equity Attributable to Equity Holders of the Parent		**1,388,191**	**1,296,841**
Paid in capital	25	261,900	291,000
Adjustments to share capital		(7,257)	(7,257)
Share premium		157,694	211,695
Treasury shares (-)	25	(76,029)	(167,264)
Business combination of entities under common control		6,236	6,236
Other comprehensive income/expense not to be reclassified to profit or loss		133,279	78,697
-Revaluation reserve		*137,068*	*81,192*
-Actuarial gain/loss arising from defined benefit plans		*(3,789)*	*(2,495)*
Other comprehensive income/expense to be reclassified to profit or loss		177,894	63,102
-Foreign currency translation reserve	*25*	*199,899*	*81,675*
-Cash flow hedge reserves	*25*	*(22,005)*	*(18,573)*
Restricted reserves allocated from profit		96,508	187,743
Retained earnings		600,501	644,752
Net (loss)/profit for the period		37,465	(11,863)
Non-controlling interests	25	**347,622**	**374,865**
TOTAL EQUITY AND LIABILITIES		**4,170,266**	**3,907,426**

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish AKFEN HOLDİNG ANONİM ŞİRKETİ

Consolidated Statement of Profit or Loss and Other Comrehensive Income For the Year Ended 31 December 2015

(Currency: Thousands of Turkish Liras "TL")

CONTINUING OPERATIONS PROFIT OR LOSS	Notes	Audited	
		31 December 2015	Restated 31 December 2014
Revenue	26	197,060	119,252
Cost of sales (-)	26	(83,713)	(60,658)
GROSS PROFIT		**113,347**	**58,594**
General administrative expenses (-)	27	(51,962)	(41,529)
Other operating income	29	45,984	80,136
Other operating expense (-)	29	(2,266)	(45,273)
Share on profit/(loss) of equity-accounted investees, net of tax	14	107,324	143,283
OPERATING PROFIT		**212,427**	**195,211**
Income from investment activities	30	966	3,863
Expense from investment activities		(1,891)	(825)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSES)		**211,502**	**198,249**
Financial income	31	99,776	68,700
Financial expenses	32	(461,465)	(234,315)
PROFIT/(LOSS) BEFORE TAX		**(150,187)**	**32,634**
Tax Income/(Expense)		**12,850**	**6,568**
Tax expense	34	(4,162)	(3,985)
Deferred tax income	34	17,012	10,553
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONG		**(137,337)**	**39,202**
DISCOUNTINUED OPERATIONS			
After tax from discontinued operations	13	148,276	(53,762)
PROFIT/(LOSS) FOR THE PERIOD		**10,939**	**(14,560)**
Profit/(Loss) Attributable To:			
Non-controlling interest		(26,526)	(2,697)
Equity holders of the parent		37,465	(11,863)
Profit/(Loss) for the Period		**10,939**	**(14,560)**
Earnings/(losses) per share			
Basic and diluted earnings/(losses) per share from continuing operations		(0.4395)	0.1614
Basic and diluted earnings/(losses) per share from discontinued operations		0.5881	(0.2071)
Basic and diluted earnings/(losses) per share	35	**0.1486**	**(0.0457)**

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish AKFEN HOLDİNG ANONİM ŞİRKETİ

Consolidated Statement of Profit or Loss and Other Comrehensive Income For the Year Ended 31 December 2015

(Currency: Thousands of Turkish Liras "TL")

OTHER COMPREHENSIVE INCOME	Notes	Audited	
		31 December 2015	Restated 31 December 2014
Items not to be reclassified to profit or loss in subsequent periods			
Defined benefit obligation actuarial differences		174	534
Items not to be reclassified to profit or loss in subsequent periods from equity accounted investees		54,437	23,840
Tax income/(expense) from other comprehensive income items not to be reclassified to profit or loss	*34*	(29)	(89)
Items to be reclassified to profit or loss in subsequent periods			
Foreign currency translation differences	*31*	(2,805)	(71,624)
Items to be reclassified to profit loss in subsequent periods from equity accounted investees	*31*	116,142	19,314
OTHER COMPREHENSIVE INCOME		**167,919**	**(28,025)**
TOTAL COMPREHENSIVE INCOME		**178,858**	**(42,585)**
Total comprehensive income attributable to:			
Non-controlling interest		(27,981)	(30,745)
Equity holders of the parent		206,839	(11,840)
Total comprehensive income		**178,858**	**(42,585)**

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish AKFEN HOLDİNG ANONİM ŞİRKETİ

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2014

(Currency: Thousands of Turkish Liras "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				
	Paid in capital	*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*	*Profit/(loss) for the period*	*Total*	*Non-controlling interest*	*Total equity*
Balances at 1 January 2014	**291,000**	**(7,257)**	**211,118**	**(34,661)**	**(57,159)**	**6,236**	**101,270**	**(12,027)**	**56,367**	**(1,921)**	**111,010**	**765,882**	**(73,173)**	**1,356,685**	**406,187**	**1,762,872**
Total comprehensive income/ (expense) for the period																
Profit/(loss) for the period	--	--	--	--	--	--	--	--	--	--	--	--	(11,863)	(11,863)	(2,697)	(14,560)
Other comprehensive income																--
Foreign currency translation differences	--	--	--	--	--	--	(17,715)	--	--	--	--	--	--	(17,715)	(28,048)	(45,763)
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	--	24,825	--	--	33	--	24,858	--	24,858
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	--	(574)	--	--	--	(574)	--	(574)
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	(6,546)	--	--	--	--	--	(6,546)	--	(6,546)
Total other comprehensive income/ (expense)	--	--	--	--	--	--	(17,715)	(6,546)	24,825	(574)	--	33	--	23	(28,048)	(28,025)
Total comprehensive income/ (expense)	**--**	**--**	**--**	**--**	**--**	**--**	**(17,715)**	**(6,546)**	**24,825**	**(574)**	**--**	**33**	**(11,863)**	**(11,840)**	**(30,745)**	**(42,585)**
Transfers	--	--	--	--	--	--	(1,880)	--		--	1,289	(72,582)	73,173	--	--	--
Share transfer transaction from income/(expenses)	--	--	--	--	--	--	--	--	--	--	--	37,334	--	37,334	--	37,334
Reserves from acquisition of own shares (*)	--	--	--	--	--	--	--	--	--	--	75,444	(75,444)	--	--	--	--
Dividend distribution	--	--	--	--	--	--	--	--	--	--		(10,471)	--	(10,471)	--	(10,471)
Transactions with subsidiaries	--	--	577	--	--	--	--	--	--	--	--	--	--	577	(577)	--
Acquisition of treasury shares (*)	--	--	--	34,661	(110,105)	--	--	--	--	--	--	--	--	(75,444)	--	(75,444)
Total transactions with owners	--	--	577	34,661	(110,105)	--	(1,880)	--	--	--	76,733	(121,163)	73,173	(48,004)	(577)	(48,581)
Balances at 31 December 2014	**291,000**	**(7,257)**	**211,695**	**--**	**(167,264)**	**6,236**	**81,675**	**(18,573)**	**81,192**	**(2,495)**	**187,743**	**644,752**	**(11,863)**	**1,296,841**	**374,865**	**1,671,706**

(*) According to the Article 520 of Law No 6102 an amount that meets the acquisition value of the shares bought back is allocated in the reserve. As of 31 December 2014, in the consolidated financial statements there is restricted reserves allocated in the reserves amounting to TL 75,444 related to the repurchase of shares in 2014.

(**) Explained in Note 25.

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish AKFEN HOLDİNG ANONİM ŞİRKETİ

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2015

(Currency: Thousands of Turkish Liras "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				
	Paid in capital	*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*	*Profit/(loss) for the eriod*	*Total*	*Non-controlling interest*	*Total equity*
Balances at 1 January 2015	**291,000**	**(7,257)**	**211,695**	**--**	**(167,264)**	**6,236**	**81,675**	**(18,573)**	**81,192**	**(2,495)**	**187,743**	**644,752**	**(11,863)**	**1,296,841**	**374,865**	**1,671,706**
Total comprehensive income/(expense) for the period																
Profit/(loss) for the period	--	--	--	--	--	--	--	--	--	--	--	--	37,465	37,465	(26,526)	10,939
Other comprehensive income																--
Foreign currency translation differences	--	--	--	--	--	--	118,224	--	--	--	--	--	--	118,224	(1,455)	116,769
Revaluation of property, plant and equipment	--	--	--	--	--	--	--	--	55,876	--	--		--	55,876	--	55,876
Actuarial gain/losses from defined benefit plans	--	--	--	--	--	--	--	--	--	(1,294)	--	--	--	(1,294)	--	(1,294)
Net fair value change in cash flow hedges	--	--	--	--	--	--	--	(3,432)	--	--	--	--	--	(3,432)	--	(3,432)
Total other comprehensive income/(expense)	--	--	--	--	--	--	118,224	(3,432)	55,876	(1,294)	--	--	--	169,374	(1,455)	167,919
Total comprehensive income/(expense)	**--**	**--**	**--**	**--**	**--**	**--**	**118,224**	**(3,432)**	**55,876**	**(1,294)**	**--**	**--**	**37,465**	**206,839**	**(27,981)**	**178,858**
Transfers	--	--	--	--	--	--	--	--	--	--	--	(11,863)	11,863	--	--	--
Acquisition of subsidiary shares	--	--	(54,001)	--	--	--	--	--	--	--	--	--	--	(54,001)		(54,001)
Capital decrease	(29,100)	--	--	--	29,100	--	--	--	--	--	--	--	--	--	--	--
Changes in non-controlling interests	--	--	--	--	--	--	--	--	--	--	--	--	--	--	738	738
Capital decrease losses	--	--	--	--	104,641	--	--	--	--	--	--	(104,641)	--	--	--	--
Reserves from acquisition of own shares (*)	--	--	--	--	--	--	--	--	--	--	(91,235)	91,235	--	--	--	--
Distribution of dividend	--	--	--	--	--	--	--	--	--	--	--	(18,982)	--	(18,982)	--	(18,982)
Acquisition of treasury shares (**)	--	--	--	--	(42,506)	--	--	--	--	--	--	--	--	(42,506)	--	(42,506)
Total transactions with owners	(29,100)	--	(54,001)	--	91,235	--	--	--	--	--	(91,235)	(44,251)	11,863	(115,489)	738	(114,751)
Balances at 31 December 2015	261,900	(7,257)	157,694	--	(76,029)	6,236	199,899	(22,005)	137,068	(3,789)	96,508	600,501	37,465	1,388,191	347,622	1,735,813

(*) According to the article 520 of the law numbered 6102, reserves are provided for the acquisition values of treasury shares. The Group cancelled the reserves for the capital decrease dated 22 January 2015 for 29,100,000 shares, and have provided a reserve for the treasury shares acquired in current period amounting to TL 42,506.

(**) Explained in Note 25.

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish AKFEN HOLDİNG ANONİM ŞİRKETİ

Consolidated Statement of Cash Flows For the Year Ended 31 December 2015

(Currency: Thousands of Turkish Liras "TL")

	Notes	Audited 31 December 2015	Audited 31 December 2014
Cash flows from operating activities			
(Loss)/Profit of continuing operation for the period		(137,337)	39,202
(Loss)/Profit of discontinuing operation for the period		148,276	(53,762)
Adjustments for			
Depreciation of property, plant and equipment and amortization of intangibles	*16-17*	28,857	23,700
Provision for employee termination benefits		940	802
Unearned interest income/(expense), net		12,563	8,862
Profit from sale of subsidiary and affiliate		(266,302)	361
Shares on profit of investments in equity accounted investees	*14*	(107,324)	(142,381)
(Increase)/decreases investment properties for values	*15*	(22,840)	(18,665)
Provision for vacation pay		2,623	554
Unrealized foreign exchange differences		356,656	188,422
Interest expense/income, net		91,366	99,025
Tax expense	*34*	(23,787)	(20,167)
Cash flow from operating activities before changes in working capital		**83,691**	**125,953**
Changes in:			
Other current trade receivables		(71,887)	(97,305)
Other current non-trade receivables		(22,650)	2,901
Other current assets		(50,096)	(52,384)
Changes in restricted bank balances		(47,664)	--
Other non-current trade receivables		(61,845)	(122,348)
Other non-current non-trade receivables		(60,686)	(356)
Inventories		(97,888)	(82,545)
Due from related parties		(21,050)	(25,125)
Other non-current assets		(91,239)	2,273
Other current trade payables		28,524	3,457
Other current non-trade payables		109,232	(10,478)
Other current liabilities		63,887	277,300
Other non-current trade payables		(4,502)	(16,237)
Other non-current payables		(3,299)	(1,247)
Due to related parties		(25,335)	8,739
Other non-current liabilities		(74)	(412)
Cash provided/(used) by operating activities		**(272,881)**	**12,186**
Taxes paid		(402)	(1,188)
Retirement benefit paid	*21*	(342)	(340)
Dividends received from investments in equity accounted investees	*14*	56,194	17,355
Net cash provided/(used) by operating activities		**(217,431)**	**28,013**

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish AKFEN HOLDİNG ANONİM ŞİRKETİ

Consolidated Statement of Cash Flow For the Year Ended 31 December 2015

(Currency: Thousands of Turkish Liras "TL")

	Notes	Audited 31 December 2015	Audited 31 December 2014
Cash flows from investing activities			
Interest received	*31*	43,169	6,414
Acquisition of property, plant and equipment and intangible assets	*16-17*	(41,204)	(104,566)
Purchases of investment properties	*15*	(61,509)	(59,699)
Increase/(decrease) in financial investments		--	5,609
Acquisition of subsidiaries and affiliates		(4,500)	(23,309)
Sale of subsidiary and joint ventures		--	272
Capital increase of joint ventures	*14*	(36,756)	--
Change in asset classified as held for sale		(3,997)	--
Net cash provided by operating activities		**(104,797)**	**(175,279)**
Cash flows from financing activities			
Proceeds from borrowings		1,258,532	1,127,164
Repayment of borrowings		(768,209)	(871,661)
Interest paid		(147,099)	(105,439)
Change in project reserve accounts	*5*	15,597	37,353
Acquisition of treasury shares		(42,506)	(75,444)
Change in non-controlling interests		(820)	(577)
Distribution of dividend		(18,982)	(10,471)
Net cash (used in)/ provided by financing activities		**296,513**	**100,925**
Net increase in cash and cash equivalents		**(25,715)**	**(46,341)**
Cash and cash equivalents at period start	*5*	**48,139**	**94,480**
Cash and cash equivalents at period end	*5*	**22,424**	**48,139**

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

1 REPORTING ENTITY

Akfen Holding A.Ş. ("Akfen Holding", "Group" or "Company") was founded in Turkey in 1999. The operating areas of Akfen Holding, which founded its first company in 1976, are to make investments and provide coordination and management to the affiliate partners, which deal with the industrial branches such as the management and operation of airports, construction, operations of ports, marine transportation, water distribution and waste water services, energy and real estate.

Akfen Holding extended its construction activities, carried out since its foundation, through Atatürk Airport Build-Operate-Transfer Model ('BOT') in 1997 beyond contruction and implemented the investment planning models used at airports into many infrastructure projects in Turkey as the executor and became one of the most important infrastructure holdings of Turkey.

As at 31 December 2015, Akfen Holding has 6 (31 December 2014: 6) subsidiaries and 6 (31 December 2014: 6) jointly controlled entities. The consolidated financial statements of the Group, which belong to 31 December 2015 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 Airports"), Tav Yatırım Holding A.Ş. ("TAV Investment"), 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 Water") and İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ("İDO").

Group manages the partnerships together with the nationally and internationally recognized companies Grup Tepe İnşaat Sanayi A.Ş. ("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, regarding the Novotel and Ibis hotels 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.

According to CMB's Communique on "Sell-out and Squeeze-out Rights" as of 22.12.2015, total stake/voting right of the shareholders acting in concert (Hamdi Akın, Selim Akın, Akınısı Makina Sanayi ve Ticaret A.Ş., Akfen Turizm Yatırımları ve İşletmecilik A.Ş. and Akfen Altyapı Danışmanlık A.Ş.) has reached 97.11% and it was announced that the right to sell-out and squeeze-out as regulated in the Communiqué would be exercised.

The shareholders of Akfen Holding and the ownership ratios as at 31 December 2014 and 2015 are as follows (Note: 25):

	31 December 2015		31 December 2014	
	Share Amount	Ownership Rate %	Share Amount	Ownership Rate %
Hamdi Akın(*)	198,500	75.79	198,500	68.21
Akfen Holding A.Ş.(**)	7,990	3.05	7,990	2.75
Other Partners	2,278	0.87	2,278	0.78
Public Shares(***)	53,132	20.29	82,232	28.26
Paid in Capital (nominal)	**261,900**	**100**	**291,000**	**100**

* There are 109,074 shares belonging to Hamdi Akın in the publicly owned section of shares. Hamdi Akın has converted 50 million of Akfen Holding shares into shares tradable on the BİAŞ.

** Publicly owned.

*** As at 31 December 2015 there are 6,829,508 shares of Akfen Holding, 2.61% of the paid-in capital, which are public in nature and so 14,819,314 shares in total are being held by Akfen Holding, which make up 5.66% of the paid-in capital of the Company (As at 31 December 2014 there are 29,100,00 Akfen Holding shares held by Akfen Holding, 10% of the paid-in capital,).
In addition, as of 31 December 2015, 9,346,455 shares in the section open to the public (3.57% of the paid-in capital) belongs to Hamdi Akın, 8,223,000 shares (3.14% of the paid-in capital) belongs to Selim Akın and 21,763,636 shares (8.31% of the paid-in capital) belongs to Akfen Altyapı

1 REPORTING ENTITY *(continued)*

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 2015 is 265 (31 December 2014: 346) and 37,839 (31 December 2014: 36,166), respectively.

The subsidiaries and joint ventures of Akfen Holding are listed below:

i) Subsidiaries

Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen Construction")

According to the Board Decision dated 13 July 2015 it is decided to dispose the shares of Akfen Construction due to high amount of investment requirement and potential negative impact on dividend distribution of Akfen Holding as a result of equity need and to replace the disposed shares of Akfen Construction, it is decided to purchase shares of the companies that are investing in solar and thermal energy in order to expand the energy portfolio. According to the decision it was decided that 99.85% stake in Akfen Construction was transferred to a related party Akfen Altyapı Danışmanlık A.Ş. at a value of USD 58,911,500 and the related share transfer was completed on 30 October 2015.

After the transfer of Akfen Construciton shares, due to discontinuance of Akfen Constructing operations within Akfen Holding and its subsidiaries, until 30 October 2015 date ofthe transfer of shares, Akfen Construction is presented in profit or loss from discontinued operations.

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

REIT was restructured as a real estate investment trust by transforming Aksel Turizm Yatırımları ve İşletmecilik A.Ş. ("Aksel"), Aksel was originally established on 25 June 1997 for the purpose of undertaking investments in domestic tourism sector under the partnership of Hamdi Akın and Yüksel İnşaat A.Ş. Subsequently, Akfen Holding A.Ş. purchased shares of Yüksel İnşaat A.Ş. in 2006 and the Company became a subsidiary of Akfen Holding. The restructuring was completed subsequent to the Board of Directors resolution dated 25 April 2006 and Capital Markets Board of Turkey's ("CMB's") 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 REIT'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 a 100% owned subsidiary of Accor and operates in Turkey.

The shares of Akfen REIT have been trading on the BİAŞ under 'AKFGY' code since 11 May 2011.

1 REPORTING ENTITY *(continued)*

i) Subsidiaries *(continued)*

Akfen REIT *(continued)*

Akfen REIT acquired the shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. ("Akfen Ticaret") based on their nominal value on 21 February 2007, which was owned by Akfen Holding. Akfen Ticaret's main operations are also investing in real estates, forming real estate portfolio and developing real estate projects.

Akfen REIT 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. 70% of the shares of Akfen Karaköy belong to Akfen REIT.

As at 31 December 2014 Akfen Ticaret owns 95% shares of Russian Hotel Investment BV ("Russian Hotel" or "RHI") established in the Netherlands on 21 September 2007 and Russian Property Investment BV ("Russian Property" or "RPI") established in the Netherlands on 3 January 2008. The main operation area of Russian Hotel is the development of hotel investments that will be operated by Accor in Ukraine and Russia. The Russian Property's main activity is to realize office projects in Russia.

Akfen REIT established a subsidiary named Hotel Development and Investment BV ("HDI"), with a 100% ownership, in the Netherlands on 18 March 2011 in order to develop hotel projects in Russia. HDI took over the shares of Severnyi Avtovokzal LLC (which is based in Russia) through a share sales agreement between HDI and Beneta Limited on 4 September 2013. Severny has the rights of a project with a 2,010 m2 sized plot of land and 317-rooms capacity hotel (over the land) in Central Moscow with a license for construction. On 16 July 2015 Ibis Hotel Moscow started to operate within the mentioned project.

As at 31 December 2015, Akfen REIT owns 18 hotels with a total number of 3,228 rooms and the numbers of beds are 6,464. Two hotels under construction have the total number of 400 rooms and 800 beds. Once the hotels in the construction phase have been completed the total number of hotels to be operational will reach 20, the number of rooms 3,628 and the corresponding number of beds in these rooms will reach 7,264.

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. ("HEPP Group" or "AkfenHES").

As at 31 December 2015, AkfenHES owns a total of 15 projectsand the total electricity generation capacity of these projects is 339.5 MW, 11 power plants having 204.1 MW installed power capacity and 852.6 GWh electricity generation capacity are operational and the construction of 2 power plants with 23.7 MW installed power capacity and 68.3 GWh electricity generation capacity is in progress. Preliminary construction preparations continue at Çalıkobası HEPP 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 2 hydroelectrical power plants with 111.6 MW installed power capacity and 299.2 GWh annual electricity generation capacity in planning phase.

1 REPORTING ENTITY *(continued)*

i) Subsidiaries *(continued)*

HEPP *(continued)*

On 15 December 2015, a partnership agreement was signed between Akfen Holding and European Bank for Reconstruction and Development ("EBRD"). Accordingly, Akfen WPP, Akfen Wholesale and following its transfer to the Holding Karine Enerji Üretim Sanayi ve Ticaret Anonim Şirketi ("Karine SPP") and Akfen HEPP will be consolidated under one roof, a renewable energy company will be structured and EBRD will participate in this company with a 20% stake, paying US$100 million.

Since due to this agreement, there is a change of control in these subsidiaries and they will be accounted by equity method as a joint venture, hence; as at 31 December 2015, all assets and liabilities of HEPP Group are presented in assets classified as held for sale and liabilities classified as held for sale.

All of Akfen HEPP projects are under the Law of Using Renewable Energy Resources for Electricity Production Purposes. In this context if projects have Renewable Energy Resources Document and their investments are completed until December 31, 2020, they can make use of the state's purchase guarantee price of USD cents/kWh 7.3.

As at 31 December 2015, subsidiaries of HEPP Group are, Akörenbeli Hidroelektrik Santral Yatırımları Yapım ve İşletim A.Ş., 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"), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Elen"), HHK, Kurtal, Laleli Enerji Elektrik Üretim A.Ş. ("Laleli"), Memülü Enerji Elektrik Üretim A.Ş., Pak Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Pak"), Rize İpekyolu Enerji Üretim ve Dağıtım A.Ş., Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk"), Zeki Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş.

Akfen Termik Enerji Yatırımları A.Ş. ("Akfen Thermal Energy")

In addition to hydroelectrical power plant investments, Group plans other investments in the energy sector under Akfen Thermal Energy, Akfen Holding's subsidiary Akfen Enerji Yatırımları Holding A.Ş.'s title has been changed to Akfen Termik Enerji Yatırımları A.Ş. at 19 December 2014 Extraordinary General Assembly session.

Akfen Enerji Üretim ve Ticaret A.Ş. ("Akfen Energy Production") that is consolidated under Akfen Thermal Energy, which carries out other energy sector investments of the Company, obtained the production license for the natural gas based electricity production plant investment located in Mersin, with an installed power capacity of 450 MW on 8 March 2012.

In addition, on 18 December 2012 Akfen Energy Production made an appeal for modification to the Energy Market Regulatory Board to increase the installed capacity of Mersin Combined Natural Gas Plant ("CCGT") to 1.148,4 MW. Environmental Impact Assessment ('EIA') Report for the project was accepted as decisive. Additionally, paid-in capital has been increased and the revision to the license has been completed on 13 January 2014. Moreover, construction of the transformer station, constructed free of charge to be turned over to TEİAŞ, was completed, provisional acceptance was obtained and it started operating on 7 April 2013. The disassembly works and the cleaning on the site were completed and the related written document has been obtained from the Ministry of Environment and Urbanization.

Application made to the Ministry of Environment and Urbanization for the EIA of the project's 380 kV Mersin CCGT-Konya Eregli Transformation Station Energy Transmission Line was approved in line with the Article 8 of the EIA regulation and the EIA process was completed.

1 REPORTING ENTITY *(continued)*

i) Subsidiaries *(continued)*

Akfen Thermal Energy *(continued)*

Akfen Enerji participated in Adana İpekyolu Enerji Üretim Sanayi ve Ticaret A.Ş. ("Adana İpekyolu") by 50%, which is founded to build an imported coal power plant with a capacity of 615 MWm-600 MWe in Adana-Yumurtalık. On 13 August 2014, EIA by the Turkish Ministry of Environment and Urbanization resulted as positive.

Akfen Holding took over shares with a total nominal value of TL 997,500 of Akfen Elektrik Enerjisi Toptan Satış A.Ş. ("Akfen Electricity Wholesale"), corresponding to a stake of 99.75%, and in total 3,990 shares, paying full TL 6,000,000; transfer price was to be finalised after completion of the appraisal report and the difference of the full price was to be paid as compensation, and so Akfen Holding has become the sole shareholder of Akfen Electricity Wholesale. The transfer process was completed as of 31 December 2014.

According to the Board Decision dated 13 July 2015 it is decided to purchase shares of the companies that are investing in solar and thermal energy in order to expand the energy portfolio. In order to restructure and to achieve a more efficient structure of a subsidiary Akfen Thermal Energy, it is decided to initiate partial division transaction and to complete necessary transactions for the transfer of the whole shares of Adana Ipekyolu, a subsidiary of Akfen Thermal Energy, to a new company by the way of partial division until 31 December 2015.

The Company decided to purchase 29.75% of Akfen Thermal Energy owned by Hamdi Akın, 40% of Adana Ipekyolu owned by Selim Akın, and also the whole shares of Karine SPP that is wholly owned by Selim Akın, and operates companies in the field of solar energy generation.

Akfen Enerji Dağıtım ve Ticaret A.Ş.

The main activity field of Akfen Enerji Dağıtım ve Ticaret A.Ş. ("Akfen Energy Distribution") is energy investments. Subsidiaries of Akfen Energy Distribution are; Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş., Akfen Uluslararası Enerji Faaliyetleri ve Ticaret A.Ş., Akfen Rüzgar Enerjisi ve Ticaret A.Ş. ve Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş., which are not active yet.

WPP Group

In order to build the structure of Akfenres Rüzgar Enerjisi Yatırımları A.Ş. ("AkfenRES" or "WPP Group"), the transformation of Sim-Er Enerji Üretim Sanayi Ve Ticaret Ltd. Şti., consolidated under Akfen Holding, to WPP Group was completed on 6 February 2014 and 7 new companies with specific purposes of setting up wind measurement poles and carrying out wind measurements were founded under WPP Group. Four other companies, which have wind measurement poles settled up and measuring wind, were acquired on 10 February 2014, one other company was acquired on 26 September 2014 and three companies were established on 6 August 2015.

On 15 December 2015, an aggreement was signed between Akfen Holding and EBRD. Accordingly, Akfen WPP, Akfen Wholesale and following its transfer to the Holding, Karine SPP and Akfen HEPP will be consolidated under one roof, a renewable energy company will be structured and EBRD will participate in this company with a 20% stake, paying US$100 million. Since due to this agreement, there is a change of control on these subsidiaries and they will be recognized as joint ventures and accounted for as investment in equity accounted investees; as at 31 December 2015, WPP Group is included in assets classified as held for sale and liabilities classified as held for sale.

1 REPORTING ENTITY *(continued)*

i) Subsidiaries *(continued)*

WPP Group *(continued)*

As at 31 December 2015, Ela RES Elektrik Üretim A.Ş., EMD Enerji Üretim Sanayi ve Ticaret A.Ş., İmbat Enerji A.Ş., Kanat Enerji A.Ş., Kavança Elektrik Üretim A.Ş., Kontra Elektrik Üretim A.Ş., Mares Elektrik Üretim A.Ş., Nesim Elektrik Üretim A.Ş., Orçaner Elektrik Üretim A.Ş., Pruva Enerji A.Ş., Ruba Elektrik Üretim A.Ş., Seyir Elektrik Üretim A.Ş., Sisam Elektrik Üretim A.Ş., Trim Elektrik Üretim A.Ş. and Uçurtma Elektrik Üretim A.Ş. are the subsidiaries of WPP Group with 100% ownership. The process of developing wind power plant projects has begun, and the process continues with preparation works for 14 projects having an estimated 984 MW installed capacity. Applications to EMRA have been completed on 28 April 2015, the companys' paid-in capital amounts were increased, and letters of guarantee were submitted to the EMRA. As a result of the review process by the EMRA 14 project have been evaluated and approved.

In addition, new project development studies for additional capacity have begun based on EMRA's announcement with regards to an additional 2,000 MW of wind power generation and the related wind measurements have been initiated.

ii) Joint Ventures

TAV Havalimanları Holding A.Ş.

TAV Airports 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 Ataturk Airport. The foundation aim of TAV Airports is to reconstruct the Terminal Building of İstanbul Atatürk International Airport ("AUHT") and to operate it for 66 months. The main work of TAV Airports is the construction of terminal buildings and operation of terminal buildings or airport.

TAV İstanbul Terminal İşletmeciliği A.Ş. signed a rental contract with the General Directorate of State Airports Operations ("DHMİ") on 3 June 2005 in order to operate AUHT and Atatürk Airport Domestic Terminal for 15.5 years until 2021.

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"), TAV Gazipaşa Yatırım Yapım ve İşletme A.Ş. (TAV Gazipaşa) and TAV Milas Bodrum Terminal İşletmeciliği A.Ş. companies signed Build – Operate – Transfer ("BOT") Agreements with DHMİ, 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 BOT Agreement with Georgia Ministry of Economic Development ("GMED"); TAV Tunisia SA ("TAV Tunisia") signed a BOT Agreement with Tunisia State Airports Operations ("OACA") for Monastir and Enfidha Airports; TAV Macedonia Dooel Petrovec ("TAV Macedonia") signed a BOT Agreement with Macedonia Ministry of Transportation for Skopje and Ohrid Airports, Tibah Airport Development Company ("Tibah Development"), established by TAV Airports, Al Rajhi Holding Group and Saudi Oger Ltd., signed a BOT Agreement with Saudi Arabia State Airport Operations ("GACA") for Medinah Airport. At the end of the agreement period, TAV Airports will transfer the property of built airport to respective institution (DHMİ, JSC, GMED, OACA, MOT, MOTC, and GACA). In addition, the Group also signed individual contracts for the operation of airports thereafter.

1 REPORTING ENTITY *(continued)*

ii) Joint Ventures *(continued)*

TAV Havalimanları Holding A.Ş. *(continued)*

A Concession Agreement was executed between ZAIC-A Limited ("ZAIC-A") and Republic of Crotia on 11 April 2012 for the financing, design and construction and operation of a new passenger terminal and related infrastructure at Zagreb Airport. TAV Airports 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 Airports owns 100% of Aviator Netherlands B.V. Handover date occurred on 6 December 2013 and the consortium that TAV Airports is a 15% partner of, took over the operations and construction site. The concession period will end in April 2042. In addition, TAV Airports signs several agreements for airport operations, TAV Airports also operates in other fields of airport operations such as duty-free, food and beverage services, ground services, information technology, security and management with ATÜ Turizm İşletmeciliği A.Ş., Havaş Havaalanları Yer Hizmetleri A.Ş., BTA Havalimanları Yiyecek ve İçecek Hizmetleri A.Ş., TAV İşletme Hizmetleri A.Ş., TAV Bilişim Hizmetleri A.Ş., TAV Özel Güvenlik Hizmetleri A.Ş. and TAV Akademi Eğitim ve Danışmanlık Hizmetleri A.Ş.

A concession agreement was executed between TAV Ege and DHMİ with an effective date of 16 December 2011 for taking-over the operation of the domestic terminal of İzmir Adnan Menderes Airport until 31 December 2032 and renting the international terminal on 10 January 2015 and operating it until 31 December 2032. TAV İzmir was closed as a legal entity and all assets and liabilities were transferred to TAV Ege.

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2014 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. The agreement covers the operation right of the international terminal starting from 22 October 2015 to 31 December 2035 and operation right of the domestic terminal starting from July 2014 to 31 December 2035.

ATU Duty Free (ATÜ), has been awarded the tender to operate the duty free shops in United States of America, Texas at Houston George Bush International Airport, for a period of 10 years. The project covers the operation right of 700 square meters of duty free area in the airport which in total, served nearly 41 million passengers in 2014.

TAV Airports 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 Investment") 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 operations. TAV Tepe Akfen Yatırım Yapım ve İşletme A.Ş. ("TAV Construction") is a subsidiary of TAV Investment.

TAV Construction has branches in Egypt Cairo, The United Arab Emirates, Sharjah and Abu Dhabi, Qatari Doha, Saudi Arabia – Jeddah, France-Paris, Libya and Bahrain, Macedonia, Georgia and Saudi Arabia. TAV Construction has also subsidiaries called TAV Otopark Yatırım ve İşletmeleri A.Ş., TAV İnşaat Muscat LLC, Riva İnşaat Turizm Ticaret İşletme ve Pazarlama A.Ş., TAV Construction LLC and TAV – Alrajhi Construction Co, with 100%, 70%, 99.99%, 49% and 50% stakes, respectively. TAV Investment has unincorporated associations with 50% stakes in TAV Sera Adi Ortaklığı and TAV Sera Libadiye Adi Ortaklığı.

1 REPORTING ENTITY *(continued)*

ii) Joint Ventures *(continued)*

Mersin Uluslararası Liman İşletmeciliği A.Ş.

MIP was founded on 4 May 2007 by PSA and Akfen Joint Venture, who were awarded the transfer of operation right of Mersin Port for 36 years belonging to T.C. Devlet Demiryolları ("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 PA and TCDD on 11 May 2007 in order to operate it for 36 years. Akfen Holding and PSA, each with a 50% stake, have joint management in MIP. 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 Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Water") has started operating on 24 August 2006. Akfen Water, having completed all of its investments, served 6,858 subscribers as at 31 December 2015.

Akfensu-Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim 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.

In line with its customers' needs, Akfen Water offers development and management of sustainable and ecological Solid Waste Management systems service by using new technologies. Akfen Water has signed its first agreement for solid waste management services with İDO and started to give solid waste management and removal services to all sea vehicles, vehicles, plants, offices and other port fields.

İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.

İDO was purchased from Istanbul Metropolitan Municipality, the previous main shareholder, through a block sale on 16 June 2011 by Akfen Holding, Tepe Construction; Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. joint venture. 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 (24 sea buses, 20 conventional ferries, 9 fast ferries, and 2 service vessels) and 15 lines consisting of 9 sea buses, 2 conventional ferries and 4 fast ferries. The sea buses, fast ferries and conventional ferries have a total of 36,451 passengers capacity for the summer period and 30,129 passengers capacity for the winter period and 2,873 vehicles capacity for both periods as at 31 December 2015.

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 templates announced by CMB on 7 June 2013.

The accompanying consolidated financial statements as of 31 December 2015 are approved by the Company's Board of Directors on 29 February 2016. General assembly and related legal institutions have right to correct these financial statements and statutory financial statements.

b) Statement of compliance to TAS

The accompanying consolidated financial statements are based in accordance with Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") as set out in 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. TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

c) Correction of financial statements during the hyperinflationary periods

CMB, with its resolution dated 17 March 2005, announced that all publicly traded entities operating in Turkey was not obliged to apply inflationary accounting effective from 1 January 2005. In accordance with this resolution, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied to the consolidated financial statements 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 15.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1 Basis of Presentation *(continued)*

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 present these financial statements in TL. Accounting records of subsidiaries and joint ventures established abroad 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 TAS basis by a series of adjustments and reclassifications. The functional currency of the subsidiaries and joint ventures are as follows:

Company	Functional Currency
Akfen Construction	TL
Akfen REIT	TL
Akfen Thermal Energy	TL
Akfen HEPP	TL
Akfen WPP	TL
Akfen Energy Distribution	TL
Akfen Electricity Wholesale	TL
TAV Airports	Euro
TAV Investment	US Dollar
MIP	US Dollar
PSA Akfen Liman İşletme ve Yönetim Danışmanlığı A.Ş.	TL
Akfen Water	TL
İDO	TL

f) Basis of consolidation

The accompanying financial statements include the accounts of the parent company Akfen Holding, its subsidiaires 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. Subsidiaries and joint ventures are consolidated based on the methods described below:

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1 Basis of Presentation *(continued)*

f) Basis of consolidation *(continued)*

(i) Subsidiaries

When preparing the consolidated financial statements, subsidiaries that the Group has control power on its financial and activity policy are determined as 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.

As at 31 December, 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 Akın Family		TTotal voting right		
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	Principal Activity
Akfen Construction (*)	--	99.85	--	99.85	100	0.15	--	100.00	Construction
Akfen REIT	56.88	56.88	56.88	56.88	16.41	16.41	73.29	73.29	Realestate investment
HEPP Group (***)	100.00	100.00	100.00	100.00	--	--	100.00	100.00	Hydrolectric, electiricity production
Akfen Energy Distribution (**)	100.00	100.00	100.00	100.00	100.00	--	100.00	100.00	Energy
Akfen Electricity Wholesale (***)	100.00	100.00	100.00	100.00	--	--	100.00	100.00	Electricity sales
Akfen Thermal Energy	70.25	69.50	70.25	69.75	29.75	29.75	100.00	100.00	Energy
Akfen WPP (***)	100.00	99.70	100.00	99.80	--	--	100.00	99.80	Energy

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

(*) According to the Board Decision dated 13 July 2015, shares of Akfen Construction were transferred to Company's related party Akfen Altyapı at an amount of USD 58,911,500.
(**) Akfen Electricity Wholesale, which was consolidated under Akfen Thermal Energy with indirect ownership as at 31 December 2014, is consolidated under Akfen Holding following the transfer of shares as at 31 December 2015.
(***) As mentioned in note 1 as at 31 December 2015, Akfen HEPP, Akfen WPP, Akfen Electricity Wholesale are presented under assets classified as asset held for sale and liabilities classified as held for sale.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1 Basis of Presentation *(continued)*

f) Basis of consolidation *(continued)*

(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 2015 and 2014, the detail of joint ventures is as follows:

	31 December 2015		31 December 2014		Principal activity
	Ownership (%)	Voting right	Ownership (%)	Voting right	
TAV Airports	8.12	8.12	8.12	8.12	Operation of airports
TAV Investment	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 Water	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 recognized 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 recognized 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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1 Basis of Presentation *(continued)*

f) Basis of consolidation *(continued)*

(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 recognized 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 occurs when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized 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 recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized 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 recognized in profit or loss.

(vii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1 Basis of Presentation *(continued)*

(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 profit or loss.

The Group entities use USD, Euro or TL, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies in accordance with the relevant provisions of TAS 21 (the effect of changes in foreign exchange rates). The Group uses TL as the reporting currency.

Assets and liabilities of the Group entities with a different functional currency than the reporting currency of the Group are translated into the reporting currency of the Group at the rate of exchange rate ruling at the reporting date. The income and expenses of the Group entities are translated into the reporting currency at the average exchange rates for the period. Equity items are presented at their historical costs. The foreign currency differences are recognized directly in equity, under "Foreign Currency Translation Reserve" (FCTR). When the related Group entity is disposed of, in part of or in full, the relevant amount in the FCTR is transferred to profit or loss.

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

	Averate Rate		Period End Rate	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
US Dollar	2.7191	2.1865	2.9076	2.3189
Euro	3.0187	2.9042	3.1776	2.8207
Georgian Lari ("GEL")	1.1978	1.2377	1.2142	1.2450
Macedonian Denar ("MKD")	0.0489	0.0470	0.0515	0.0459
Tunisian Dinar ("TND")	1,3865	1.2889	1.4321	1.2469
Swedish Krona ("SEK")	0,3227	0.3192	0.3479	0.2990
Saudi Riyal ("SAR")	0,7245	0.5826	0.7753	0.6188
Croatian Kuna ("HRK")	0,3961	0.3802	0.4140	0.3504
Russian Ruble ("RUB")	0,0445	0.0569	0.0396	0.0402

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.1 Basis of Presentation *(continued)*

(g) Foreign currency *(continued)*

(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 recognized in other comprehensive income, and presented in the foreign currency translation reserve (FCTR) 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.

2.2 Summary of Significant Accounting Policies

(a) Financial instruments

(i) Non-derivative financial assets

The Group initially recognizes 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 recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes 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 2.2 (n).

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(a) Financial instruments *(continued)*

(i) Non-derivative financial assets (continued)

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 recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized 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 recognizes 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 amortized 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 recognized initially at the fair value of the consideration received or receivable.

Available-for-sale financial assets

The subsequent measurement 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 amortized cost using the effective interest method, less any impairment losses.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(a) Financial instruments *(continued)*

(ii) Non-derivative financial liabilities

The Group initially recognizes 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 recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes 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 recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

The ordinary shares are classified as equity.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate

risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the

hedging 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 recognized initially at fair value; attributable transaction costs are recognized 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 recognized directly in equity to the extent that the hedge is effective.

The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. The amount recognized 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 recognized in profit or loss.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(a) Financial Instruments *(continued)*

(iv) Derivative financial instruments (continued)

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 recognized 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 recognized in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognized. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss, In other cases the amount recognized 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 recognized net within operating income or other expense in the consolidated statement of comprehensive income.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(b) Property, plant and equipment *(continued)*

(ii) Subsequent costs

MaddiThe cost of replacing part of an item of property and equipment is recognized 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 derecognized. The costs of the day-to-day servicing of property and equipment are recognized in consolidated statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognized 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
Leasehold improvements	1-15

Leasehold improvements are amortized 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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(c) Intangible fixed assets *(continued)*

(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 amortization and accumulated impairment losses.

(iv) 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 recognized in profit or loss as incurred.

(v) Amortization

Amortization is recognized 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:

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

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(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 REIT'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 REIT'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 REIT'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 recognized in profit or loss. Rental income from investment property is accounted for as described in accounting policy in Note 2.2.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 REIT'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 REIT'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 REIT'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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(d) Investment property *(continued)*

(ii) Investment property under development *(continued)*

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 recognized 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 recognized 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.

(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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(g) Construction works in progress *(continued)*

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 recognized in excess of amounts billed. The liability, "Due to customers for contract work" represents billings in excess of revenues recognized.

(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 amortized 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 recognized in the consolidated statement of profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized 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 profit or loss income.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(h) Impairment *(continued)*

(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 here 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 recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss. Impairment losses recognized 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.

(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 3,438 and full TL 3,828 as at 31 December 2014 and 2015, respectively. As it is stated on Note 21, Group management has used some assumptions for the calculation.

Actuarial gains and losses are accounted in other comprehensive income.

(j) Provisions

A provision is recognized 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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(k) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

(l) Assests held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(l) Revenue

(i) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contact. Contract revenue and expenses are recognized 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 recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on contract is recognized 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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(l) Revenue *(continued)*

(ii) Rental income

Rental income from investment property leased out under operating lease is recognized in the consolidated statement of profit or loss on a straight line basis over the lease periods.

(iii) Sale of properties

Revenue from the sale of properties is recognized in the consolidated statement of profit or loss 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 recognized 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 recognized in the consolidated statement of profit or loss and comprehensive income in proportion to the stage of completion of the transaction at the reporting date.

(m) Government grants

Government grants are recognized 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.

(n) Lease payments

Payments made under operating leases are recorded in the consolidated statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease. Payments made under operating leases are recognized in the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The conditional lease payments are recognized by changing the minimum lease payments during leasing period.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(o) Finance income and expenses

Finance income comprises interest income, foreign exchange gain, dividend income, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, impairment losses recognized on financial assets (except for trade receivables) and losses on hedging instruments that are recognized 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.

(p) Earnings per share

The earnings per share, is calculated by dividing the consolidated profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In Turkey companies can increase their share capital by making a pro-rata distribution of shares (''bonus shares'') to existing shareholders from retained earnings and revaluation surplus. For the purpose of earnings per share computations, such bonus share issuances are regareded 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 with consideration.

(r) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized 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 recognized 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 recognized 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 recognized 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 offset if there is a legally enforceable right to offset 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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(r) Income tax *(continued)*

A deferred tax asset is recognized 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.

Deferred tax related to fair value measurement of available for sale assets and cash flow hedged are charged or credited to equity and subsequently recognized in profit or loss together with the deferred gains that are realised.

The Group's government grants, which provide a discount on corporate income tax are recognized within the scope of IAS 12.

Deferred taxes related to measurement of fair value of asset available for sale and cash flow hedges are charged or credited to equity and subsequently recognized in profit or loss together with the deferred gains that are realised.

The Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return, Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(t) New and Revised Standards and Interpretations

In accounting policies considered in preparation of consolidated financial statements as at 31 December 2015, the Group applied all IFRS□s and related appendices and interpretations that are effective as of 1 January 2015.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

TFRS 9 - Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(t) New and Revised Standards and Interpretations *(continued)*

Standards issued but not yet effective and not early adopted *(continued)*

TAS 16 and TAS 38 – Clarification of acceptable methods of depreciation and amortization

The amendments to TAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TFRS 11 – Accounting for acquisition of interests in joint operations

The amendments clarify whether TFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TFRS 14 Regulatory Deferral Accounts

The standard permits first time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Disclosure initiative (Amendments to TAS 1)

The narrow-focus amendments to TAS 1 Presentation of Financial Statements clarify, rather than

significantly change, existing TAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in TAS 1. The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(t) New and Revised Standards and Interpretations *(continued)*

Standards issued but not yet effective and not early adopted *(continued)*

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to TFRS 10 and TAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity

accounting. The amendments require the full gain to be recognized when the assets transferred meet the definition of a "business" under TFRS 3 Business Combinations. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Before the amendment, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the amendment, intermediate investment entities are not permitted to be consolidated. So where an investment entity's internal structure uses intermediates, the financial statements will provide less granular information about investment performance—i.e. less granular fair values of, and cash flows from, the investments making up the underlying investment portfolio. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Annual Improvements to TFRSs – 2012–2014 Cycle

Issued Annual Improvements are given below. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

TFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

TFRS 7 Financial Instruments: Disclosures

TFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. TFRS 7 is also amended to clarify that the additional disclosures required by Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to TFRS 7)

TAS 19 Employee Benefits

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(t) New and Revised Standards and Interpretations *(continued)*

Standards issued but not yet effective and not early adopted *(continued)*

TAS 34 Interim Financial Reporting

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report)..

(u) The new standards, amendments and interpretations that are issued by the International

Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to TFRS 9, TFRS 7 and TAS 39 -IFRS 9 (2013)

In November 2013, the IASB issued a new version of IFRS 9. which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7, Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. Further, the new standard removes the 1 January 2015 effective date of IFRS 9. The new version of IFRS 9 (2014) issued after IFRS 9 (2013) introduces the mandatory effective date of 1 January 2018 for IFRS 9, with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 9 Financial Instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018. with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(u) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA *(continued)*

IFRS 15 Revenue from Contracts with customers

The standard is the result of a joint project and IASB and FASB which replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018. with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

(v) 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 (i.e. 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 recognized 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 recognized 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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(v) Determination of fair values *(continued)*

(iii) Investment properties

Various accounting policies and explanations of the Group necessitate to determinate the fair value of both financial and non-financial assets and liabilities. Fair values are determined using the below mentioned methods with the purpose of valuation and or explanation. If applicable, additional information about assumptions used for determination of fair value are presented in notes particular to assets and liabilities. Evaluation methods in terms of levels are described as follows:

Level 1: Specific (uncorrected) prices in active markets for identical assets and obligations;

Level 2: Directly (via prices) or indirectly (via producing from prices) variables which are observable for assets and liabilities and apart from specific prices mentioned in Level 1.

Level 3: Variables which are not related to observable market variable for assets and liabilities (unobservable variables).

Fair values of investment properties are in the scope of Level 2 if valuation technique is peer comparison, Level 3 if valuation technique is revenue reduction approach. The movement of changes in fair values is presented in Note 15.

(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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(y) Financial risk managament

(i) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- iquidity 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 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 indusTL and counTL 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.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(y) Financial risk management *(continued)*

(ii) Credit risk (continued)

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, indusTL, 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 periodicly, the allowance is provided for receivables that are legaly 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 allowanced amount and releated 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 Airports and MIP use derivatives, in order to hedge market risks.

Currency risk

GThe 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 2015, 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.

TAV Airports uses cross currency derivatives to manage its exposure to foreign currency exchange rates on its concession instalments that will be paid to DHMİ.

The Group uses derivative financial instruments to manage its exposure to currency risk on its bank borrowings. This is achieved by entering into swap contracts.

Interest rate risk

The activities of the Group are exposed to the risk of interest rate fluctuations to the extent that 32% of Akfen Holding borrowings obtained by floating interest rates.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(y) Financial risk management *(continued)*

(iii) Market risk (continued)

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 Airports adopts a policy of ensuring that between 50 and 100 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis accordingly. TAV Airports has signed swap agreements in relation to loans with variable interest rates.

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

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 andfinancial 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.

(iv) 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

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

2.2 Summary of Significant Accounting Policies *(continued)*

(y) Financial risk management *(continued)*

***(v) Operational risk** (continued)*

- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit and Risk Management. The results of Internal Audit and Risk Management, reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

2.3 Significant Accounting Assesment, Estimates and Assumptions

Use of estimates and judgements

The preparation of consolidated financial statements in conformity with 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 recognized in the period in which the estimate is revised and in any future periods affected.

The information related to the estimates, which have a significant effect on the amounts recorded in the consolidated financial tables are explained in the following notes:

- Note 15 - valuation of investment property
- Note 16 and 17 - economic useful lifes of tangible and intangible assets
- Note 21 - reserve for employee severance indemnity
- Note 19 - provisions and contingent liabilities
- Note 34 - utilisation of financial losses
- Note 8 and 37 - provision for doubtful receivables, valuation of financial instruments

3 BUSINESS COMBINATIONS

Participating in Hacettepe Teknokent Eğitim ve Klinik Araştırma Merkezi Sağlık AR-GE Danışmanlık Proje Sanayi Ticaret A.Ş. ("Hacettepe Teknokent")

Akfen Construction and Renkyol agreed on transferring 45% of shares of Hacettepe Teknokent on 12 May 2014. TL 12,809 of respective amount was paid in cash, TL 12,300 will be paid by 10 equal installments through notes and TL 1,059 was netted of advance amounts of 9 apartments in İncek Loft and TL 50 was netted with chargeout. The remaining TL 82 is recorded in current accounts. As at 31 December 2015 all notes were paid.

This transaction is evaluated as a business combination within the frame of TFRS 3 and book values and fair values of acquired assets and liabilities are as follows:

	Book value before acquisition	Fair value adjustments	Acquisition amount
Trade receivables	10	--	10
Inventories	24	--	24
Trade payables	(26)	--	(26)
Other current assets	459	--	459
Other current liabilities	(13)	--	(13)
Property, plant and equipment	2,488	--	2,488
Intangible assets	6	31,838	31,844
Other non-current assets	9	--	9
Deferred tax liability	--	(6,368)	(6,368)
Cash and cash equivalents	25	--	25
Payables to related parties	(3,246)	--	(3,246)
Identifiable assets and liabilities	**(264)**	**25,470**	**25,206**
Cash payment			12,809
Deferred payments due to acquisition			12,432
İncek Loft apartment sales			1,059
Total payment			**26,300**
Minus: Net value of identifiable assets and liabilities			25,206
Goodwill (Accounted under investment in equity accounted investees)			**1,094**

Booked values before the acquisition are calculated according to TMS right before the acquisition.

Hacettepe Teknokent is consolidated through equity method since it is a joint venture. Associate of Akfen Construction, Hacettepe Teknokent was not included in equity accounted investments after the sale of shares of Akfen Construction on 30 October 2015.

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 Construction, Akfen REIT, HEPP Group and Akfen Electricity Wholesale. As at 30 October 2015 after the transfer of Akfen Construction shares to Akfen Altyapı, Akfen Construction and all of its subsidiaries and affiliates weres subtracted from the consolidation.

Other

Subsidiaries in other operations segment are Akfen Thermal Energy, Akfen Energy Distribution and WPP Group. Akfen Holding is included in the other segment.

4 SEGMENT REPORTING *(continued)*

1 January-31 December 2015	Akfen Construction	Akfen REIT	HEPP Group	Akfen Electricity Wholesale (*)	Other	Investment in equity accounted investees	Inter segment eliminations	Total
External revenues	--	53,980	88,819	54,261	--	--	--	197,060
Inter segment revenue	--	--	29,675	164		--	(29,839)	--
Total revenue	**--**	**53,980**	**118,494**	**54,425**	**--**	**--**	**(29,839)**	**197,060**
Cost of sales	--	(7,469)	(54,393)	(55,007)	--	--	33,156	(83,713)
Gross profit	**--**	**46,511**	**64,101**	**(582)**	**--**	**--**	**3,317**	**113,347**
General administrative expenses	--	(6,921)	(8,854)	(334)	(76,531)	--	40,678	(51,962)
Other operating income	--	13,304	19,538	6	63,294	--	(50,158)	45,984
Other operating expense	--	(155)	(1,985)		(126)	--	--	(2,266)
Investment in equity accounted investees	--	--	--	--	--	107,324	--	107,324
Operating profit/ (loss)	**--**	**52,739**	**72,800**	**(910)**	**(13,363)**	**107,324**	**(6,163)**	**212,427**
Income from investment activities	--	**--**	728	37	201	**--**	--	966
Expense from investment activities	--	**--**	(1,891)	--	--	**--**	--	(1,891)
Financial income	--	57,200	226	112	69,769	--	(27,531)	99,776
Financial expense	--	(167,091)	(217,992)	(184)	(115,140)	--	38,942	(461,465)
Profit / (loss) of continuing operations before tax	**--**	**(57,152)**	**(146,129)**	**(945)**	**(58,533)**	**107,324**	**5,248**	**(150,187)**
Tax income/(expense) for the period	--	3,251	4,344	147	(4,165)	--	9,273	12,850
Profit/(loss) of continuing operations after tax	**--**	**(53,901)**	**(141,785)**	**(798)**	**(62,698)**	**107,324**	**14,521**	**(137,337)**
Profit/(loss) of discontinuing operations after tax (*)	(102,243)	--	--	--	255,075	--	(4,556)	148,276
Profit/(loss) of period	**(102,243)**	**(53,901)**	**(141,785)**	**(798)**	**192,377**	**107,324**	**9,965**	**10,939**
Profit (loss) for the period attributable to the parent of the Company	(102,243)	(46,983)	(141,058)	(798)	191,664	107,324	29,559	37,465
Depreciation and amortization expenses	1,216	39	30,407	32	600	--	(3,437)	28,857
Investments of tangible and intangible assets, investment properties and other investments (**)	245,820	61,613	32,500	6	8,198	--	--	348,137
31 December 2015								
Segment assets	--	1,585,858	1,063,990	9,629	2,094,815	864,249	(1,448,275)	4,170,266
Segment liabilities	--	781,751	923,528	10,194	1,036,024	--	(317,043)	2,434,454

(*) As mentioned in note 1, after the transfer of Akfen Construction shares to Akfen Altyapı, on 30 October 2015 Akfen Construction is presented in profit or loss from discontinued operations. The gain on sale of Akfen Construction is presented in profit/(loss) from discontinued operations in other segment.

(**) As at 31 December 2015 investments amounting to TL 147,087 is comprised of investments for Isparta City Hospital project, TL 98,337 for İncek Loft project, TL 61,509 for investment property, TL 39,421 for plant and equipment and TL 1,738 for intangible assets.

4 SEGMENT REPORTING *(continued)*

1 January-31 December 2014	Akfen Construction	Akfen REIT	HEPP Group	Akfen Electricity Wholesale (*)	Other	Investment in equity accounted investees	Inter segment eliminations	Total
External revenues	--	51,012	31,661	36,579	--	--	--	119,252
Inter segment revenue	--	--	20,937	1,111		--	(22,048)	--
Total revenue	**--**	**51,012**	**52,598**	**37,690**	**--**	**--**	**(22,048)**	**119,252**
Cost of sales	--	(5,730)	(39,498)	(36,842)	--	--	21,412	(60,658)
Gross profit	**--**	**45,282**	**13,100**	**848**	**--**	**--**	**(636)**	**58,594**
General administrative expenses	--	(5,843)	(6,130)	(913)	(28,711)	--	68	(41,529)
Other operating income	--	77,275	1,316	31	9,685	--	(8,171)	80,136
Other operating expense	--	(44,042)	(705)	--	(526)	--	--	(45,273)
Investment in equity accounted investees	--	--	--	--	--	143,283	--	143,283
Operating profit/ (loss)	**--**	**72,672**	**7,581**	**(34)**	**(19,552)**	**143,283**	**(8,739)**	**195,211**
Income from investment activities	--	**--**	1,668	--	2,195	**--**	--	3,863
Expense from investment activities	--	**--**	(351)	--	(474)	**--**	**--**	(825)
Financial income	--	30,263	521	31	56,907	--	(19,022)	68,700
Financial expense	--	(103,478)	(78,975)	(23)	(70,320)	--	18,481	(234,315)
Profit / (loss) of continuing operations before tax	**--**	**(543)**	**(69,556)**	**(26)**	**(31,244)**	**143,283**	**(9,280)**	**32,634**
Tax income/(expense) for the period	--	(2,518)	12,907	192	(4,013)	--	--	6,568
Profit/(loss) of continuing operations after tax	**--**	**(3,061)**	**(56,649)**	**166**	**(35,257)**	**143,283**	**(9,280)**	**39,202**
Profit/(loss) of discontinuing operations after tax (*)	(89,297)	--	--	--	--	--	35,535	(53,762)
Profit/(loss) of period	**(89,297)**	**(3,061)**	**(56,649)**	**166**	**(35,257**	**143,283**	**26,255**	**(14,560)**
Profit (loss) for the period attributable to the parent of the Company	(89,297)	(562)	(57,009)	166	(36,421)	143,283	27,977	(11,863)
Depreciation and amortization expenses	1,367	48	21,774	20	491	--	--	23,700
Investments of tangible and intangible assets, investment properties and other investments (**)	107,746	59,725	72,780	6	6,553	--	--	246,810
31 December 2014								
Segment assets	807,083	1,445,950	1,089,733	7,495	1,859,475	605,684	(1,907,994)	3,907,426
Segment liabilities	683,493	589,730	807,957	7,261	680,524	--	(533,245)	2,235,720

(*) As mentioned in note 1, after the transfer of Akfen Construction shares to Akfen Altyapı, on 30 October 2015 Akfen Construction is presented in profit or loss from discontinued operations. The gain on sale of Akfen Construction is presented in profit/(loss) from discontinued operations in other segment.

(**) As at 31 December 2014,investments are comprised of investments amounting to TL 82,545 for İncek Loft project, TL 59,699 for investment property, TL 104,073 for plant and equipment and TL 493 for intangible assets.

4 SEGMENT REPORTING *(continued)*

Geographical Information

Group continues its operations in three different regions, mainly in Turkey, TRNC and Russia.

In geographical reporting, segment revenues are presented according to geograpcial location that earning is located in.

	2015	2014
Turkey	167,506	92,014
Turkish Republic of Northern Cyprus ("TRNC")	14,393	13,819
Russia	15,161	13,419
Consolidated revenue	**197,060**	**119,252**

In geographical reporting, segment assets are presented according to geograpcial location that asset is located in..

	2015	2014
Turkey	3,644,843	3,403,042
Russia	279,596	286,889
TRNC	240,819	217,495
Total assets	**4,165,258**	**3,907,426**

5 CASH AND CASH EQUIVALENTS

As at 31 December, cash and cash equivalents comprise the following:

	2015	2014
Cash on hand	66	297
Cash at banks	22,337	39,012
-Demand deposits	*3,365*	*5,066*
-Time deposits	*18,972*	*33,946*
Project reserve and assignment accounts	--	15,597
Other cash and cash equivalents(*)	21	8,830
Cash and cash equivalents	**22,424**	**63,736**
Project, reserve and assignment accounts	--	(15,597)
Cash and cash equivalents in the statement of cash flow	**22,424**	**48,139**

(*) As at 31 December 2015 the whole amount of other cash and cash equivalents are comprised of overnight repo balances belonging to Akfen Holding (31 December 2014: Akfen Holding and Akfen Electricity Wholesale).

As at 31 December the distribution of the cash and cash equivalents of the Group on company basis is as follows:

	2015	2014
Akfen REIT	16,239	24,097
Akfen Holding	5,229	12,494
HEPP Group	--	21,838
Akfen Construction	--	2,124
Other	956	3,183
Total	**22,424**	**63,736**

As at 31 December the distribution of demand deposits, foreign currency of the Group are as follows

Currency	2015	2014
TL	1,901	3,945
US Dollar	255	723
Euro	1,103	328
Other	106	70
	3,365	**5,066**

5 CASH AND CASH EQUIVALENTS *(continued)*

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 %	2015
TL	January 2016	10.00	2,050
US Dollar	January 2016	1.25 – 7.20	16,185
Euro	January 2016	11.50	737
			18,972

Currency	Maturity	Interest rate %	2014
TL	January 2015	8.00 – 8.84	20,700
US Dollar	January 2015	0.25 – 2.03	4,730
Euro	January 2015	0.05 – 0.60	8,216
Other	January 2015	0.10	300
			33,946

Project reserve and assignment accounts

Within the scope of loan agreements, HEPP Group and Akfen REIT (for the Karaköy Novotel Project of Akfen Karaköy) have opened bank accounts for repayment of borrowings, investment expenditures, funding of 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:

	2015	2014
HEPP Group	--	15,572
Akfen REIT	--	25
Total	**--**	**15,597**

As at 31 December 2015, HEPP Group is included in assets classified as held for sale and liabilities classified as held for sale and due to this reason there is no project reserve and assignment account.

The detail of the project reserve and assignment accounts and interest rates of the Group as at 31 December 2014 is as follows:

Currency	Interest Rate (%)	2014
TL	7.00	4,680
US Dollar	0.10 – 2.05	10,807
		15,487
Demand deposits		110
		15,597

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 37. As at 31 December 2015 and 2014, except for the balances stated as preject reserves and assignment accounts, there is no other blocked deposits in cash equivalent.

6 RESTRICTED CASH BALANCES

As at 31 December 2015, Group has TL 47,664 restricted cash balances and all of which are composed of Akfen REIT's restricted cash accounts (31 December 2014: None). The details of the restricted cash balances, due dates and interest rates of the Group as at 31 December 2015 are as follows:

Currency	Maturity	Interest rate %	2015
Euro	January 2016	7.20%	47,664
			47,664

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 37.

The details of Group's financial liabilities as at 31 December 2015 is as follows:

Current financial liabilities	Nominal Value	Carrying Amount
Short term secured bank loans	42,506	42,728
	42,506	**42,728**
Current portion of long term financial liabilities		
Current portion of long term secured bank loans	157,591	211,884
Current portion of long term issued bonds	--	12,235
	157,591	**224,119**
Non-current financial liabilities		
Long term secured bank loans	908,159	862,779
Long-term issued bonds	400,000	400,000
	1,308,159	**1,262,779**

The details of Group's financial liabilities as at 31 December 2014 is as follows:

Current financial liabilities	Nominal Value	Carrying Amount
Short term secured bank loans	31,800	31,809
	31,800	**31,809**
Current portion of long term financial liabilities		
Current portion of long term secured bank loans	277,901	320,584
Current portion of long term issued bonds	--	10,951
Short-term loans from financial leases	171	171
	278,072	**331,706**
Non-current financial liabilities		
Long term secured bank loans	1,039,066	1,013,000
Long-term issued bonds	400,000	400,000
Long-term loans from financial leases	1,551	1,551
	1,440,617	**1,414,551**

7 SHORT TERM AND LONG TERM LOANS AND BORROWING *(continued)*

As at 31 December 2015, Group's total bank loans and issued bonds liabilities are as follows:

	Nominal Value	Carrying Amount
Bank loans	1,108,256	1,117,391
Bonds	400,000	412,235
	1,508,256	**1,529,626**

As at 31 December 2014, Group's total bank loans, issued bonds and leasing liabilities are as follows:

	Nominal Value	Carrying Amount
Bank loans	1,348,767	1,365,393
Bonds	400,000	410,951
Loans from financial leases	1,722	1,722
	1,750,489	**1,778,066**

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 December 2015 are as follows:

Carrying Amount	Current liabilities	Non-current liabilities	Total
Akfen Holding	222,116	603,493	825,609
Akfen REIT	44,730	659,287	704,017
	266,846	**1,262,780**	**1,529,626**
Nominal Value	**Current liabilities**	**Non-current liabilities**	**Total**
Akfen Holding	200,097	609,087	809,184
Akfen REIT	--	699,072	699,072
	200,097	**1,308,159**	**1,508,256**

7 SHORT TERM AND LONG TERM LOANS AND BORROWING *(continued)*

The bank loans and the distribution of the issued bonds according to the segments of the Group as at 31 December 2014 are as follows:

Carrying Amount	Current liabilities	Non-current liabilities	Total
Akfen Holding	43,659	475,823	519,482
Akfen Construction	42,205	47,938	90,143
Akfen REIT	117,615	400,234	517,849
HEPP Group	159,865	489,005	648,870
	363,344	**1,413,000**	**1,776,344**
Nominal Value	**Current liabilities**	**Non-current liabilities**	**Total**
Akfen Holding	29,156	477,367	506,523
Akfen Construction	37,974	50,498	88,472
Akfen REIT	112,668	400,874	513,542
HEPP Group	129,903	510,327	640,230
	309,701	**1,439,066**	**1,748,767**

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	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Within 1 year	200,097	309,701	266,846	363,344
1 – 2 years	548,228	297,269	579,585	310,344
2 – 3 years	110,284	590,803	130,394	596,669
3 – 4 years	43,046	158,552	58,877	154,154
5 years and more	606,601	392,442	493,924	351,833
	1,508,256	**1,748,767**	**1,529,626**	**1,776,344**

As at 31 December the currency distribution of bank loans and issued bonds is as follows:

	Nominal Value		Carrying Amount	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
TL	442,506	468,270	454,963	479,996
US Dollar	142,658	749,069	144,469	760,212
Euro	923,092	531,428	930,194	536,136
	1,508,256	**1,748,767**	**1,529,626**	**1,776,344**

7 SHORT TERM AND LONG TERM LOANS AND BORROWING *(continued)*

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:

31 December 2015(*)				31 December 2014(*)			
Fixed rate loans	**TL**	**US Dollar**	**Euro**	**Fixed rate loans**	**TL**	**US Dollar**	**Euro**
The Lowest	14.00%	3.75%	3.85%	The Lowest	10.56%	3.75%	2.76%
The Highest	14.00%	6.00%	7.20%	The Highest	14.40%	6.00%	7.50%
Floating interest rate loans	**TL**	**US Dollar**	**Euro**	**Floating interest rate loans**	**TL**	**US Dollar**	**Euro**
The Lowest	2.15%	5.25%	5.50%	The Lowest	3.00%	5.25%	3.75%
The Highest	3.50%	5.25%	5.50%	The Highest	3.50%	5.25%	7.35%

(*) For the floating interest rate loans, additional interest rate is added to Euribor, Libor and Benchmark Interest rates of 31 December..

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 2015, total amount of project loans is TL 704,017 (31 December 2014: TL 1,202,049) and its share in total loans is 46% (31 December 2014: 68%).

The details of the loans and borrowings for each subsidiary are given below:

Akfen Holding

The breakdown of bank loans as at 31 December 2015 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans[1]	USD	6.00	2016	41,764	42,089
Secured bank loans[2]	USD	3.75	2016	20,353	20,553
Secured bank loans[2]	USD	4.85	2016	28,204	28,477
Secured bank loans[3]	USD	Libor+5.25	2017	34,891	35,604
Secured bank loans[3]	USD	5.60	2017	17,446	17,746
Secured bank loans[2]	Euro	3.85	2016	28,598	29,142
Secured bank loans[2]	Euro	Euribor+5.50	2017	28,598	28,713
Secured bank loans[2]	Euro	4.60	2017	47,664	48,166
Secured bank loans[2]	Euro	4.15	2018	55,608	56,413
Secured bank loans[2]	Euro	4.00	2018	31,776	31,885
Secured bank loans[2]	Euro	4.70	2018	31,776	31,859
Secured bank loans[4]	TL	14.00	2017	29,998	30,214
Secured bank loans[5]	TL	16.80(*)	2017	12,508	12,513
Bond[6]	TL	GDS(**) + 3.25	2017	140,000	144,249
Bond[7]	TL	GDS(**) + 3.50	2017	200,000	207,503
Bond[8]	TL	GDS(**) + 3.00	2017	60,000	60,483
				809,184	**825,609**

[1] Sureties are Akfen Holding shares belonging to Hamdi Akın.
[2] Sureties are given by Akfen Construction.
[3] Sureties are Akfen Holding shares belonging to Hamdi Akın and Akfen Holding.
[4] Represents the share purchase loan, Akfen Holding 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 SHORT TERM AND LONG TERM LOANS AND BORROWING *(continued)*

Akfen Holding *(continued)*

(5) Represents the share purchase loan, Akfen Holding and Akfen REIT 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 liability of bond, which has been issued on 13 January 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 140,000. The 8th period coupon payment date is 11 January 2016. According to the determined additional rate of return, coupon interest rate that will be valid for the 8th period coupon payment is 3.41%..
(7) Represents the liability of bond, which has been issued on 27 March 2014 and has a maturity of 3 years and coupon payment every 6 months with a floating interest rate, amounting to TL 200.000. The 4th period coupon payment date is 24 March 2015. According to the determined additional rate of return, coupon interest rate that will be valid for the 4rd period coupon payment is 7.19%..
(8) Represents the liability of bond, which has been issued on 11 December 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 60,000. The 5th period coupon payment date is 10 March 2016. According to the determined additional rate of return, coupon interest rate that will be valid for the 5th period coupon payment is 3.33%.
(**) Benchmark 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 three working days at BİAŞ Treasury Bills and Bonds Trade Market, of discounted benchmark of the furthermost future dated treasury bills issued by the Undersecreteriat of Treasury.

The breakdown of bank loans as at 31 December 2014 is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans(1)	USD	6.00	2016	33,308	34,298
Secured bank loans(2)	USD	3.75	2016	16,232	16,393
Secured bank loans(1)	USD	Libor+5.25	2017	34,784	35,468
Secured bank loans(2)	Euro	3.20	2015	22,199	22,371
Bond(3)	TL	GDS(*) + 3.25	2017	140,000	143,865
Bond(4)	TL	GDS(*) + 3.50	2017	200,000	206,722
Bond(5)	TL	GDS(*) + 3.00	2017	60,000	60,365
				506,523	**519,482**

(1) Sureties are Akfen Holding shares belonging to Hamdi Akın.
(2) Sureties are given by Akfen Construction.
(3) Represents the liability of bond, which has been issued on 13 January 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 140,000. The 4th period coupon payment date is 12 January 2015. According to the determined additional rate of return, coupon interest rate that will be valid for the 4th period coupon payment is 3.14%.
(4) Represents the liability of bond, which has been issued on 27 March 2014 and has a maturity of 3 years and coupon payment every 6 months with a floating interest rate, amounting to TL 200,000. The 2nd period coupon payment date is 26 March 2015. According to the determined additional rate of return, coupon interest rate that will be valid for 2nd period coupon payment is 6.24%.
(5) Represents the liability of the bond, which has been issued on 11 December 2014 and has a maturity of 3 years and coupon payment every 3 months with a floating interest rate, amounting to TL 60,000. The 1st period coupon payment date is 12 March 2015. According to the determined additional rate of return, coupon interest rate that will be valid for the 1st period coupon payment is 2.64%.
(*) Benchmark 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 three working days at BİAŞ Treasury Bills and Bonds Trade Market, of discounted benchmark of the furthermost future dated treasury bills issued by the Undersecreteriat of Treasury.

7 SHORT TERM AND LONG TERM LOANS AND BORROWING *(continued)*

Akfen Holding *(continued)*

As at 31 December the repayment schedule of the bank loans and bonds is as follows:

	Nominal Value		Carrying Amount	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Within 1 year	200,097	29,156	222,116	43,659
1 – 2 years	532,380	63,454	532,215	61,910
2 – 3 years	76,707	413,913	71,278	413,913
	809,184	**506,523**	**825,609**	**519,482**

Akfen Construction:

According to the Board Decision dated 13 July 2015 and numbered 2015/16 it was decided that 99.85% stake in Akfen Construction would be transferred to Company's related party Akfen Altyapı and the related share transfer was completed as of 30 October 2015.

The breakdown of bank loans as at 31 December 2014 is given below:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans[1]	USD	4.44	2015	2,175	2,178
Secured bank loans[2]	USD	6.00	2016	22,339	23,004
Secured bank loans[1]	Euro	2.76	2016	6,812	6,827
Secured bank loans[1]	Euro	3.84	2017	20,675	20,898
Secured bank loans[1]	TL	10.92-14.40	2015	22,255	22,863
Secured bank loans[1]	TL	12.60	2015	806	814
Secured bank loans[3]	TL	11.00	2016	12,500	12,635
Secured bank loans[1]	TL	11.40	2016	910	924
				88,472	**90,143**

[1] The sureties are given by Akfen Holding.
[2] Sureties are Akfen Holding shares belonging to Hamdi Akın.
[3] Sureties are received bills from İncek Loft Project by Akfen Construction.

The repayment schedules of financial liabilities are as follows:

	Nominal Value		Carrying Amount	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Within 1 year	--	37,974	--	42,205
1 – 2 years	--	48,681	--	46,261
2 – 3 years	--	1,817	--	1,677
	--	**88,472**	**--**	**90,143**

7 SHORT TERM AND LONG TERM LOANS AND BORROWING *(continued)*

Akfen REIT:

As at 31 December 2015, the detail of loans and borrowings is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans[1]	Euro	7.20	2025	368,602	371,970
Secured bank loans[2]	Euro	7.20	2025	95,328	96,315
Secured bank loans[3]	Euro	7.20	2025	47,664	48,134
Secured bank loans[4]	Euro	7.20	2025	187,478	187,598
				699,072	**704,017**

(1) On February 19, 2015 between Akfen REIT and Credit Europe Bank N.V ("Bank"), the loan agreement in amount of Euro 116,000,000 with 10 years maturity having a 2 year grace period has been signed for the refinancing of Akfen REIT's current loans and financing of the investments of ongoing projects. The loan has been used on 18 March 2015 and all loans of Akfen REIT have been refinanced.
Bank borrowings obtained with this agreement is secured by the following:
· Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and land, building and equipments of Ankara Esenboğa, Esenyurt and Adana and the land on which hotel is being built in Tuzla are pledged in favor of the creditors,
· Rent revenue of related hotels is alienated in favor of the creditors,
· The bank accounts opened in bank and financial corporations under related projects are pledged to the favor of creditors,
· Sureties of Akfen Construction is given for the completion guarantee of Tuzla Ibis Hotel project,
· Some portion of the shares, which are not publicly open, of Akfen REIT held by the shareholder Akfen Holding have been pledged to the favor of creditors.

(2) The loan agreement in the amount of Euro 30,000,000, having 2 years grace period and a 10 years maturity, has been signed for the refinancing of all loans related to Akfen GT – subsidiary of Akfen REIT- and the loan has been used on 6 November 2015. Euro 15,000,000 portion of the loan has been used as guarentee of the loans used by HDI and RPI from the same bank. This portion is kept in time blockage deposit with the same interest rate of the loan and the guarantee amount in the blockage will be deducted in the same portion with the loans paid by HDI and RPI.
Bank borrowings obtained with this agreement is secured by the followings:
· Some portion of the shares, which are not publicly open, of Akfen REIT – held by the shareholder Akfen Holding, has been pledged to the favor of creditors,
· Shares of Akfen REIT on Akfen GT has been pledged to the favor of creditor,
· All shares on Akfen Karaköy have been pledged to the favor of creditor,
· Akfen Construction has corporate guarantee in amount of the loan,
· Rent revenue of Merit Park Hotel is alienated in favor of the creditor,
· Right of tenancy of Merit Park Hotel is pledged in favor of the creditors in the 1st degree

(3) The loan agreement in the amount of Euro 15,000,000, having 2 years grace period and a 10 year maturity has been signed for the refinancing of all loans related to Akfen Karaköy – subsidiary of Akfen REIT- and the loan has been used on 6 November 2015. Bank borrowings obtained with this agreement is secured by the followings:
· Some portion of the shares, which are not publicly open, of Akfen REIT – held by the shareholder Akfen Holding, has been pledged to the favor of creditor,
· Right of tenancy of Merit Park Hotel are pledged in favor of the creditors in the 2nd degree,
· Rent revenue of Novotel Karaköy is alienated in favor of the creditor,
· Sureties of Akfen Construction is given for the completion guarantee of Novotel Karaköy project,
· Akfen Construction has corporate guarantee in amount of the loan.

7 SHORT TERM AND LONG TERM LOANS AND BORROWING *(continued)*

Akfen REIT : *(continued)*

(4) The loan agreement in the amount of Euro 59.000.000 having 2 years grace period and a 10 year maturity has been signed for the refinancing of all loans related to HDI – subsidiary of Akfen REIT- and RHI and RPI – subsidiaries of Akfen GT- and the loan has been used on 6 November 2015 and 17 November 2015. Bank borrowings obtained with this agreement is secured by the followings:
· Some portion of the shares which are not publicly open, of Akfen REIT – held by the shareholder Akfen Holding has been pledged to the favor of creditor,
· All shares of HDI, RHI and RPI have been pledged to the favor of creditor,
· Akfen GT has corporate guarantee in amount of the loans used by RHI and RPI,
· Akfen REIT has corporate guarantee in amount of the loans used by HDI,
· Euro 15.000.000 portion of the loan used by Akfen GT is kept as guarentee,
· Right of tenancies of Yaroslavl Ibis Hotel, Samara Ibis Hotel, Samara Office, Kaliningrad Ibis Hotel and Moscow Ibis Hotel are pledged in favor of the creditors,
· Rent revenues of the projects are alienated in favor of the creditor.

As at 31 December 2014, the detail of loans and borrowings is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans(1)	Euro	7.50	2015	5,863	5,992
Secured bank loans(1)	Euro	Euribor + 6.00	2016	19,745	20,076
Secured bank loans(1)	Euro	6.80	2016	14,104	14,348
Secured bank loans(2)	Euro	Euribor + 5.25	2017	42,311	42,780
Secured bank loans(3)	Euro	Euribor + 4.60	2018	29,617	30,002
Secured bank loans(4)	Euro	Euribor + 7.00	2019	20,097	20,238
Secured bank loans(5)	Euro	Euribor + 3.75	2020	134,740	135,830
Secured bank loans(6)	Euro	Euribor + 6.50	2020	17,841	17,995
Secured bank loans(7)	Euro	Euribor + 7.35	2021	63,655	63,542
Secured bank loans(5)	Euro	Euribor + 5.00	2022	21,155	21,382
Secured bank loans(8)	Euro	Euribor + 6.50	2022	30,743	31,008
Secured bank loans(9)	Euro	Euribor + 6.50	2022	23,341	23,543
Secured bank loans(10)	Euro	Euribor + 6.35	2024	47,247	47,889
Secured bank loans(12)	Euro	Euribor + 5.25	2024	11,283	11,415
Secured bank loans(1)	TL	13.20	2015	28,550	28,550
Secured bank loans(11)	TL	13.25	2015	3,250	3,259
				513,542	**517,849**

(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 REIT is given for the total outstanding loan amount.
Right of tenancy of Merit Park Hotel is pledged in favor of the creditor,
(4) The loans borrowed by RPI are secured by following:
- Pledge of its 100% Volgostroykom shares
- Sureties of Akfen REIT and Akfen GT
- Pledge on the office building
- Alienation of operating revenue.

7 SHORT TERM AND LONG TERM LOANS AND BORROWING *(continued)*

Akfen REIT *(continued)*

(5) 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 Construction, the shareholders' of the Company, are given for the completion guarantee of Ankara Esenboğa Hotel project. As at 31 December 2014 all the projects within the contract are completed.

(6) 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 REIT, were pledged in favor of creditors.
- Operating rent revenue of Yaroslavl Hotel is alienated in favor of the creditor.

(7) HThe loans borrowed by HDI are secured by following:
- Pledge of 100% of Severnyi Avtovokzal Limited Company shares owned by HDI
- 1st degree pledge on land, after construction is completed hotel building will be given as favor of mortgage lenders.
- Sureties of Akfen REIT and Akfen GT
- Operating rent revenue is alienated in favor if the creditor.

(8) The loan obtained for Samara Hotel Project is secured by the following:
- AAkfen Holding gave surety equal to loan amount.
- RRHI 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 REIT, were pledged in favor of creditors.
- Operating rent revenue is alienated in favor of the creditor.

(9) The loan obtained for Kaliningrad Hotel Project is secured by the following:
- Akfen Holding gave surety equal to loan amount.
- RHI pledged the shares of Akfen GT and Cüneyt Baltaoğlu in ratio of 95% and 5% respectively, in favor of creditors,
- Land that Kaliningrad Hotel is built on and hotel building that belongs to the Akfen REIT, were pledged in favor of creditors
- Operating rent revenue is alienated in favor of the creditor.

(10) The loan is secured by the 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.
- 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.

7 SHORT TERM AND LONG TERM LOANS AND BORROWING *(continued)*

Akfen REIT *(continued)*

The right of tenancy of the hotels in Beylikdüzü, 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

(11) Sureties are given by Akfen Holding and Akfen Construction.

(12) The loan obtained on 31 December 2014 for Tuzla Ibis Hotel Project (200 room capacity) is secured by the following:
- Rent revenue, which occurs after Tuzla Ibis Hotel starts its operations is alienated in favor of the creditor.
- The deposit accounts opened in bank and financial corporations under Tuzla Ibis Hotel project are pledged to the favor of creditor.
- 1st degree pledge on property mentioned above is given in favor of creditor.
- Surety of Akfen Holding, the shareholder of the Company, is given for the completion guarantee of Tuzla Ibis Hotel project

The repayment schedule of loans and borrowings is as follows:

	Nominal Value		Carrying Amount	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Within 1 year	--	112,668	44,730	117,615
1 – 2 years	15,848	86,602	47,370	86,194
2 – 3 years	33,577	75,436	59,116	75,412
3 – 4 years	43,046	58,916	58,877	58,888
5 years and more	606,601	179,920	493,924	179,740
	699,072	**513,542**	**704,017**	**517,849**

7 SHORT TERM AND LONG TERM LOANS AND BORROWING *(continued)*

HEPP Group

As mentioned note 1, as at 31 December 2015, HEPP Group's borrowings are included in liabilities classified as held for sale.

As at 31 December 2014, the detail of loans is as follows:

	Currency	Nominal Interest Rate	Maturity	Nominal Value	Carrying Amount
Secured bank loans[1]	USD	5.60	2020	617,041	625,581
Secured bank loans[2]	USD	5.50	2026	23,189	23,289
				640,230	**648,870**

(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 license
- Assignment of consecutive receivables

As at 31 December 2014, the completion guarantee of Akfen Construction 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 as the shareholders and Akfenhes and Akfen Holding as the guarantors, guarantee the payment of excess project costs 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 Enability 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

(2) For the loans of HEPP Companies; HHK and Kurtal, shares of AkfenHES 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

Akfen Holding guarantees pay back of loan of HEPP Group Companies of, HHK and Kurtal during the term of the loan.
Within the contractor guarantee, Akfen Construction 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 in line with project agreement and documents.
There is cross surety of HHK and Kurtal during the loan life.

7 SHORT TERM AND LONG TERM LOANS AND BORROWING *(continued)*

HEPP Group *(continued)*

The repayment schedules of the HEPP Group bank loans are as follows:

	Nominal Value		Carrying Amount	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Within 1 year	--	129,903	--	159,865
1 – 2 years	--	98,532	--	115,979
2 – 3 years	--	99,636	--	105,667
3 – 4 years	--	99,636	--	95,266
5 years and more	--	212,523	--	172,093
	--	**640,230**	**--**	**648,870**

8 TRADE RECEIVABLES AND PAYABLES

Current trade receivables

As at 31 December, short term trade receivables of the Group comprised the following:

	2015	2014
Due from related parties (Note 36)	--	822
Trade receivables from third parties	17,867	114,221
	17,867	**115,043**

As at 31 December trade receivables from third parties comprised the following:

	2015	2014
Account receivable	17,179	30,767
Income accruals	688	10,528
Notes receivable	--	73,831
Checks on hand	--	129
Allowance for doubtful receivables (-)	--	(1,034)
	17,867	**114,221**

The distribution of the trade receivables per Group companies as at 31 December is as follows:

	2015	2014
Akfen REIT	17,867	10,942
Akfen Construction	--	80,835
HEPP Group	--	18,677
Other	--	3,767
	17,867	**114,221**

As at 31 December 2015, HEPP Group's account receivables is included in asset classified as held for sale.

As at 31 December 2015 Akfen REIT'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 5,601 and TL 11,397, respectively.

8 TRADE RECEIVABLES AND PAYABLES *(continued)*

Current trade receivables *(continued)*

As at 31 December 2015, there is no overdue amount of trade receivables (31 December 2014: TL 9,457), so this is the reason that no allowance has been set aside (31 December 2014: TL 1,034). The aging of respective trade receivables is as follows:

	31 December 2015	31 December 2014
0-3 months overdue	--	1
3-12 months overdue	--	81
1-5 years overdue	--	8,782
Overdue more than 5 years	--	593
	--	**9,457**
Impairment	--	(1,034)
Credit risk	**--**	**8,423**

The movement of allowance for doubtful trade receivables as at 31 December is as follows:

	31 December 2015	31 December 2014
Opening balance	1,034	(1,175)
Changes in group structure (*)	(1,066)	--
Reversal of provisions	--	151
Currency differences	32	(10)
Closing balance	**--**	**(1,034)**

(*) Effect of transfer of Akfen Constructions's shares to a related party of the Company, Akfen Altyapı according to the Board of Director's decision dated 13 July 2015.

Non-current trade receivables

As at 31 December, long term trade receivables of the Group comprised the following:

	31 December 2015	31 December 2014
Trade receivables from third parties	--	135,624
	--	**135,624**

As at 31 December 2014, TL 122,115 of notes receivables are comprised of Akfen Construction's notes receivable arising from İncek Loft project, TL 13,509 of trade receivables are comprised of income accruals arising from Akfen Construction's Aliağa project.

Current trade payables

As at 31 December current trade payables of the Group comprised the following:

	31 December 2015	31 December 2014
Due to related parties (Note 36)	3,783	1,530
Trade payables to third parties	15,533	29,285
	19,316	**30,815**

8 TRADE RECEIVABLES AND PAYABLES

Current trade payables *(continued)*

As at 31 December current trade payables to third parties comprised the following:

	31 December 2015	31 December 2014
Trade payables	14,060	26,128
Expense accruals	1,473	3,157
	15,533	**29,285**

As at 31 December, the distribution of trade payables per subsidiaries is as follows:

	31 December 2015	31 December 2014
Akfen Thermal Energy	8,910	8,581
Akfen REIT	3,436	1,099
Akfen Holding	3,187	712
HEPP Group	--	9,337
Akfen Construction	--	8,574
Other	--	982
	15,533	**29,285**

As at 31 December 2015, TL 1,232 of Akfen REIT's payables are comprised of payables to contractors (31 December 2014: TL 571).

Currency and liquidity risks for Group's trade payables are given in Note 37.

Non-current trade payables

As at 31 December, non-current trade payables are comprised of following:

	31 December 2015	31 December 2014
Trade payables to related parties (Note 36)	--	39
Trade payables to third parties	--	8,372
	--	**8,411**

As at 31 December, the aging of current and non-current trade payables (excluding expense accruals) is as follows:

	31 December 2015	31 December 2014
0-3 months	4,958	14,291
3 months – 1 year	9,102	11,837
More than 1 year	--	8,372
	14,060	**34,500**

9 OTHER RECEIVABLES AND PAYABLES

Other current receivables

As at 31 December other short term receivables are comprised of following:

	2015	2014
Due to related parties (Note 36)	99,587	652
Other receivables from third parties	147	1,538
	99,734	**2,190**

Other non-current receivables

As at 31 December, other non-current receivables comprised the following:

	2015	2014
Due from related parties (Note 36)	431,387	51,690
Other receivables from third parties	17,343	15,036
	448,730	**66,726**

As at 31 December, the distribution of other non-current receivables per Group companies is as follows:

	2015	2014
Akfen REIT	17,075	10,036
HEPP Group	--	1,526
Akfen Construction	--	3,000
Other	268	474
	17,343	**15,036**

As at 31 December 2015, other non-current receivables include capital receivables of Akfen Ticaret from Akfen Karaköy and other shareholders of RHI and RPI amounting TL 14,652 and TL 2,260, respectively (31 December 2014: TL 7,847 and TL 2,006).

Other current payables

As at 31 December, other current payables of the Group are as follows:

	2015	2014
Due to related parties (Note 36)	1,603	25,911
Other payables to third parties	8,419	15,909
	10,022	**41,820**

9 OTHER RECEIVABLES AND PAYABLES *(continued)*

Other current payables *(continued)*

As at 31 December, the distribution of other current payables per Group companies is as follows:

	2015	2014
Akfen Holding	4,383	1,611
Akfen REIT	2,062	1,213
Akfen Thermal Energy	1,974	1,679
Akfen Construction	--	10,653
HEPP Group	--	325
Other	--	428
	8,419	**15,909**

As at 31 December, other current payables are comprised of the following:

	2015	2014
Taxes and duties payable	6,834	5,737
Deposits and guarantees received	--	5,903
Notes payable	--	4,141
Other payables	1,585	128
	8,419	**15,909**

As at 31 December 2015, TL 4,383 and TL 1,791 of taxes and duties payables arises from tax payables by Akfen Holding and Akfen Energy Production, respectively.

As at 31 December 2014, TL 5,871 of deposits and guarantees received arises from deposits and guarantees obtained from subcontractors for construction works by Akfen Construction.

Other non-current payables

As at 31 December, other non-current payables are of the Group as follows:

	2015	2014
Due to related parties (Note 36)	9,066	7,737
Other payables to third parties	3,622	4,671
	12,688	**12,408**

As at 31 December, the distribution of other non-current payables per Group companies is as follows:

	2015	2014
Akfen REIT	3,622	3,232
HEPP Group	--	1,439
	3,622	**4,671**

As at 31 December 2015, TL 3,601 of Akfen REIT's other payables to third parties are comprised of rent accruals (31 December 2014: TL 232).

10 RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR ACTIVITIES

The Group does not have any receivables or payables from financial sector activities as at 31 December 2015 and 2014.

11 INVENTORIES

As at 31 December 2015, Akfen Holding does not have any inventories. As at 31 December 2014, inventories are comprised of investments made for Akfen Construction's İncek Project amounting TL 252,387.

12 BIOLOGICAL ASSETS

The Group does not have any biological assets as at 31 December 2015 and 2014.

13 ASSET CLASSIFIED AS HELD FOR SALE AND DISCOUNTINUED OPERATIONS

On 15 December 2015, a partnership agreement was signed between Akfen Holding and EBRD. Accordingly, Akfen WPP, Akfen Wholesale and following its transfer to the Holding Karine SPP and Akfen HEPP will be consolidated under one roof, a renewable energy company will be structured and EBRD will participate in this company with a 20% stake, paying US$ 100 million. Since due to this agreement, there is a change of control on these subsidiaries and they will be recognized as joint ventures and accounted for as investment in equity accounted investees; as at 31 December 2015, WPP Group is included in assets classified as held for sale and liabilities classified as held for sale.

Assets classified as held for sale

As at 31 December 2015, assets classified as held for sale of the Group are as follows:

	HEPP Group	WPP Group	Akfen Electricity Wholesale	Total
Current Assets	**49,407**	**1,075**	**4,927**	**55,409**
Cash and cash equivalents	9,235	295	2,250	11,780
Trade receivables	12,680	--	2,545	15,225
- Due from related parties	--	--	*1,859*	*1,859*
- Trade receivables from third parties	*12,680*	--	*686*	*13,366*
Other receivables	179	--	--	179
- Other receivables from third parties	*179*	--	--	*179*
Prepaid expenses	7,841	--	123	7,964
Current tax assets	60	--	9	69
Other current assets	19,412	780	--	20,192
Non-Current Assets	**976,880**	**38,104**	**935**	**1,015,919**
Trade receivables	17,175	32,898	--	50,073
- Trade receivables from related parties	*5,685*	*32,898*	--	*38,583*
- Trade receivables from third parties	*11,490*	--	--	*11,490*
Other receivables	2,399	11	277	2,787
- Other receivables from third parties	*2,399*	*11*	*277*	*2,687*
Financial investments	--	--	100	100
Property, plant and equipment	782,840	5,161	2	788,003
Intangible assets	51,270	20	217	51,507
Deferred tax assets	62,805	13	339	63,157
Prepaid expenses	5,105	1	0	5,106
Other non-current assets	55,286	--	--	55,286
Total Assets	**1,026,287**	**39,179**	**5,862**	**1,071,328**

13 ASSET CLASSIFIED AS HELD FOR SALE AND DISCOUNTINUED OPERATIONS *(continued)*

Liabilities classified as held for sale

As at 31 December 2015, liabilities classified as held for sale of the Group are as follows:

	HEPP Group	WPP Group	Akfen Electricity Wholesale	Total
Current Liabilities	**126,189**	**3,330**	**3,040**	**132,559**
Short term loans and borrowings	112,043	--	--	112,043
Trade payables	11,232	3,092	2,493	16,817
-Due to related parties	*4,895*	--	--	*4,895*
-Trade payables to third parties	*6,337*	*3,092*	*2,493*	*11,922*
Other payables	2,085	238	542	2,865
-Other payables to third parties	*2,085*	*238*	*542*	*2,865*
Employee benefit obligations	270	--	3	273
Deferred income	280	--	--	280
Short term provisions	279	--	2	281
Non-Current Liabilities	**655,984**	**--**	**19**	**656,003**
Long term loans and borrowings	642,647	--	--	642,647
Trade payables	1,411	--	--	1,411
-Due to related parties	*1,411*	--	--	*1,411*
Other payables	1,373	--	--	1,373
-Other payables to third parties	*1,373*	--	--	*1,373*
Long term provisions	375	--	--	375
Provision for employee benefits	983	--	19	1,002
Deferred tax liability	9,195	--	--	9,195
Total Liabilities	**782,173**	**3,330**	**3,059**	**788,562**

13 ASSET CLASSIFIED AS HELD FOR SALE AND DISCOUNTINUED OPERATIONS *(continued)*

Discontinued operations *(continued)*

According to the Board Decision dated 13 July 2015, 99.85% stake in Akfen Construction were transferred to Company's related party Akfen Altyapı on 30 October 2015.

Income and expenses of Akfen Construction till 30 October 2015 are included in profit/loss after tax from discontinued operations. For the period ende 31 December, details of profit/loss after tax from discontinued operations as follows:

	2015	2014
Revenue	147,695	--
Cost of sales	(135,643)	(1,358)
Gross Profit	**12,052**	**(1,358)**
General administrative expenses	(21,481)	(23,162)
Other operating income	7,238	7,373
Other operating expense	(745)	(15,072)
Share on profit/(loss) of equity-accounted investees	(7,341)	(902)
Operating Profit	**(10,277)**	**(33,121)**
Income from investment activities	--	112
Expense from investment activities	--	(71)
Financial income	3,023	2,326
Financial expense	(110,482)	(36,607)
Profit/(Loss) Before Tax	**(117,736)**	**(67,361)**
Tax Income/(Expense)	10,937	13,599
Profit/(Loss) For The Period	(106,799)	(53,762)
Profit of sale of subsidiary (Akfen Construction)	255,075	--
Profit/(Loss) After Discontinuing Operations For The Period	**148,276**	**(53,762)**
	2015	**2014**
Net assets of Akfen Construction as at 30 October 2015	(84,567)	--
Selling Price	170,508	--
Gain of sale of subsidiary	**255,075**	**--**

14 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

As at 31 December, Group's share in net asset value of equity accounted investees is as follows:

	Ownership Rate (%)	2015	Ownership Rate (%)	2014
MIP	50.00	536,906	50.00	354,423
TAV Airports	8.12	199,634	8.12	158,129
TAV Investment	21.68	76,021	21.68	52,838
İDO	30.00	37,851	30.00	26,310
Hacettepe Teknokent (*)	--	--	45.00	25,398
Akfen Water	50.00	13,837	50.00	13,984
		864,249		**631,082**

(*) Associate of Akfen Construction, Hacettepe Teknokent was not included in equity accounted investments after the sale of shares of Akfen Construction on 30 October 2015.

The Group's share in profit or loss of equity accounted investees in comprehensive income for the years ended 31 December is as follows:

	2015	2014
MIP	119,323	99,449
TAV Airports	51,387	51,494
TAV Investment	8,403	10,980
İDO	(70,085)	(19,547)
Akfen Water	(1,704)	907
	107,324	**143,283**

As at 31 December 2015, the movement of investments in equity accounted investees is as follows:

	31 December 2014	Profit for the period	Capital increase	Changes in group structure	Other equity transactions	Profit distribution	31 December 2015
MIP	354,423	119,323	--	--	94,505	(31,345)	536,906
TAV Airports	158,129	51,387	--	--	14,967	(24,849)	199,634
TAV Investment	52,838	8,403	--	--	14,780	--	76,021
İDO	26,310	(70,085)	36,756	--	44,870	--	37,851
Akfen Water	13,984	(1,704)	--	--	1,557	--	13,837
Hacettepe Teknokent (*)	25,398	(7,341)	--	(18,057)	--	--	--
	631,082	**99,983**	**36,756**	**(18,057)**	**170,679**	**(56,194)**	**864,249**

Loss for period amounting of TL 7,341 of Hacettepe Teknokent, is presented under discontinued operations.

14 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES *(continued)*

As at 31 December 2014, the movement of investments in equity accounted investees is as follows:

	31 December 2013	Profit for the period	Changes in group structure	Joint Venture Acquisition	Other movements in equity	Dividend distribution	31 December 2014
MIP	229,227	99,449	--	--	25,747	--	354,423
TAV Airports	132,867	51,494	--	--	(10,074)	(16,158)	158,129
TAV Investment	39,070	10,980	--	--	3,985	(1,197)	52,838
İDO	22,747	(19,547)	--	--	23,110	--	26,310
Akfen Water	13,522	907	--	--	(445)	--	13,984
Hacettepe Teknokent	--	--	(902)	26,300	--	--	25,398
	437,433	**143,283**	**(902)**	**26,300**	**42,323**	**(17,355)**	**631,082**

Equity effects arising from hedging agreements made by joint ventures and functional currency differences between Akfen Holding and joint ventures are accounted under other comprehensive income.

As at 31 December 2015 TL 55,876 of other comprehensive income of İDO arises from revaluation of vessels owned (2014: TL 24,356). İDO revaluated the vessels together with maintenances of these vessels as at 31 December 2015. Revaluation was done by regarding the market conditions. Revaluation reserve is free of tax and shown in other comprehensive income.

MIP:

As at 31 December the summary of financials of MIP is as follow:

	2015	2014
Total Assets	2,768,195	2,001,918
Total Liabilities	1,694,384	1,293,073
Net Assets	1,073,812	708,845
Group's share on net assets of MIP	**536,906**	**354,423**
	2015	**2014**
Revenue	792,498	651,483
Gross profit/(loss)	453,424	368,775
General administrative expenses	(59,605)	(46,669)
Other operating income, net	394	90
Operating profit	394,213	322,196
Profit before tax	311,236	254,113
Profit after tax	238,647	198,899
Profit attributable to equity holders of parent	238,647	198,899
Group's share on MIP's profit	**119,324**	**99,449**
Amortization and depreciation expenses	86,620	69,110

14 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES *(continued)*

TAV Airports:

As at 31 December, the summary of financials of TAV Airports is as follows:

	2015	2014
Total Assets	10,506,371	7,465,541
Total Liabilities	7,940,218	5,410,593
Net Assets	2,566,153	2,054,948
Group's share on net assets of TAV Airports (*)	**208,350**	**166,845**
	2015	**2014**
Revenue	3,026,180	2,648,050
Gross profit/(loss)	1,354,963	1,097,767
General administrative expenses	(491,626)	(476,153)
Other operating income/(loss), net	381,450	241,505
Operating profit/(loss)	1,307,469	963,743
Profit/(loss) before tax	845,672	722,911
Profit/(loss) after tax	604,732	620,614
Profit/(loss) attributable to equity holders of parent	632,912	634,228
Group's share on TAV Airports's profit	**51,387**	**51,494**
Amortization and depreciation expenses	257,512	215,134

(*) As at 31 December 2015, Group's share on TAV Airports's net asset includes goodwill amounting to TL 8,716 (31 December 2014: TL 8,716). In addition, non-controlling interest amounting to TL 1,514 is included in net assets of TAV Airports (31 December 2014: TL 3,934).

As at 31 December 2015, ATÜ Turizm İşletmeciliği A.Ş., ATÜ Georgia Operation Services LLC, ATÜ Tunisie SARL, ATÜ Macedonia Dooel, AS Riga Airport Commercial Development, TAV Gözen Havacılık 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, Medunarodna Zračna Luka Zagreb d.d., Upraviteli Zračne Luke Zagreb d.o.o and ZAIC-A companies, are included in investment in equity accounted investees in the financials of TAV Airports.

14 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES *(continued)*

TAV Investment:

As at 31 December, the summary of financials of TAV Investment is as follows:

	2015	2014
Total Assets	3,032,811	2,318,363
Total Liabilities	2,682,082	2,074,590
Net Assets	350,729	243,773
Group's share on net assets of TAV Investment	**76,021**	**52,838**
	2015	**2014**
Revenue	2,673,482	2,161,023
Gross profit/(loss)	113,200	122,922
General administrative expenses	(54,049)	(42,865)
Other operating income/(loss), net	(2,382)	(4,885)
Operating profit/(loss)	56,769	75,172
Profit/(loss) before tax	31,231	58,781
Profit/(loss) after tax	38,775	50,650
Profit/(loss) attributable to equity holders of parent	38,775	50,656
Group's share on TAV Investment's profit	**8,403**	**10,980**
Amortization and depreciation expenses	25,521	33,982
Commission expenses of letter of guarantee included in cost of sales	24,532	18,499

İDO:

As at 31 December, the summary of financials of İDO is as follows:

	2015	2014
Total Assets	1,785,292	1,635,087
Total Liabilities	1,659,121	1,547,388
Net Assets	126,171	87,699
Group's share on net assets of İDO	**37,851**	**26,310**
	2015	**2014**
Revenue	611,163	556,837
Gross profit/(loss)	264,726	200,623
General administrative expenses	(50,811)	(52,808)
Other operating income/(loss), net	(1,928)	3,267
Operating profit/(loss)	213,994	152,548
Profit/(loss) before tax	(232,980)	(65,335)
Profit/(loss) after tax	(233,618)	(65,156)
Profit/(loss) attributable to equity holders of parent	(233,618)	(65,156)
Group's share on İDO's profit	**(70,085)**	**(19,547)**
Amortization and depreciation expenses	75,177	71,556

As at 31 December 2015, Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. and BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. are included in consolidated financials of İDO as investments in equity accounted investees.

14 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES *(continued)*

Akfen Water:

As at 31 December, the summary of financials of Akfen Water is as follows:

	2015	2014
Total Assets	87,774	72,404
Total Liabilities	60,101	44,434
Net Assets	27,673	27,970
Group's share on net assets of Akfen Water(*)	**13,837**	**13,984**
	2015	**2014**
Revenue	13,689	12,858
Gross profit/(loss)	7,151	6,197
General administrative expenses	(3,456)	(2,713)
Other operating income/(loss), net	(4,503)	(180)
Operating profit/(loss)	(809)	3,304
Profit/(loss) before tax	(1,030)	4,590
Profit/(loss) after tax	(2,137)	2,894
Profit/(loss) attributable to equity holders of parent	(3,409)	1,814
Group's share on Akfen Water's profit	**(1,704)**	**907**
Amortization and depreciation expenses	517	450
Guaranteed revenue	4,229	4,069
Construction revenue(**)	573	1,019
Construction cost(**)	(521)	(926)

(*) As at 31 December 2015, non-controlling interest amounting to TL 5,013 is included in net assets of Akfen Water (31 December 2014: TL 3,856).
(**) Arises from Akfen Water's revenue from TFRIC 12.

Hacettepe Teknokent:

As at 31 December, the summary of financials of Hacettepe Teknokent is as follows:

	2015	2014
Total Assets	--	98,805
Total Liabilities	--	44,796
Net Assets (*)	--	54,009
Group's share on net assets of Hacettepe Teknokent (**)	**--**	**24,304**
	2015	**2014**
Revenue	24	29
Gross profit/(loss)	(1,441)	(253)
General administrative expenses	(2,435)	(1,853)
Other operating income/(loss), net	(2)	3
Operation loss	(3,877)	(2,109)
(Loss) before tax	(16,559)	(2,118)
(Loss) after tax	(16,313)	(2,033)
(Loss) attributable to equity holders of parent	(16,313)	(2,033)
Group's share on Hacettepe Teknokent's loss	**(7,341)**	**(902)**
Amortization and depreciation	(7,341)	941

Associate of Akfen Construction, Hacettepe Teknokent was not included in equity accounted investments after the sale of shares of Akfen Construction on 30 October 2015.

(*) Net assests include intangible assets recognized under TFRS 3 and deferred tax liability.
(**) As at 31 December 2015, Group's share on Hacettepe Teknokent's net assets include goodwill amounting TL 1,094.

15 INVESTMENT PROPERTY

As at 31 December, investment property is comprised the following:

	2015	2014
Operating investment properties	1,195,378	1,046,989
Investment property under development	232,983	304,902
	1,428,361	**1,351,891**

Operating investment properties

	2015	2014
Balance at 1 January	1,046,989	1,129,196
Transfers from investment property under development	135,723	39,364
Additions	401	3,021
Fair value gain/(loss) (Note 29)	14,797	(41,111)
Foreign currency translation difference	(2,532)	(83,481)
Disposals	--	--
Balance at 31 December	**1,195,378**	**1,046,989**

As at 31 December 2015, transfers from investment property under development arise from completed project Moscow İbis Hotel. As at 31 December 2014, transfers from investment property under development arise from completed project Ankara Esenboğa Ibis Hotel.

As at 31 December 2015 and 31 December 2014 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 Group owns, are determined as the present value of aggregate of the estimated cash flows for the period of lease agreement made with Accor. In the valuation process, a projection period, which fits to the lease term for right of tenancy of each hotels, 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.

15 INVESTMENT PROPERTY *(continued)*

Operating investment properties *(continued)*

As at 31 December 2014 and 31 December 2013, the fair values of operating investment properties in Turkey and Northern Cyprus are as follows:

	31 December 2015		31 December 2014	
Name of property	**Date of appraisal**	**Appraisal report value**	**Date of appraisal**	**Appraisal report value**
Merit Park Hotel	31 December 2015	230,300	31 December 2014	209,113
Zeytinburnu Novotel and Ibis Hotel	31 December 2015	226,575	31 December 2014	233,315
Trabzon Novotel	31 December 2015	123,561	31 December 2014	110,360
Esenyurt Ibis Hotel	31 December 2015	60,313	31 December 2014	55,511
Gaziantep Novotel and Ibis Hotel	31 December 2015	58,088	31 December 2014	58,727
Kayseri Novotel and Ibis Hotel	31 December 2015	51,770	31 December 2014	54,130
İzmir Ibis Hotel Project	31 December 2015	46,857	31 December 2014	46,006
Bursa Ibis Hotel	31 December 2015	45,580	31 December 2014	47,642
Adana Ibis Hotel	31 December 2015	44,790	31 December 2014	39,673
Ankara Esenboğa Ibis Hotel	31 December 2015	37,897	31 December 2014	35,287
Eskişehir Ibis Hotel	31 December 2015	13,626	31 December 2014	14,724
Total		**939,357**		**904,488**

As at 31 December 2015, Yaroslavl Ibis Hotel, Samara Ibis Hotel and Kaliningrad Ibis Hotel, operating in Russia, owned by RHI have fair values at amounts of TL 31,004, TL 36,264 and TL 32,145 (31 December 2014: Yaroslavl İbis Hotel TL 43,657. Samara İbis Hotel TL 46,571 and Kaliningrad Ibis Hotel TL 35,548) and the discount rate used for appraisals as of 31 December 2015 is 13% (31 December 2014: 14%). Samara office project, owned by RPI has a fair value amount of TL 14.906.000 (31 December 2014: TL 16.725.058) and the discount rate used for appraisal as of 31 December 2015 is 14.5% (31 December 2014: 14%).

Fair value of Moscow Ibis Hotel, of which the construction has started on 2 September 2013 and which started its operations on 16 July 2015, belonging to HDI, which was incorporated in Holland in 2011 and of which Akfen REIT has 100% shares, is TL 141,702 as of 31 December 2015 (31 December 2014: TL 129,942) and the discount rate used for appraisal as of 31 December 2015 is 13% (31 December 2014: 14%).

As at 31 December 2015, total insurance amount on operating investment properties is TL 1,078,067 (31 December 2014: TL 1,061,412).

As at 31 December 2015 the pledge amount on operating investment property is TL 792,777 (31 December 2014: TL 657,223)

15 INVESTMENT PROPERTY *(continued)*

Operating investment properties *(continued)*

The discount rates used in the appraisals reports prepared according to different scenarios as at 31 December 2015 and 2014 to determine fair values of operating investment properties is as follows:

Name of the property	Discount Rates	
	31 December 2015	31 December 2014
Zeytinburnu Novotel and Ibis Hotel	7.50% and 9.50%	7.00% and 9.00%
Merit Park Hotel	8.50% and 10.00%	8.50% and 10.00%
Trabzon Novotel	7.50% and 9.50%	7.00% and 9.00%
Kayseri Novotel and Ibis Hotel	8.00% and 10.00%	7.00% and 9.25%
Gaziantep Novotel and Ibis Hotel	8.00% and 10.00%	7.00% and 9.00%
Bursa Ibis Hotel	8.00% and 10.00%	7.00% and 9.00%
Eskişehir Ibis Hotel and Fitness Center	7.50% and 9.50%	7.00% and 9.00%
Adana Ibis Hotel	8.00% and 10.00%	7.00% and 9.00%
Esenyurt Ibis Hotel	8.00% and 10.00%	7.50% and 9.50%
İzmir Ibis Hotel	8.00% and 10.00%	7.00% and 9.00%
Ankara Esenboğa Ibis Hotel	8.00% and 10.00%	7.00% and 9.00%

Investment properties under development

	2015	2014
Balance at 1 January	304,902	289,703
Additions	61,108	56,678
Transfers to operating investment properties	(135,723)	(39,364)
Fair value gain (Note 29)	8,043	59,776
Foreign currency translation differences	(5,347)	(61,891)
Balance at 31 December	**232,983**	**304,902**

As at 31 December 2015 and 31 December 2014, the fair values of investment properties under development in Turkey and TRNC are as follows:

	31 December 2015		31 December 2014	
Name of the property	**Date of appraisal report**	**Appraisal report value**	**Date of appraisal report**	**Appraisal report value**
Karaköy Hotel Project	31 December 2015	180,197	31 December 2014	146,366
Tuzla Ibis Hotel Project	31 December 2015	42,794	31 December 2014	20,917
TRNC Bafra Hotel Project	31 December 2015	9,992	31 December 2014	8,127
Total (*)		**232,983**		**175,410**

(*) In 2015, Moscow Ibis Hotel, which was reported in investment property under development on December 31, 2014, was transferred to operating investment property.

15 INVESTMENT PROPERTY *(continued)*

Investment properties under development *(continued)*

According to the scenarios that Accor is the operator of the 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 31 December 2015	Discount Rates 31 December 2014
Karaköy Hotel Project	7.50% and 9.50%	7.00% and 9.00%
Tuzla Ibis Hotel Land	9.00% and 10.00%	Peer comparison
TRNC Bafra Hotel Project	Peer comparison	Peer comparison

As at 31 December 2015, total insurance amount on investment properties under development is TL 138,257 (31 December 2014: TL 116,726).

As at 31 December 2015 the pledge amount on investment properties under development is TL 101,766 (31 December 2014: TL 257,389).

As at 31 December 2015, directly attributable cost of sales incurred for operating investment properties and investment properties under development are TL 4,040 and TL 3,429, respectively (31 December 2014: TL 2,609 and TL 1,635). Directly attributable operating costs mainly comprise of operating lease, insurance, maintenance, tax and duties expenses.

16 PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2015, 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 2015	159,136	681,401	2,732	11,298	62	82,768	3,100	940,497
Effect of sale of subsidiaries (*)	(20,983)	(8,627)	(2,496)	(8,323)	(62)	(7,567)	(2,613)	(50,671)
Transfers to assets classified held for sale (**)	(142,204)	(672,760)	(19)	(803)	--	(38,882)	(46)	(854,714)
Additions (***)	177	4,776	--	620	--	33,639	209	39,421
Transfers	4,145	3,645	--	--	--	(7,790)	--	--
Disposals	(59)	(8,265)	(87)	(3)	--	--	--	(8,414)
Balance at 31 December 2015	212	170	130	2,789	--	62,168	650	66,119
Less: Accumulated depreciation								
Balance at 1 January 2015	(4,907)	(48,468)	(774)	(10,046)	(62)	--	(891)	(65,148)
Subsidiary selling affect (*)	38	7,028	898	7,737	62	--	1,026	16,789
Transfers to assets classified held for sale (**)	6,633	64,731	10	464	--	--	36	71,874
Depreciation charge for the period	(1,786)	(24,070)	(339)	(388)	--	--	(545)	(27,128)
Disposals	--	616	88	--	--	--	--	704
Balance at 31 December 2015	(22)	(163)	(117)	(2,233)	--	--	(374)	(2,909)
Net book value								
Net book value at 31 December 2014	154,229	632,933	1,958	1,252	--	82,768	2,209	875,349
Net book value at 31 December 2015	190	7	13	556	--	62,168	276	63,210

(*) Effect of transfer of shares of Akfen Construction on 30 October 2015 that were held by Akfen Holding.
(**) Reclassification effect of the classification of HEPP Group, WPP Group and Akfen Electricity Wholesale's assets as held for sale.
(***) As at 31 December 2015, TL 27,636 of additions, which corresponds to 70% of additions, arises from construction in progress additions of HEPP projects.
As at 31 December 2015, all of capitalized finance expenses amounting TL 2,287, arises from HEPP projects (31 December 2014: TL 16,036).

16 PROPERTY, PLANT AND EQUIPMENT *(continued)*

As at 31 December 2014, 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 2014	46,077	451,164	964	10,570	62	336,095	1,712	846,644
Additions (*)	21,910	7,116	1,871	733	--	71,055	1,388	104,073
Transfers	91,730	231,898	--	--	--	(323,628)	--	--
Disposals	(581)	(8,777)	(103)	(5)	--	(754)	--	(10,220)
Balance at 31 December 2014	159,136	681,401	2,732	11,298	62	82,768	3,100	940,497
Less: Accumulated depreciation								
Balance at 1 January 2014	(2,561)	(30,423)	(532)	(9,660)	(62)	--	(273)	(43,511)
Depreciation charge for the period	(2,360)	(18,351)	(335)	(387)	--	--	(618)	(22,051)
Disposals	14	306	93	1	--	--	--	414
Balance at 31 December 2014	(4,907)	(48,468)	(774)	(10,046)	(62)	--	(891)	(65,148)
Net book value								
Net book value at 31 December 2013	43,516	420,741	432	910	--	336,095	1,439	803,133
Net book value at 31 December 2014	154,229	632,933	1,958	1,252	--	82,768	2,209	875,349

(*) As at 31 December 2014, TL 64.444 of additions, which corresponds to 62% of additions, arises from construction in progress additions of HEPP projects
As at 31 December 2014, capitalized finance expense amounting TL 16.036 arises from HEPP projects (31 December 2013: TL 12.279).
As at 31 December 2014 costs for property, plant and equipment acquired by financial leasing amounted TL 1.871 (Net book value: TL 1.832).

17 INTANGIBLE ASSETS

As at and 31 December 2015 and 31 December 2014, movement of cost of intangible fixed assets is as follows:

	Licenses	Other intangible assets	Total
Costs			
Balance at 1 January 2014	62,004	31,778	93,782
Additions	173	320	493
Balance at 31 December 2014	62,177	32,098	94,275
Balance at 1 January 2015	62,177	32,098	94,275
Effect of sale of subsidiaries (*)	(418)	(1,568)	(1,986)
Transfers to assets classified as held for sale (**)	(61,034)	(28)	(61,062)
Additions	20	1,763	1,783
Balance at 31 December 2015	745	32,265	33,010

	Licenses	Other intangible assets	Total
Accumulated amortization			
Balance at 1 January 2014	(7,445)	(1,621)	(9,066)
Amortization charge for the period	(1,310)	(339)	(1,649)
Balance at 31 December 2014	(8,755)	(1,960)	(10,715)
Balance at 1 January 2015	(8,755)	(1,960)	(10,715)
Effect of sale of subsidiaries (*)	181	1,214	1,395
Transfers to assets classified as held for sale (**)	9,765	28	9,793
Amortization charge for the period	(1,331)	(398)	(1,729)
Balance at 31 December 2015	(140)	(1,116)	(1,256)
Net book value			
Net book value at 31 December 2014	53,422	30,138	83,560
Net book value at 31 December 2015	605	31,149	31,754

(*) Effect of transfer of shares of Akfen Construction on 30 October 2015 that were held by Akfen Holding.
(**) Effect of the classification of HEPP Group, WPP Group and Akfen Electricity Wholesale's assets as assets held for sale.

18 GOVERNMENT GRANTS

According to the Investment Incentive Code No.47/2000. Akfen REIT, has a 100% investment incentive, without a time limitation, on any investments made until 31 December 2008 in the Turkish Republic of Northern Cyprus.

Based on the decree dated 1 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 2 December 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 exempt 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. IDO makes use of discounts of corporate tax and income tax in this scope.

As at 31 December 2015 and 2014, TAV Esenboğa and TAV İzmir have investment grants.

There are VAT and customs duty exemptions for the investments made for HEPP projects through various investment incentive certificates.

19 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Current provisions

As at 31 December, the short term debt provisions are as follows:

	2015	2014
Provision for litigations	--	790
Employee benefits (Note 21)	2,053	2,865
	2,053	**3,655**

Provision for litigations

As at 31 December, the movement of provision for litigations is as follows:

Provision for litigations	**2015**	**2014**
Balance at the beginning of the period	790	123
Provision expense for the period	--	158
Transfers from long-term provisions	--	509
Changes in group structure (*)	(790)	--
Balance at the end of the period	**--**	**790**

(*) Effect of the transfer of Akfen Construction shares, which belonged to Akfen Holding, as at 30 October 2015.

Non-current provisions

	2015	2014
Provision for employee benefits (Note 21)	1,441	2,797
Provision for litigations	--	100
Other	--	22
	1,441	**2,919**

As at 31 December 2015, Group has no non-current provisions for litigations.

As at 31 December 2014, TL 100 of non-current provisions arised from provision for litigations of Akfen Construction. These provisions were determined by taking into account professional advices and sample cases.

20 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 are follows:

Commitments, Pledges, Mortgages ("CPM") given by the Group	31 December 2015	31 December 2014
A. Total amount of CPM is given on behalf of own legal personality	1,133,896	970,049
B. Total amount of CPM is given in favor of subsidiaries,		
which are fully consolidated	1,330,923	1,094,435
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	16,400	35,269
i. Total amount of CPM given in favor of parent company	--	--
ii. Total amount of CPM given in favor		
of other group companies, which articles B and C don't include	16,400	35,269
iii. Total amount of CPM given to the third parties not included in the article C	--	--
Total	**2,481,219**	**2,099,753**

As at 31 December 2015, the ratio of total amount of other CPM given by the Group to the Group's equity is 1% (31 December 2014: 2%).

As at 31 December, the distribution of CPM given per Group companies is as follows:

	31 December 2015(*)			31 December 2014(*)		
	TL	Euro	USD	TL	EUR	USD
Total amount of CPM given on behalf of own legal personality	954,319	127,531	52,046	139,743	784,871	45,435
Total amount of CPM given in favor of subsidiaries which are fully consolidated	349,536	240,233	741,154	58,067	393,962	642,407
Total amount of CPM given in favor of other third parties	--	--	--	--	--	--
Other CPMs given	16,400	--	--	--	11,618	23,650
	1,320,255	**367,764**	**793,200**	**197,810**	**1,190,451**	**711,492**

(*) All amounts are expressed by TL equivalents.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

(b) Letter of guarantees received

As at 31 December 2015, Akfen Holding and its subsidiaries received cheques, notes and letter of guarantees, which have the nature of letters of guarantee amounting TL 52,755 (31 December 2014: TL 251,998) from subcontractors. As at 31 December 2015, TL 1,099 of notes received belong to Akfen Holding and Akfen Construction (31 December 2014: TL 63,387) TL 4,305 belong to HEPP Group companies (31 December 2014: TL 3,375).

TAV Airports

TAV Airports is obliged to give 6% of the total rent amount of USD 152,580,00 as a letter of guarantee according to the rent agreement made with DHMİ. The total obligation has been provided by TAV Airports.

According to the BTO agreement signed with GACA in Saudi Arabia, TAV Airports is obliged to give letters of guarantee to National Commercial Bank amounting USD 162,756,000 (TL 473,228) (31 December 2014: USD 159,507,000 (TL 369,881)) and to GACA amounting USD 27,999,000 (TL 81,409) (31 December 2014: USD 26,665,000 (TL 61,834)). The total obligation has been provided by TAV Airports.

TAV Airports is obliged to give a letter of guarantee at an amount equivalent of EUR 15,313,000 (TL 48,658) (31 December 2014: EUR 14,391,000 (TL 40,601)) to the Ministry of State Property and Land Affairs and EUR 8,041,000 (TL 22,553) (31 December 2014: 8,041,000 (TL 22,683)) to OACA according to the BOT agreements and its amendments signed with OACA in Tunisia. The total obligation has been provided by TAV Airports.

TAV Ege is obliged to pay an aggregate amount of EUR 610,000,000 plus VAT during the rent period according to the concession agreement. 5% of the total amount has been paid in two installments. The remaining amount will be paid in equal installments on the first business days of each year. Furthermore, TAV Airports is obliged to give a letter of guarantee amounting equivalent of TL 116,300 to DHMİ. The total obligation has been provided by TAV Airports.

TAV Bodrum is obliged to pay an aggregate amount of EUR 717,000,000 plus VAT during the rent period according to the concession agreement, 20% of the total amount has been paid. The remaining amount will be paid in equal installments on the last day of October for each year. Furthermore, TAV Airports is obliged to give a letter of guarantee amounting TL 136,700 to DHMİ. The total obligation has been provided by TAV Airports.

Majority of letters of guarantee given to third parties includes the guarantees given to customs, banks 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.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

TAV İstanbul *(continued)*

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 the case that 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.

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.

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.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

HAVAŞ

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ; HAVAŞ undertakes 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 50,000.000. 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 1,000,000. 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 1,000,000 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.

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.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

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 operation al 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.

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20 COMMITMENTS AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

TAV Tunisia *(continued)*

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.

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 500.000.000 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.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

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 authorization 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 50.000 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.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

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 has the responsibility of repair and maintenance of all fixed assets during the contract period.

TAV Milas Bodrum

During the contract period, TAV Milas Bodrum should keep all the equipment it uses in a good condition at all times. If the equipment's useful life is expired or the equipment is damaged, the Company should replace it with its equivalent or with a better replacement.

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 condition and should not be damaged. TAV Bodrum Milas is responsible from the repair and maintenance of all fixed assets during the contract period.

Contingent liability

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 9,798,000 (TL 11,900) has been assessed and it has been charged together with GEL 8,263,000 (TL 10,035) of penalty GEL 18,061,000 (TL 21,935) in total). As a result of the negotiations with the tax authority, on 20 May 2015, the tax authority pardoned the penalty and accordingly, the tax debt was cancelled

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 Undersectariat 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,

20 COMMITMENTS AND CONTINGENCIES *(continued)*

(c) Contractual obligations *(continued)*

MIP *(continued)*

- 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.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

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 HEPP 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.

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 İletisim 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, Dogançay HES, Laleli Dam and HES, Çiçekli HES, Çalıkobası HES, respectively.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

HEPP Group *(continued)*

Joint plant price is paid to DSİ, since they are used jointly wih Hydroelectrical Plants that are made within the scope of code 4628. First paymet will start 5 years after the plant start to operate and payment will be done through 10 instalments. 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 0.09586 kurus 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 cent 0,5 per kWh should be paid to the Bağcı Group based on annual power generation in January yearly covering the period between 1st January and 31st December and following the date, when above-mentioned four companies and twelve stations under these companies located in the HES project start to generate energy.

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.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

Group as a Lessee

Operating lease agreements

Akfen REIT

As at 31 December 2015, Akfen REIT concluded 12 Operating Lease agreements in capacity of the Lessee;

- Akfen REIT 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 2015 is USD 12,532 and it will increase by 3% every year. Rents are paid yearly.
- Akfen REIT 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 REIT signed a rent agreement with Municipality of Eskişehir on 8 August 2005 to lease an incomplete hotel construction site located at Eskişehir for 22 years starting from 30 March 2007. Related lease agreement is expounded in land registry office. The hotel started to be operated in 2007 after the construction was completed. The lease payment is the yearly fixed lease amount determined by the agreement and 5% of the total yearly revenue generated by the hotel constructed on the land.
- Akfen REIT 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 REIT has priority over the companies, which submit equivalent proposals for the extension of the lease term.
- Akfen REIT 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 REIT has priority over the companies, which submit equivalent proposals for the extension of the lease term.
- Akfen REIT 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 REIT 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 REIT signed a lease agreement on 18 February 2009 for land of Kaliningrad projects with Kaliningrad Municipality amounting to approximately TL 12 per year. Akfen REIT has the 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. Lease aggreement for 49 years has been signed with Kaliningrad Municipality on 11 November 2013 and it is being planned to use the purchase option in the second quarter of 2016.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

Group as a Lessee

Operating lease agreements

Akfen REIT *(continued)*

- Akfen REIT 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 per month and TL 25 for the fourth year per month. After the fourth year, the previous year rent increases at the beginning of the period according to the average of annual Producer Price Index ("PPI").
- Akfen REIT 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 Construction for 49 years Northern Cyprus with the approval of Northern Cyprus Cabinet on 23 February 2011. Yearly rent amount is USD 58,580 for 2015 and it will increase by 3% every year.
- Akfen REIT 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 Beyoglu district of Istanbul under the build-operate-transfer model. As at 31 December 2015, the monthly rent is TL 181 and it will be increased every year until the end of 49th year according to the PPI ratio increase.
- Severny company of which the Group purchased all shares on 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 159 in 2015. The Group has the 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 2015	31 December 2014
Lease payments	5,530	4,814
	5,530	**4,814**

As of 31 December 2015 and 31 December 2014, the Group's minimum amount of estimated rental expenses to be paid for operating lease in total is given below by taking into account terms of existing contracts:

	31 December 2015	31 December 2014
Less than one year	4,060	3,709
Between one and five years	17,502	15,766
More than five years	183,204	171,973
	204,766	**191,448**

20 COMMITMENTS AND CONTINGENCIES *(continued)*

Akfen REIT *(continued)*

In respect of non-cancellable operating leases of Akfen REIT, the following liabilities have been recognized:

	31 December 2015	31 December 2014
Current	1,277	1,190
Non-current	3,600	3,232
	4,877	**4,422**

Group as a Lessor

As at 31 December 2015, the Group has undergone 25 operating lease arrangements as;

- Akfen REIT, 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 REIT, 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 REIT, 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 REIT, signed a rent agreement with Accor on 24 March 2008 to lease two hotels, which were completed and started operations in 2010 in Kayseri.
- Akfen REIT, 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 REIT, 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 REIT, signed a rent agreement with Accor on 7 September 2010 to lease a hotel, which is completed and started its operations in 2012 in Adana.
- Akfen REIT, signed a rent agreement with Accor on 16 August 2010 to lease a hotel, which was completed at the end of 2012 and started its operations in beginning of 2013 in Esenyurt.
- Akfen REIT, signed a rent agreement with Accor on 2 February 2011 to lease a hotel, which was completed and started its operations in 2013 in Izmir.
- Akfen REIT, signed a rent agreement with Accor on 19 December 2012 to lease a hotel, which is planned to complete and starts its operations in 1st quarter of 2016 in Karaköy.
- Akfen REIT, signed a rent agreement with Accor on 28 March 2013 to lease a hotel, which was completed and started its operations in 2014 in Ankara Esenboğa.
- Akfen REIT, signed a rent agreement with Accor on 1 March 2014 to lease a hotel, which is planned to complete and starts its operations in 2nd quarter of 2016 in Tuzla.

All of the twelve agreements have similar clauses described below;

The agreements are signed with Tamaris Turizm operating in Turkey and owned 100% by Accor and Accor has 100% guarantees over these agreements.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

Group as a Lessor

Operating lease agreements

Akfen REIT *(continued)*

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 Akfen REIT 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 in 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 and İzmir Ibis Hotels the higher of 25% of gross revenue or 70% of the Adjusted Gross Operating Profit ("AGOP") is paid to Akfen REIT by Tamaris as rent.
- In Zeytinburnu Novotel, Trabzon Novotel, Kayseri Novotel ve Gaizantep Novotel, the higher of 22% of gross revenue or 70% of AGOP is paid to Akfen REIT by Tamaris as rent.
- In Karaköy Novotel the higher of 22% of gross revenue or 85% of AGOP is paid to Akfen REIT by Tamaris as rent.
- In Ankara Esenboğa Ibis Hotel, the higher of 25% of gross revenue or 85% of AGOP is paid to Akfen REIT by Tamaris as rent.
- In Tuzla Ibis Hotel, the higher of 25% of gross revenue or 85% of AGOP is paid to Akfen REIT by Tamaris as 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.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

Group as a Lessor *(continued)*

Operating lease agreements

Akfen REIT *(continued)*

Each time that a total of new 500 rooms in Turkey, Russia and Ukraine will be open to the public by Akfen REIT (excluding Karaköy and Ankara Hotels), AGOP ratios in agreements of the hotels in Turkey (except for 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%.

The current situation in Moscow and Tuzla projects commissioned in Turkey with 70% AGOP rental rate will increase to 72.5% AGOP.

Annual rent is paid quarterly (January, April, July and October) based on the higher of AGOP ratio or gross revenue rent ratio actualized in related quarter.

Akfen REIT has additional ten operating lease arrangements as lessor other than operating lease agreements signed with ACCOR S.A. in Turkey:

- The casino of the 5 star Merit Park Hotel in TRNC Girne in Akfen GT portfolio had been operated Voyager Kıbrıs Limited Şirketi since 2007 through leasing. 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. There will be no rent increase in the first 5 years from the sixth year, rent will be increased by Euribor if Euribor is less than 2% or by 2% if Euribor is greater than 2%.
- Akfen REIT signed rent agreement with YNS Turizm Gıda İnşaat San. Tic. Ltd. Şti. for Eskişehir İbis Hotel Fitness Center on 1 July 2015. The rent payments begin as of 1 July 2015 which the rentable area is delivered. Agreement period includes three periods having 7 years and after each period the agreement may be terminated in cased of informing before 6 months. VAT included monthly rent amount for the year 2015 is TL 18 and the rent amount will be increased by inflation rate at the beginning of each year.
- Akfen REIT 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 rent increases at the beginning of the period as the average of annual PPI and CPI. VAT included monthly rent amount for the year 2015 is TL 6.
- 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. 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.
- HDI through its subsidiary Severny signed a lease agreement for 317 rooms IBIS Hotel building under operation in Moscow, Russia, with Russian Management Hotel Company, a company which ACCOR operates in Russia on 29 January 2014. The lease term is 25 years with right of 10 years' of prolongation of ACCOR. The rent shall be equal to 25% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP").

20 COMMITMENTS AND CONTINGENCIES *(continued)*

Group as a Lessor *(continued)*

Operating lease agreements

Akfen REIT *(continued)*

- Russian Hotel through its subsidiary LLC YaroslavlOtelInvest signed a lease agreement for IBIS Hotel building located in Yaroslavl. Russia, with Russian Management Hotel Company, a company which ACCOR operates in Russia. 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, for third year Euro 6,000 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 Euro14,000 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 KaliningradInvest signed a lease agreement for IBIS Hotel building located in Kaliningrad. Russia Russian Management Hotel Company, a company which ACCOR operates in Russia. 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 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 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 75. 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.
- On 2 September 2013, Russian Hotel signed a lease agreement for a fitness center including in Yaroslavl Ibis Hotel Project through its subsidiary LLC YaroslavlOtelInvest. The maturity of the rent is 31 December 2016 and the monthly rent revenue for 2015 is approximately TL 3, 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 50, including VAT.
- Russian Property leased 746 squaremeter area of total rentable 4,637 squaremeter area of Samara Office in portfolio of Russian Property through its subsidiary Volgastroykom, to Samarasnabpodshipnik Company, which is established by Samara Podshibnik company -one of the biggest roller producers- for sale of its productions with an agreement signed in 19 February 2014 and which ends on 31 March 2016. Monthly rent amount is approximately TL 19, including VAT.
- On 1 March 2015, Russian Hotel signed a lease agreement for a store placed in entrance floor of Yaroslavl Ibis Hotel Project through its subsidiary LLC YaroslavlOtelInvest. The maturity of the rent is 1 March 2016 and the monthly rent revenue for 2015 is approximately TL 5, including VAT.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

Group as a Lessor *(continued)*

Operating lease agreements

Akfen REIT *(continued)*

- On 18 December 2015, Akfen REIT. has signed lease agreement with BNS Gıda ve Turizm Yatırımları A.Ş. for store in Karaköy Novotel. The lease payments will start with openning of Karaköy Novotel. The lease agreement has 10 years maturity and for determination of the rent amount for the first 5 years; 12% of total yearly turnover obtained by the lessee from the store will be calculated. Rent amount will be higher of the calculated amount or monthly USD 20,000 for the first 2 years, monthly USD 22,000 for 2nd and 3th years. and monthly USD 25,000 for 5th year. Strating from 6th year, the rent amount will be monthly USD 25,000 and will be increased by 3% every year.

As at 31 December 2015 and 31 December 2014, the Group's minimum amount of estimated rental income to be obtained for operating lease in total is given below by taking into account terms of existing contracts.

	31 December 2015	31 December 2014
Less than one year	28,459	25,092
Between one and five years	110,294	95,637
More than five years	260,042	250,263
	398,795	**370,992**

Memorandum of understanding signed between Akfen Holding and Accor

Each time that a total of new 500 rooms in Turkey, Russia and Ukraine will be open to the public by Akfen REIT, 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 with Accor that the Group is lessor in Turkey are based on MoU.

According to MoU:

- Any sale of a controlling shareholding of the Group 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 S.A. under the same terms and conditions proposed by the third party offer or, except in case that the Group becomes a publicly listed entity.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

Group as a Lessor *(continued)*

Operating lease agreements

Akfen REIT *(continued)*

- For securitization of further investments, Akfen Holding and Accor agree that the share capital of the Group 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 had been 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 is consent to Akfen REIT 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 REIT will offer the hotel projects to develop in Turkey, Moscow and Russia to Accor at first.
- Until 31 December 2014, in cities in which projects exist 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 REIT.

İDO

IDO concluded operating lease agreements with Istanbul Metropolitan Municipality ("IBB") for operating the terminals, lines and sea vessels belonging to IBB, Lease fees introducing the definition of conditional lease are calculated over the sales revenues of the IDO. Thus, the lease agreement does not include payment of any minimum amount of lease in the following periods.

As at 31 December 2014, IDO has to pay conditional lease fees for operating the terminals, lines and sea vessels. According to the conditions of the lease agreement, IDO has taken over rights of use of these lines together with the terminals and sea vessels and pays a particular rate of the gross revenue collected from these lines to IBB as conditional lease fee. Receiver party of the payment and the rate of lease costs in the gross revenue was determined in a protocol concluded between IBB and the Group, IDO and IBB concluded a lease protocol on 1 August 2010 and the rate applicable is 5.1% over the vessel revenues.

Pursuant to the agreement concluded between IDO and IBB on 30 July 2010, IDO has been authorized to operate 5 sea buses, 2 fast ferries belonging to IBB for 30 years against usufruct price. Monthly usufruct price that IDO is liable to pay to IBB is determined as 5.1% of the gross revenue.

20 COMMITMENTS AND CONTINGENCIES *(continued)*

İDO *(continued)*

Usufruct right of 26 docks and terminal areas remaining under the authorization of IBB 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.

With an agreement concluded on 8 December 2010, IDO obtained public transport licence for 6 sea bus lines and 1 ferryboat line. According to the agreement, IDO is liable to pay 1% of the annual gross revenue provided that it is not less than TL 201 (Group's share is TL 60).

With the agreement concluded on 15 Mach 2011, IDO took usufruct right of miscellaneous docks, terminals, maintenance yards and premises in Istanbul, Balıkesir, Bursa and Yalova provinces for 10- 30 years period against annual TL 2,500+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 of the sea part of the 2nd parcel of Ambarlı land. Within the frame of agreement, IDO 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 wil 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) was 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) was 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 60 (Group's share: TL 20) was signed on 4 October 2011 for the property in Bostancı port. The leased property is used for kiosque in Bostancı port. The rent amount is updated every year based on PPI rate of increase.

21 EMPLOYEE BENEFITS

As at 31 December 2015 and 31 December 2014, employee benefits are comprised of vacation pay liabilities and reserve for employee severance indemnity. As at 31 December employee benefits are as follows:

	2015	2014
Vacation pay liability – short term	2,053	2,865
Employee severance indemnity – long term	1,441	2,797
	3,494	**5,662**

As at 31 December, the movement for vacation pay liability is as follows:

	2015	2014
Opening balance	2,865	2,311
Paid during the year	(115)	(158)
Increase in current year provision	240	712
Changes in group structure (*)	(937)	--
Closing balance	**2,053**	**2,865**

As at 31 December, the movement of employee severance indemnity is as follows:

	2015	2014
Opening balance	2,797	2,335
Interest cost	438	228
Service cost	661	430
Paid during the year	(342)	(340)
Changes in group structure (*)	(1,954)	--
Actuarial difference	(159)	144
Closing balance	**1,441**	**2,797**

(*) Effects of the transfer of Akfen Construction shares, that were held by Akfen Holding and reclassification of HEPP Group's liabilities as held for sale.

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 3,828 as at 31 December 2015 (2014: full TL 3,438). 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.

21 EMPLOYEE BENEFITS *(continued)*

As at 31 December the liability is calculated by using the following assumptions:

	2015	2014
Salary increase rate	5.20%	5,20%
Discount rate	9.00%	9,00%
Net discount rate	3.61%	3,61%
Anticipated retirement turnover rate	84.00-99.00	84,00-99,00

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.

22 RETIREMENT PLANS

The Group does not have any retirement plans as at 31 December 2015 and 31 December 2014.

23 OTHER ASSETS AND LIABILITIES

Other current assets

As at 31 December, other current assets comprised the following:

	31 December 2015	31 December 2014
VAT carried forward	25	59,492
Advances given to sub-contractors	--	53,123
Other	--	3,343
	25	**115,958**

As at 31 December 2015 VAT carried forward is comprised of VAT receivables of Akfen REIT. As at 31 December 2014 VAT carried forward is comprised of VAT receivables of Akfen Construction, HEPP Group, Akfen REIT and Akfen Thermal Energy amounting TL 36,574, TL 17,008, TL 3,042 and TL 2,868, respectively.

As at 31 December 2014, the major part of the advances given to subcontractors are comprised of advances given by Akfen Construction for Isparta City Hospital, İncek Loft project, hotel projects and hydroelectrical power plant projects amounting TL 24,156, TL 19,219, TL 4,590 and TL 2.280, respectively.

Other non-current assets

As at 31 December, other non-current assets comprised the following:

	31 December 2015	31 December 2014
VAT carried forward	42,295	101,967
Advances given to sub-contractors	1,478	--
Taxes and funds to be refunded through progress billings	--	1,235
Other	672	42
	44,445	**103,244**

As at 31 December 2015, Akfen REIT has VAT carried forward amounting TL 37,291 (31 December 2014: TL 31,577). 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. As at 31 December 2014, TL 70,390 of VAT carried forward arises from the VAT payments made for investments in hydroelectrical power plants. Since these hydroelectrical power plants are in construction process, Group does not have enough VAT liability to offset.

24 PREPAID EXPENSES

Prepaid Expenses

As at 31 December, current prepaid expenses are as follows:

	31 December 2015	31 December 2014
Advances given	6,640	4,676
Prepaid expenses (*)	1,021	2,423
Job advances	324	418
Advances given to personnel	134	288
	8,119	**7,805**

As at 31 December, non-current prepaid expenses are as follows:

	31 December 2015	31 December 2014
Prepaid expenses(*)	11,597	8,550
Advances given	200	5,783
	11,797	**14,333**

(*) 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, Rıhtım 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 2015 the amount of expenses paid in advance for short and long-term is TL 182 (31 December 2014: TL 196) and TL 7,589 (31 December 2014: TL 7,771), respectively. As at 31 December 2015, balance in amount of TL 4,318 is non-current prepaid expenses related to loan usage commissions and advocate expenses for the Group's loan with 10 years maturity used from CEB (31 December 2014: None).

Deferred income

As at 31 December, the detail of current deferred income is as follows:

	31 December 2015	31 December 2014
Advances received	402	278,717
Deferred income	--	55
	402	**278,772**

As at 31 December 2014, TL 272,396 of advances received arises from advances taken from apartment sales in İncek Loft project of Akfen Construction.

25 EQUITY

As at 31 December 2015, Akfen Holding had 261,900,000 shares, each has full TL 1 of nominal value. As at 31 December 2015, the whole of TL 261,900 capital was paid.

	31 December 2015	31 December 2014
Registered equity ceiling	1,000,000	1,000,000
Paid in capital	261,900	291,000

57,458,736 shares of Hamdi Akın, the shareholder of the company, are the registered shares in Group A and 204,441,264 B Group shares are wholly bearer shares.

	31 December 2015		31 December 2014	
	Share Amount	Ownership Rate %	Share Amount	Ownership Rate %
Hamdi Akın(*)	198,500	75.79	198,500	68.21
Akfen Holding A.Ş.(**)	7,990	3.05	7,990	2.75
Other Partners	2,278	0.87	2,278	0.78
Public Shares(***)	53,132	20.29	82,232	28.26
Paid in Capital (nominal)	**261,900**	**100**	**291,000**	**100**

* There are 109,074 shares belonging to Hamdi Akın in the publicly owned section of shares. Hamdi Akın has converted 50 million of Akfen Holding shares into shares tradable on BİAŞ.
** Publicly owned.
*** As at 31 December 2015 there are 6,829,508 shares of Akfen Holding, 2.61% of the paid-in capital, which are public in nature and so 14,819,314 shares in total are being held by Akfen Holding, which make up 5.66% of the paid-in capital of the Company (As at 31 December 2014 there are 29,100,00 Akfen Holding shares held by Akfen Holding, 10% of the paid-in capital, which are public in nature). In addition, as of 31 December 2015, 9,346,455 shares in the section open to the public (3.57% of the capital) belong to Hamdi Akın, 8,223,000 shares (3.14% of the capital) belong to Selim Akın and 21,763,636 shares (8.31% of the capital) belong to Akfen Altyapı

The necessary approval for Akfen Holding's share capital reduction through cancellation of the shares acquired within repurchase was obtained by letter of the CMB dated at 5 December 2014. Akfen Holding share capital reduction from TL 291,000 to TL 261,900 through cancellation of shares with a nominal value of TL 29,100 was approved at the Extraordinary General Assembly held on 15 January 2015 and the paid-in capital reduction was carried out as of 22 January 2015.

Concessions related with 57,458,736 shares in Group A are as follows:

In General Assemblies there are three voting rights for each shares of Group A and these have also voting consession.

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.

As at 31 December 2015, 22,245,490 Akfen Holding shares owned by Hamdi Akın has been presented as sureties for the loans used by Akfen Holding and Akfen Construction.

Dividend Payments

As a result of the General Assembly held on 16 April 2015, Company decided to distribute dividend from the profit of 2014 and previous years with a gross amount of TL 20,000 (full TL 0.076365 gross per share, which is full TL 1 nominal value) after the allocation of required legal reserves within the frame of legislation. Payments were started to be made on 28 April 2015 and completed on 30 April 2015.

25 EQUITY *(continued)*

Dividend Payments (continued)

As a result of the General Assembly held on 28 April 2014, Company decided to distribute dividend from the profit of 2013 (none) and previous years (2007) with a gross amount of TL 12,000 (full TL 0.041237 gross per share) after the allocation of required legal reserves within the frame of legislation. Payments were started to be made on 15 May 2014 and completed on 20 May 2014.

Treasury shares

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized 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 recognized as an increase in equity, and resulting surplus or deficit on the transaction is transferred to/from retained earnings.

In the framework of the Buy Back Programme approved at the General Assembly of the Company on 15 January 2015, as at 31 December 2015, 6,829,508 Akfen Holding A.Ş. shares were purchased by Akfen Holding amounting to TL 42,506. The Company holds 7,989,806 Akfen Holding shares, acquired within the previous share buyback program. As at 31 December 2015 in total share purchases have reached 14,819,314 shares, making up 5.66% of the Company's paid-in capital. As at 31 December 2015, total share purchases amounted to TL 76,029 (31 December 2014: TL 167,264).

Translation reserve

As at 31 December 2015 the translation reserve amounting to TL 199,899 (31 December 2014: TL 81,675) is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, Akfen Water, TAV Investment, Akfen REIT, Akfen Construction and TAV Airports from their functional currency of USD and EUR to the presentation currency TL and is recognized in equity.

Restricted reserves allocated from profit

Article 520 of Law No. 6102 foresees reserves equaling to the acquisition value for bought back shares. As at 31 December 2015 the Group allocated reserves in consolidated financial statements that includes the amount of restricted reserves for bought back shares allocated from profit amounting to TL 76,029 (31 December 2014: TL 167,264).

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 2015 the total hedging reserves for TAV Airports, Isparta Şehir Hastanesi Yatırım İşletmeleri A.Ş. and İDO amounting to TL 22,005 (TAV Airports: TL 9,692 and IDO: TL 12,313) is recognized in equity and it is related to the interest rate and cross currency swap contracts made by TAV Airports and IDO (31 December 2014: TL 18,573 (TAV Airports TL 16,161. İDO: TL 2,413).

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.

25 EQUITY *(continued)*

Revaluation surplus

The customer relationship and DHMİ license were remeasured to their fair values by TAV Airports in 2007. The change in fair value is reflected as revaluation surplus in the consolidated financial statements of TAV Airports. In addition, vessels owned by İDO have been revaluated in 2015 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 2015 and 31 December 2014.

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 REIT 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 REIT shares with TL 54,118 nominal value and 8,117,500 shares of Akfen REIT 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 REIT 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.

Group's share on Akfen REIT's total share has reached 56.88% as at 31 December 2015, after the purchases number of shares belonging to Akfen Holding has reached 104,656,831 and 9,500,447 (5.16% of total shares) of them are publicly traded on the BİAŞ.

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 2015, Akfen Thermal Energy (29.75%) and Akfen REIT (43.12%) calculated under non-controlling interest, which are Akfen Holding subsidiaries.

As at 31 December 2015 and 31 December 2014, the amounts classified under the 'non-controlling interest' item in the balance sheet are TL 347,622 and TL 374,865, 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 2015 and 2014 are TL (26,527) and TL (2,697), respectively.

26 *REVENUE AND COST OF SALES*

26.1 Revenue

For the years ended 31 December, revenue comprised the following:

	2015	2014
Revenue from electricity sales	143,071	68,227
Rent income from investment property	53,534	50,975
Other	455	50
	197,060	**119,252**

As at 31 December 2015, the amount of TL 446 in other sales revenues comes from Akfen REIT's interest income.

26.2 Cost of sales

For the years ended 31 December, cost of sales comprised the following

	2015	2014
Outsourcing expenses	29,984	18,931
Depreciation and amortization	27,062	21,904
Personnel expenses	8,849	6,766
Insurance expenses	5,398	4,478
Rent expenses	4,965	4,297
Other	7,455	4,282
	83,713	**60,658**

27 GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses

For the years ended 31 December, general administrative expenses comprised the following:

	2015	2014
Personnel expenses	25,871	23,453
Consultancy expenses	6,175	3,446
Taxes and duties	5,862	1,919
Rent expenses	3,928	3,182
Grant and charities	2,714	583
Travel expenses	1,800	1,752
Outsourcing expenses	1,184	604
General office expenses	981	915
Office supplies expenses	864	446
Depreciation and amortization expenses	680	584
Representation expenses	558	932
Insurance expenses	210	166
Advertisement expenses	133	74
Other expense	1,002	3,473
	51,962	**41,529**

28 EXPENSES BY NATURE

As at 31 December 2015 and 2014, The Group's expenses are presented on a functional basis and details are given in Note 26 and Note 27.

29 OTHER INCOME/EXPENSE

For the years ended 31 December, other income comprised the following:

	2015	2014
Gain on fair value of investment properties (Note 15)	22,840	59,776
Insurance compensation income	15,170	--
Foreign expchange income	3,380	78
Rent income	1,606	--
Reversal of provisions	--	11,448
Guarantee income	--	4,151
Scrap sales income	--	71
Other	2,988	4,612
	45,984	**80,136**

As at 31 December 2015, all of insurance income arises from the income obtained from the insurance company as a result of damage occurred in HEPP projects.

As at 31 December 2015, TL 11,448 is derived from the severance amount received from the Moscow government on 3 July 2014 since the Group won the lawsuit related to Moscow project that Akfen REIT is planning to develop in Russia.

For the years ended 31 December, other expenses comprised the following:

	2015	2014
Foreign exchange loss from trade receivables and trade payables	94	108
Loss on fair value of investment properties (Note 15)	--	41,111
Other	2,172	4,054
	2,266	**45,273**

30 INCOME/EXPENSE FROM INVESTMENT ACTIVITIES

As at 31 December, the detail of income from investment activities is as follows:

	2015	2014
Gain on sale of property, plant and equipment	728	1,668
Profit from sale of securities	238	2,195
	966	**3,863**

31 FINANCIAL INCOME

For the years ended 31 December, financial income comprised the following:

	2015	2014
Foreign exchange gain	56,607	30,518
Interest income	43,169	38,182
	99,776	**68,700**

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:

	2015	2014
Finance income/(expense) from investments in equity accounted investees	116,142	19,314
Foreign currency translation differences	(2,805)	(71,624)
	113,337	**(52,310)**

As at 31 December 2015, foreign exchange translation differences accounted under equity amounting TL 199,899 is comprised of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Investment, Akfen Water, Akfen REIT and TAV Airports conversion from their functional currency of USD and EUR to the presentation currency of TL (31 December 2014: TL 81,675. TAV Investment, MIP, Akfen Water, Akfen Construction, Akfen REIT ve TAV Airports).

As at 31 December 2015, finance income/(expense) accounted under other comprehensive income arises from MIP, TAV Investment, Akfen Water, Akfen REIT, Akfen Construction, HEPP Group and TAV Airports.

32 FINANCIAL EXPENSE

For the years ended 31 December, financial expenses comprised the following:

	2015	2014
Foreign exchange loss	302,749	129,466
Interest expenses	147,098	101,016
Other	11,618	3,833
	461,465	**234,315**

33 ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

As at 31 December 2015, the amount of Company's other comprehensive income not to be classified to profit or loss is TL 54,582 (income) (31 December 2014: TL 24,285, income) and other comprehensive income to be classified to profit or loss is TL 113,337 income (31 December 2014: TL (52,310), loss).

34 TAXATION

Corporate tax:

In Turkey, corporate income tax is levied at the rate of 20% on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes.

As at 31 December 2015, 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	25
Macedonia	10
Latvia	15
Libya	20
Qatari	10
Oman	12
Cyprus	23.5
Saudi Arabia	20
Russia	20
Holland	20

The corporate tax is not applied in Dubai and Abu Dhabi.

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 Commerce and Akfen Construction 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%. 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 properties 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.

34 TAXATION *(continued)*

Corporate tax *(continued)*

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 Communique 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.

Income witholding 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.

34 TAXATION *(continued)*

Transfer pricing regulations:

In Turkey, 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.

34.1 Taxation income/(expense)

The taxation charge for the years ended 31 December comprised the following items:

	2015	2014
Corporate tax expense	(4,162)	(3,985)
Deferred tax benefit/(expense)	17,012	10,553
Tax income recognized in profit/loss from continuing operations	**12,850**	**6,568**
Tax income recognized in profit/loss from discontinuing operations	10,937	13,599
Tax income recognized in profit / loss	**23,787**	**20,167**
Deferred tax expense recognized in comprehensive income	(29)	(89)
Total	**23,758**	**20,078**

The movement of deferred tax income/(expense) by years is as follows:

	1 January 2015	Deferred tax expense of current period	Effects of translation differences	Changes in group structure	Amount recognized in other comprehensive income	31 December 2015
Trade and other receivables	7,225	9186	--	(16,411)	--	--
Tangible and intangible fixed assets	17,584	9,928	--	(34,619)	--	(7,107)
Investment incentives	12,888	(1784)	--	--	--	11,104
Investment properties	(72,284)	318	378	--	--	(71,588)
Tax losses carried forward	34,572	862	--	(29,758)	--	5,676
Loans and borrowings	18	468	--	(486)	--	--
Other temporary differences	626	(1,966)	--	(147)	(29)	(1,516)
	629	**17,012**	**378**	**(81,421)**	**(29)**	**(63,431)**
	1 January 2014	**Deferred tax expense of current period**	**Effects of translation differences**	**Changes in group structure**	**Amount recognized in other comprehensive income**	**31 December 2014**
Trade and other receivables	2,396	(127)	--	4,956	--	7,225
Tangible and intangible fixed assets	12,168	78	--	5,338	--	17,584
Investment incentives	14,638	(1,750)	--	--	--	12,888
Investment properties	(82,104)	886	8,934	--	--	(72,284)
Tax losses carried forward	20,814	11,203	(174)	2,729	--	34,572
Loans and borrowings	(55)	(57)	--	130	--	18
Other temporary differences	(51)	320	--	446	(89)	626
	(32,194)	**10,553**	**8,760**	**13,599**	**(89)**	**629**

34 TAXATION *(continued)*

34.1 Taxation income/(expense) *(continued)*

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:	2015		2014	
	Amount	%	Amount	%
(Loss)/Profit for the period	**10,939**		**(14,560)**	
Total income tax expense	23,787		20,167	
(Loss)/Profit before tax	**(12,848)**		**(34,727)**	
Income tax using the Company's statutory tax rate	2,570	(20.0)	6,945	(20.0)
Effect of tax rates in foreign jurisdictions	(1,201)	9.3	(1,805)	8.2
Disallowable expenses	(32,065)	249.6	(7,314)	10.2
Tax exempt income (*)	33,745	(262.7)	3,077	(61.4)
Investments in equity accounted investees	21,465	(167.1)	28,476	15.4
Effect of other adjustments	(727)	5.7	(9,212)	(56.6)
Taxation charge	**23,787**	**(672.5)**	**20,167**	**(9,0)**

* Arises from gain on sale of subsidiaries and dividends.

34.2 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.

34 TAXATION *(continued)*

34.2 Deferred tax assets and liabilities

Recognized 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	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Trade and other receivables	--	7,225	--	--	--	7,225
Tangible and intangible fixed assets	294	35,181	(7,401)	(17,597)	(7,107)	17,584
Investment incentives	11,104	12,888	--	--	11,104	12,888
Investment properties	--	--	(71,588)	(72,284)	(71,588)	(72,284)
Tax losses carried forward	5,676	34,572	--	--	5,676	34,572
Loans and borrowings	--	147	--	(129)	--	18
Other temporary differences	35	626	(1,551)	--	(1,516)	626
Subtotal	**17,109**	**90,639**	**(80,540)**	**(90,010)**	**(63,431)**	**629**
Net-off tax	(10,745)	(13,182)	10,745	13,182	--	--
Total deferred tax assets/(liabilities)	**6,364**	**77,457**	**(69,795)**	**(76,828)**	**(63,431)**	**629**

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 2015 has reflected TL 5,676 (31 December 2014: TL 34,572) 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 243,021 (31 December 2014: TL 132,089) available for offset against future profits that is unused. TL 48,604 deferred tax asset (31 December 2014: TL 26,418) was not recorded since the profit for the future cannot be estimated.

34 TAXATION *(continued)*

34.2 Deferred tax Assets and liabilities *(continued)*

The expiry dates of previous years losses that are not recognized as deferred tax asset are as follows:

	2015	2014
2015	--	58
2016	36,521	37,867
2017	3,521	5,741
2018	47,558	50,005
2019	57,701	38,418
2020	97,720	--
	243,021	**132,089**

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.

35 EARNINGS PER SHARE

For the period ended 31 December 2015, amount of earning per share of continuing operations as TL (110,811) (31 December 2014: TL 41,899) and earning per share of discontinuing operations as TL 159,503 (31 December 2014: TL 53,762), 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.

	2015	2014
Profit/(loss) for the period from continuing operations attributable to equity holders of the parent	(110,811)	41,899
Profit/(loss) for the period from discontinued operations attributable to equity holders of the parent	148,276	(53,762)
The weighted average number of shares outstanding during the period(*)	252,133,062	259,727,078
(Loss)/Gainings per share from continuing operations (full TL)	(0.4395)	0.1613
(Loss)/Gainings per share from discontinued operations (full TL)	0.5881	(0.2070)
(Loss)/Gainings per share from operations (full TL)	**0.1486**	**0.0457**

(*) Earnings per share calculation is carried out by excluding 37,089,806 treasury shares held by Akfen Holding at the beginning of the period and 6,829,508 treasury shares purchases of during the period.

36 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.

36.1 Related party balances

As at 31 December, short term receivables and payables balances are as follows:

	2015	2014
Trade receivables	--	822
Non-trade receivables	99,587	652
	99,587	**1,474**
Trade payables	3,783	1,530
Non-trade payables	1,603	25,911
	5,386	**27,441**

As at 31 December, long term receivables and payables balances are as follows:

	2015	2014
Non-trade receivables	431,387	51,690
	431,387	**51,690**
Trade payables	--	39
Non-trade payables	9,066	7,737
	9,066	**7,776**

All transactions between the 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 short term non trade receivables from its related parties:

Due from related parties (short term-non trade):	2015	2014
Akfen Altyapı	99,308	--
İDO	--	322
Other	279	500
	99,587	**822**

36 RELATED PARTY DISCLOSURES *(continued)*

36.1 Related party balances *(continued)*

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):	2015	2014
Akfen Construction	425,334	--
Akfen Water	5,455	--
İDO	66	31,665
Hacettepe Teknokent	--	9,114
Hyper Foreign Holland N.V.	--	7,373
Other	532	3,538
	431,387	**51,690**

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):	2015	2014
Adana İpekyolu (*)	1,575	17,109
Akfen Gayrimenkul Geliştirme ve Ticaret A.Ş.	--	8,502
Other	28	300
	1,603	**25,911**

(*) Capital commitments of Akfen Thermal Energy arising from acquisition of Adana İpekyolu.

Long term non trade due to related parties:

As at 31 December 2015 and 2014, the Group had all long term non trade payables to its related party with Tav Investment.

36.2 Related party transactions

For the years ended 31 December, services rendered to related parties comprised the following:

Services rendered to related parties:	2015		2014	
Company	**Amount**	**Transaction**	**Amount**	**Transaction**
TAV Airports	27,346	Electric Sales Revenue	26,454	Electric Sales Revenue
Akfen Construction	8,583	Financial Income	--	Financial Income
MIP	6,816	Electric Sales Revenue	3,442	Electric Sales Revenue
İDO	3,075	Electric Sales Revenue	3,293	Electric Sales Revenue
İDO	738	Financial Income	1,426	Financial Income
Hacettepe Teknokent	536	Financial Income	931	Financial Income
Akfen Water	727	Electric Sales Revenue	711	Electric Sales Revenue
Akfen GYT	--	Financial Income	151	Financial Income
Other	--	Financial Income	54	Financial Income
	47,821		**36,462**	

For the years ended 31 December, services obtained from related parties comprised the following:

Services obtained from related parties:	2015		2014	
Company	**Amount**	**Transaction**	**Amount**	**Transaction**
Ibs Sigorta ve Reasürans Brokerliği A.Ş.	4,704	Purchases	3,729	Purchases
	4,704		**3,729**	

36.3 Key management personnel compensation

Total short term benefits provided to key management personnel for the Group and subsidiaries amounted to TL 6,577 as at 31 December 2015 (31 December 2014: TL 5,252):

37 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 2015	Receivables				Deposits on Banks (*)
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	**--**	**17,867**	**530,974**	**17,490**	**70,022**
- Portion of maximum risk covered any guarantee (*)	--	--	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue (2)	--	17,867	530,974	17,490	70,022
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)	--	--	--	--	--
- The portion covered by any guarantee	--	--	--	--	--
D. Net carrying value of impaired assets (4)	--	--	--	--	--
- Past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Not past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--

31 December 2015	Receivables	
	Trade Receivables	Trade Receivables
Past due 1-30 days	--	--
Past due 1-3 months	--	--
Past due 3-12 months	--	--
Past due 1-5 years	--	--
More than 5 years	--	--
Total undue receivables	--	--
Total allowances	--	--

(*) As at 31 December 2015, TL 47,664 of restricted cash balances is shown in bank deposits.

37 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Credit risk *(continued)*

31 December 2014	Receivables				Deposits on Banks
	Trade Receivables		Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	**822**	**249,845**	**52,342**	**16,574**	**63,439**
- Portion of maximum risk covered any guarantee (*)	--	5,755	--	--	--
A. Net carrying value of financial assets which are not impaired or overdue (2)	822	241,422	52,342	16,574	63,439
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)	--	8,423	--	--	--
- The portion covered by any guarantee	--	5,755	--	--	--
D. Net carrying value of impaired assets (4)	--	--	--	--	--
- Past due (gross book value)	--	1,034	--	--	--
- Impairment (-)	--	(1,034)	--	--	--
- Not past due (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
E. Off balance sheet items with credit risks	--	--	--	--	--

31 December 2014	Receivables	
	Trade Receivables	Other Receivables
Past due 1-30 days	1	--
Past due 1-3 months	81	--
Past due 3-12 months	8,782	--
Past due 1-5 years	593	--
More than 5 years	9,457	
Total undue receivables	(1,034)	--
Total allowances	5,755	--

(*) Amounts represent the receivables that are secured by letter of guarantees, cheques and notes.

37 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Impairment

Movement in the allowance for doubtful receivables for the years ended 31 December was as follows:

	31 December 2015	31 December 2014
Balance at the beginning of the period	1,034	(1,175)
Effects of changes in group structure	(1,066)	--
Provision cancelation	--	151
Foreign exchange difference	32	(10)
Balance at the end of the period	**--**	**(1,034)**

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 2015:

	31 December 2015						
	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	1,117,391	(1,478,294)	(67,098)	(200,200)	(531,000)	(679,996)
Bonds	7	412,235	(482,974)	(21,146)	(34,689)	(427,139)	--
Trade payables	8	15,533	(15,533)	(5,477)	(10,056)	--	--
Due from related parties	8-9-36	14,452	(14,452)	(24)	(5,362)	(9,066)	--
Other payables (*)		12,020	(12,020)	(7,234)	(1,185)	(3,601)	--
Total		**1,571,631**	**(2,003,273)**	**(100,979)**	**(251,492)**	**(970,806)**	**(679,996)**

(*) The non-financial instruments such as deposits and advances received, deferred income are not included in 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 2014:

	31 December 2014						
	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	1,367,115	(1,599,463)	(81,723)	(319,560)	(934,997)	(263,183)
Bonds	7	410,951	(520,991)	(18,464)	(30,424)	(472,103)	--
Trade payables	8	37,657	(37,991)	(7,937)	(21,682)	(8,372)	--
Due from related parties	8-9-36	35,217	(35,217)	(236)	(27,205)	(7,776)	--
Other payables (*)		13,237	(13,237)	(3,669)	(4,761)	(4,807)	--
Total		**1,864,177**	**(2,206,899)**	**(112,029)**	**(403,632)**	**(1,428,055)**	**(263,183)**

(*) The non-financial instruments such as deposits and advances received, deferred income are not included in other payables.

37 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Currency risk

Exposure to currency risk

As at 31 December 2015, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below.

31 December 2015	TL Equivalent	USD	EUR	Other (*)
1. Trade receivables	11,475	--	--	11,475
2a. Monetary Financial Assets (including Cash and Cash at Banks)	64,977	93	20,331	106
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	539	1	62	337
4. Current Assets (1+2+3)	**76,991**	**94**	**20,393**	**11,918**
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	16,616	23	5,208	--
8. Non-current Assets (5+6+7)	**16,616**	**23**	**5,208**	**--**
9. Total Assets (4+8)	**93,607**	**117**	**25,601**	**11,918**
10. Trade Payables	3,659	301	875	5
11. Financial Liabilities	211,884	37,933	31,971	--
12a. Other Monetary Liabilities	105	36	--	--
12b. Other Non-monetary Liabilities	1,808	--	94	1,510
13. Short Term Liabilities (10+11+12)	**217,456**	**38,270**	**32,940**	**1,515**
14. Trade Payables	--	--	--	--
15. Financial Liabilities	862,779	11,754	260,764	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	3,517	1,209	--	--
17. Long Term Liabilities (14+15+16)	**866,296**	**12,963**	**260,764**	**--**
18. Total Liabilities (13+17)	**1,083,752**	**51,233**	**293,704**	**1,515**
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)	**(990,145)**	**(51,116)**	**(268,103)**	**10,403**
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1,001,975)**	**(49,931)**	**(273,279)**	**11,576**
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	**--**	**--**	**--**	**--**

(*) Assets and liabilities in other currencies are presented by their TL equivalents.

37 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Currency risk *(continued)*

As at 31 December 2014, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below.

31 December 2014	TL Equivalent	USD	EUR	Other (*)
1. Trade receivables	8,296	64	427	6,941
2a. Monetary Financial Assets (including Cash and Cash at Banks)	25,313	7,064	3,038	363
2b. Non-monetary Financial Assets	--	--	--	--
3. Other	35,695	11,653	3,012	176
4. Current Assets (1+2+3)	**69,304**	**18,781**	**6,477**	**7,480**
5. Trade receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- monetary Financial Assets	--	--	--	--
7. Other	51,233	17,537	3,612	380
8. Non-current Assets (5+6+7)	**51,233**	**17,537**	**3,612**	**380**
9. Total Assets (4+8)	**120,537**	**36,318**	**10,089**	**7,860**
10. Trade Payables	11,573	1,902	1,874	1,876
11. Financial Liabilities	295,144	74,934	43,032	--
12a. Other Monetary Liabilities	5,448	--	1,931	--
12b. Other Non-monetary Liabilities	6,545	77	1,934	910
13. Short Term Liabilities (10+11+12)	**318,710**	**76,913**	**48,771**	**2,786**
14. Trade Payables	--	--	--	--
15. Financial Liabilities	1,002,926	252,900	147,650	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-monetary Liabilities	4,591	1,359	510	--
17. Long Term Liabilities (14+15+16)	**1,007,517**	**254,259**	**148,160**	**--**
18. Total Liabilities (13+17)	**1,326,227**	**331,172**	**196,931**	**2,786**
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)	**(1,205,690)**	**(294,854)**	**(186,842)**	**5,074**
21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1,281,482)**	**(322,608)**	**(191,022)**	**5,428**
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	--	--	--	--

(*) Diğer para birimlerindeki varlık ve yükümlülükler TL karşılıkları olarak belirtilmiştir.

37 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Currency risk *(continued)*

Sensitivity analysis

The Group's principal currency rate risk relates to changes in the value of the TL relative to the Euro and the USD.

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, both short-term and long-term purchase contracts. The analysis excludes net foreign currency investments.

Group has realized medium and long term borrowings with the same currency of project revenues. Short term borrowings are realized as balanced portfolio with TL, Euro and USD.

Currency Sensitivity Analysis / 31 December 2015				
	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	(14,862)	14,862	--	--
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	(14,862)	14,862	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(85,192)	85,192	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Net Euro Effect (4+5)	(85,192)	85,192	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	--	--	1,040	(1,040)
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	--	--	1,040	(1,040)
TOTAL (3+6+9)	(100,054)	100,054	1,040	(1,040)

37 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Currency risk *(continued)*

Sensitivity analysis (continued)

Currency Sensitivity Analysis / 31 December 2014				
	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	(68,374)	68,374	--	--
2- USD risk averse portion (-)	--	--	--	--
3- Net USD Effect (1+2)	(68,374)	68,374	--	--
Assumption of devaluation/appreciation by 10% of Euro against TL				
4- Net Euro asset/liability	(52,703)	52,703	--	--
5- Euro risk averse portion (-)	--	--	--	--
6- Net Euro Effect (4+5)	(52,703)	52,703	--	--
Assumption of devaluation/appreciation by 10% of other currencies against TL				
7- Other currency net asset/liability	--	--	508	(508)
8- Other currency risk averse portion (-)	--	--	--	--
9- Net other currency effect (7+8)	--	--	508	(508)
TOTAL (3+6+9)	(121,077)	121,077	508	(508)

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2015	2014
Fixed rate instruments		
Financial assets	66,657	58,263
Financial liabilities	1,040,559	865,946
Variable rate instruments		
Financial assets	--	--
Financial liabilities	489,066	912,120

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.

37 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk *(continued)*

Cash flow sensitivity analysis for variable rate instruments:

When the debt profile of the Group is considered, 100 base points increase in TL Benchmark Interest Rate, Euribor or Libor rate, caused an approximately TL 4,891 (31 December 2014: TL 9,121) increase in the annual interest costs of floating interest rate liabilities of the Group.

As at 31 December 2015 and 31 December 2014, 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 2015	31 December 2014
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		--	--
Financial Liabilities		(4,891)	(9,121)

37 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

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 indebtness for the purpose of protection or restructuring of capital.

Group monitors the capital by using net financial liabilities/equity ratio. Net financial liability is calculated by subtracting cash and cash equivalents from total financial liabilities.

As at 31 December, net financial liabilities/equity ratios are as follows:

	2015	2014
Total financial liabilities	1,529,626	1,778,066
Cash and banks (*)	(70,088)	(63,736)
Net financial liabilities	1,459,538	1,714,330
Equity	1,735,813	1,671,706
Net financial liability/equity ratio	0.84	1.03

(*) As at 31 December 2015, in addition to cash and cash equivalents, TL 47,664 of restricted cash balances included in cash and bank balances.

As at 31 December 2015, Akfen Holding shares purchased within the "Buy Back Programme" by Akfen Holding amounting to TL 76,029 (31 December 2014: TL 167,264) was not included in cash and banks.

As at 31 December 2014, although land and development investments made for İncek Project of Akfen Construction amounting TL 252,387 is convertible to cash, these were not included in cash and banks.

As at 31 December 2014, short term notes receivable from apartment sales of İncek Project of Akfen Construction amounting TL 73,831 and total receivables amounting TL 195,946, were not included in cash and banks.

37 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

Fair values

Fair value and carrying amounts of assets and liabilities are shown in the table below;

	Note	2015		2014	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Cash and cash equivalents	5	22,424	22,424	63,736	63,736
Trade receivables (current)	8	17,867	17,867	114,221	114,221
Trade receivables from related parties	8 – 36	--	--	822	822
Other receivables from related parties	9 – 36	530,974	530,974	52,342	52,342
Other receivables (*)		17,490	17,490	16,574	16,574
Other current assets(*)		--	--	3,343	3,343
Trade receivables (non-current)		--	--	135,624	135,624
Financial liabilities					
Loans and borrowings	8	(1,529,626)	(1,529,626)	(1,778,066)	(1,778,066)
Trade payables to related parties	8 – 36	(3,783)	(3,783)	(1,569)	(1,569)
Other payables to related parties	9 – 36	(10,669)	(10,669)	(33,648)	(33,648)
Trade payables	8	(15,533)	(15,533)	(37,657)	(37,657)
Other payables (**)		(12,020)	(12,020)	(8,939)	(8,939)
Other current liabilities (**)		--	--	(1,453)	(1,453)
Net		**(982,876)**	**(982,876)**	**(1,474,670)**	**(1,474,670)**
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.

37 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS *(continued)*

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 2015	Level 1	Level 2	Level 3
Available for sale financial assets	--	--	--
	--	--	--

31 December 2014	Level 1	Level 2	Level 3
Available for sale financial assets	--	--	--
	--	--	--

38 SUBSEQUENT EVENTS

Akfen Holding and Its Subsidiaries

Akfen Holding

In the extraordinary General Shareholders' Meeting of Akfen Holding held on 20 January, 2016, is decided to approve the modification of article of association related to the decrease of share capital from full TL 261,900,000 to full TL 247,080,686 and Board of Directors Capital Reduction record. Extraordinary General Shareholders Meeting, was registered by Ankara Trade Registry on 20 January, 2016.

The share cancellation procedure, within the reduction of Akfen Holding's paid in capital from respect full TL 261,900,000 to full TL 247,080,686 was carried out on 28 January 2016.

With respect to the "Sell-out and Squeeze-out Rights" process Akfen Holding made announcement on 27 January 2016, an agreement with Ünlü Menkul Değerler A.Ş. for brokerage and valuation services was signed. Sell-out fair price for a TL 1 nominal valued share has been determined as TL 13.0723, as described in the valuation report prepared by Ünlü Menkul Değerler A.Ş. In this context, according to the CMB's Communiqué the fair value for the exercise of the sell-out right is to be determined from the below prices:

1) TL 10.9998, which is the weighted average trading price for the last 30 days prior to the date of 22 December 2015 when the share acquisition by Hamdi Akın was carried out,
2) TL 8.7517, the weighted average trading price for the last 6 months prior to 22 December 2015,
3) TL 7.3360, the weighted average trading price for the last year prior to 22 December 2015,
4) TL 5.3013, the weighted average trading price for the last 5 years prior to 22 December 2015,
5) The price determined in the valuation report of TL 13.0723, and the sell-out price of shares was determined as TL 13.0723, being the highest of the above prices.

In this context, shareholders, who would like to exercise their sell-out rights are requested to fill out the related form and have their own brokerage company deliver it to Ünlü Menkul Değerler A.Ş. until 22 March 2016 17:00 to the latest, and to have their shares transferred to the account mentioned in the form set up by Ünlü Menkul Değerler A.Ş. for this purpose, through MKK.

According to Akfen Holding's board decision dated 13 July 2015 it was decided to purchase 100% of Karine Enerji Üretim ve Sanayi A.Ş., owned by Company's Board Member Selim Akın at a value of US$24,000,000 and the related share transfer agreement was signed on 24 July 2015. The conditions of the closing were met and the above mentioned share transfer transaction was completed as of 22 February 2016. Within the structuring, on 22 January 2016, the boards of Karine SPP and Akfen Renewable Energy, have decided to merge Karine SPP, without liquidation as a whole, with Akfen Renewable Energy, pursuant to the Articles 136 and 138 of the Turkish Commercial Code and Articles 19 and 20 of the Corporate Tax Law and the related transaction has been initiated.

38 SUBSEQUENT EVENTS *(continued)*

Akfen Holding and Its Subsidiaries *(continued)*

HEPP Group and WPP Group

The boards of Akfen Holding wholly owned subsidiaries Akfen HEPP and Akfen WPP decided on 14 January 2016, to merge Akfen WPP, without liquidation as a whole, with Akfen HEPP and to change the corporate name of Akfen HEPP into Akfen Yenilenebilir Enerji A.Ş. and the related transactions had been initiated. The above mentioned merger and the change of Akfen HEPP's corporate name into "Akfen Yenilenebilir Enerji A.Ş." has been realised and registered on 19 January 2016.

Within structuring in the Holding's energy group the transfer of Company's subsidiary Akfen Wholesale to Akfen Renewable Energy was completed on 25 January 2016. In this context also on 25 January 2016 Laleli, a subsidiary of Akfen Renewable Energy was transferred to Company's subsidiary Akfen Thermal Energy.

Akfen REIT

Novotel İstanbul Bosphorus (Karaköy) having 200 rooms developed as 5-star hotel in the centre of Karaköy, one of the oldest trade center of İstanbul has started its operationson 16 February 2016. After the opening the number of the hotels in Akfen REIT's portfolio, in Turkey and abroad, rose to 19 operational hotels.

Equity Accounted Investees

TAV Airports

TAV Airports's subsidiary, BTA Yiyecek İçecek Hizmetleri A.Ş, has been declared as the preferred bidder to operate the food and beverages areas at New Muscat International Airport in Oman. The operating period is 10 years starting from 2017. The project covers the operation right of 3,142 square meters and 20 of service points of food and beverage areas in the airport which served 9 million passengers in 2015.

The Board of Directors of TAV Airports has decided to distribute dividend amounting to TL 347,560 in cash from the profit for the year 2015 with the decision dated 23 March 2016. The decision will be presented to the General Assembly for their approval.

TAV Investment

On January 25, 2016, TAV Investment's subsidiary, TAV Construction together with its partner Arabtec, has been awarded the new terminal construction tender (incl. an airport modernization project) in Bahrain, amounting to 1.1 billion USD (TAV Construction's share: 40%) The contract covers construction of a terminal building, having a capacity of 14 million passengers as well as construction of a main service building, airside and landside infrastructure works and a multi-storey car park.

39 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.

40 DISCLOSURES FOR STATEMENT OF CASH FLOWS

As at 31 December 2015, Company's amount of cash flows from operating activities is TL (217,431) (31 December 2014: TL 28,013), cash flows from investing activities is TL (104,797) (31 December 2014: TL 175,279) and cash flows from financing activities is TL 296,513 (31 December 2014: TL 100,925). Company has made dividend payments amounting to TL 18,982 (31 December 2014: TL 10,471) within the period and respective amount is shown in cash flow from investing activities.

41 DISCLOSURES FOR STATEMENT OF CHANGES IN EQUITY

As at 31 December 2015, amount of the Company's total equity attributable to equity holders of the parent is TL 1,388,191 (31 December 2014: TL 1,296,841) and the amount of non-controlling interests is TL 347,622 (31 December 2014: TL 374,865) and total equity is TL 1,735,813 (31 December 2014: TL 1,671,706).

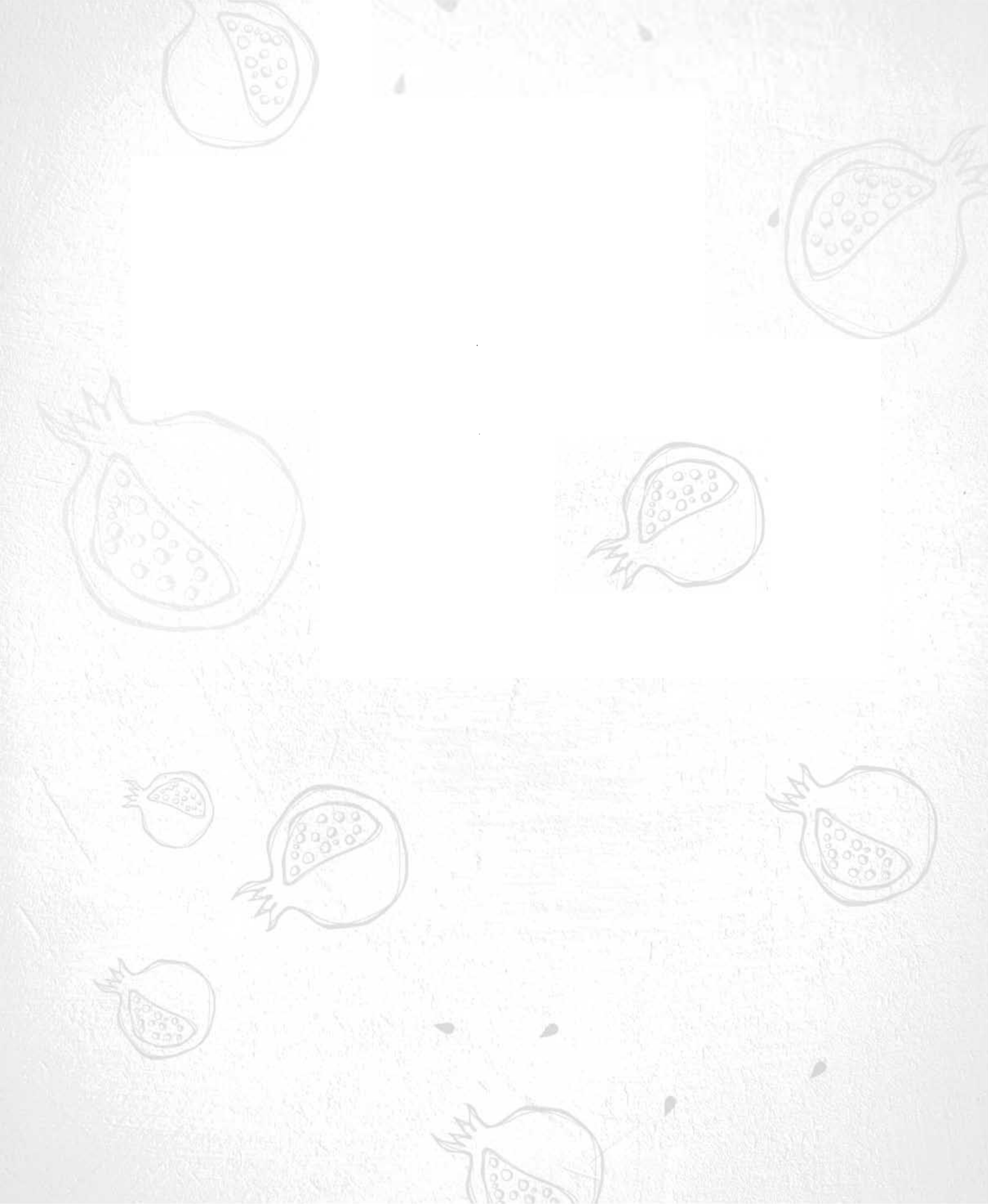


Abbreviations	Descriptions
Accor	ACCOR S.A.
Adana İpekyolu	Adana İpekyolu Enerji Üretim ve Sanayi A.Ş.
ADP	Aeroports de Paris Management
ADR	Average Daily Rate
AGOP	Adjusted Gross Operating Profit
Akfen Thermal Energy	Akfen Termik Enerji Yatırımları A.Ş.
Akfen Energy Production	Akfen Enerji Üretim ve Ticaret A.Ş.
Akfen REIT	Akfen Gayrimenkul Yatırım Ortaklıkları A.Ş.
Akfen GYT	Akfen Gayrimenkul Yatırımları ve Enerji Üretim A.Ş.
Akfen HEPP/ HEPP Group	Akfen HES Yatırımları ve Enerji Üretim A.Ş.
Akfen Holding/ Akfen / Group/ Holding/ Company	Akfen Holding A.Ş.
Akfen Construction	Akfen İnşaat ve Turizm ve Ticaret A.Ş.
Akfen Water	Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.
Akfen Water Dilovası	Akfen Su Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim A.Ş.
Akfen Water Güllük	Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş.
Akfen Commerce	Akfen Gayrımenkul Yatırımları ve Ticaret A.Ş.
Akfen Elektrik Wholesale	Akfen Elektrik Enerjisi Toptan A.Ş.
Aquila	Aquila Capital Wasserkraft Invest GmbH ve Aquila HydropowerINVEST Investitions GmbH & Co.KG
ATÜ	Atatürk Turizm İşletmeciliği A.Ş.
BİAŞ	Borsa İstanbul A.Ş.
BO	Build-Operate
BOT	Build-Operate-Transfer
BTA	BTA Denizyolları Yiyecek ve İçecek Hizmetleri A.Ş.
CAGR	Compounded Annual Growth Rate
CPI	Consumer Price Index
DEIK	Foreign Economic Relations Board
DHMI	General Directorate of State Airpors Authority
EBITDA	Earning Before Interest Tax Depreciation and Amortization
EBRD	European Bank for Reconstruction and Develeopment
EIA	Environmental Impact Assestment
ENR	Engineering News Record
EPC	Engineering - Procurement - Construction
EPİAŞ	Enerji Piyasaları İşletmeleri A.Ş.
EMH	East Mediterrenean Hub
EMRA	Energy Market Regulatory Authority (EPDK)
EU	European Union

Abbreviations	Descriptions
Eurostat	The Statistical Office of the European Union
E-RTG	Electricity Rubber-tyred Gantry Centre
EÜAŞ	Elektrik Üretim A.Ş.
GDP	Gross Domestic Product
GYODER	The Association of Real Estate and Real Estate Investment Companies
GWh	Giga Watt hour
HAVAS	Havaalanları Yer Hizmetleri A.Ş.
Hacettepe Teknokent	Hacettepe Teknokent Eğitim ve Klinik Araştırma Merkezi Sağlık AR-GE Danışmanlık Proje Sanayi ve Ticaret A.Ş.
HDI	Hotel Development and Investment BV
HEPP	Hydro Electric Power Plant
HVSE	HAVAS Europe
IATA	The International Air Transport Association
IFC	International Finance Corporation
IMF	International Monetary Fund
İDO	İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş.
Karasular	Karasular Enerji Üretimi ve Ticaret A.Ş.
Karine	Karine Enerji Üretim ve Sanayi A.Ş.
MKK	Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency)
MENA	Middle East and North Africa
Mersin CCGT	Mersin Natural Gas Combined Cycle Power Plant
MIP	Mersin Uluslararası Liman İşletmeciliği A.Ş.
MW	Mega Watt
OECD	Organisation for Economic Cooperation and Development
OIZ	Organised Industrial Zone
PA	Privatisation Administration
Pak	Pak Enerji Üretimi Sanayi ve Ticaret A.Ş.
PDP	Public Disclosure Platform (KAP)
Pegasus	Pegasus Hava Taşımacılığı A.Ş.
PMUM	Market Financial Settlement Center
PPP	Puclic Private Partnership
PSA	PSA International PTE Ltd.
Renkyol	Renkyol Müteahhitlik San. Ve Ticaret A.Ş.
RPI	Russian Property Investment BV (Rusya Gayrimenkul Yatırımları Limited Şirketi)
QC	Quay Crane
RPK	Revenue Passenger Kilometres

Abbreviations	Descriptions
SGK	Türkiye Cumhuriyeti Sosyal Güvenlik Kurumu (Republic of Turkey Social Security Institution)
SGKn	Sermaye Piyasası Kanunu (Capital Markets Law)
T.C.	Republic of Turkey
TAV Airports	TAV Havalimanları Holding A.Ş.
TAV Construction	TAV Tepe-Akfen Yatırım İnşaat ve İşletme A.Ş.
TAV Investment	TAV Yatırım Holding A.Ş.
TCC	Turkish Commercial Code
TDI	Türkiye Deniz İşletmeleri A.Ş.
Tepe	Tepe İnşaat Sanayi A.Ş.
TEİAŞ	Türkiye Elektrik İletim A.Ş.
TEPP	Thermal Energy Power Plant
TEU	Twenty Feet Equivalent Unit
THY	Türk Hava Yolları A.O.
TMB	Turkish Contractors Association
TRNC	Turkish Republic of Norhtern Cyprus
TSKB	Türkiye Sınai Kalkınma Bankası A.Ş.
Turkstat	Turkish Statistical Institute
Türklim	Port Operators Association of Turkey
UAE	United Arab Emirates
UKOME	Transportation Coordination Center
UNWTO	United Nations World Tourism Organisation
YÖK	Council of Higher Education
YPK	Higher Council of Planning







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