

TEKFEN HOLDING
ANNUAL REPORT
2013



TEKFEN HOLDING CO., INC.

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2013



TEKFEN HOLDING

www.tekfen.com.tr

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Contents

4 INTRODUCTION

Group Profile & Basic Indicators
Message from the Board of Directors
Board of Directors
Message from the President

16 CONTRACTING GROUP

Tekfen Contracting Group, a global representative of the Turkish contracting sector operates mainly in the international arena.



48 AGRI-INDUSTRY GROUP

Tekfen Agri-Industry Group operating today as Toros Tarım, is the sector leader in Turkey in terms of its product and service range, and market share.



70 REAL ESTATE DEVELOPMENT GROUP

The Tekfen Real Estate Group puts a premium on concept design which, has turned it into a pioneer in its sector. The Group also places importance on developing projects that are sustainable at all stages, from design to management.



80 OTHER ACTIVITIES

Tekfen Holding's trade and services activities outside of its core business are being grouped under the "Other Activities" headline.



84 SOCIAL RESPONSIBILITY

Tekfen conducts its social responsibility activities within a framework of sustainability and it collaborates with various non-governmental organizations for the benefit of the public good.



94 CORPORATE GOVERNANCE

Board of Directors' & Executive Management's CVs
List of Tekfen Group Companies
Corporate Governance Principles Compliance Report
Legal Issues
State Incentives & Subsidies
Dividend Policy
Report of the Board of Directors

Group Profile and Basic Indicators

Tekfen Group is a publicly traded group of companies that operates in four main areas: contracting, agri-industry, real estate development and other. The Group consists of 39 companies and ten subsidiaries, drawing together companies that each figure amongst the most respected names in their sectors. In 2013, the Group had revenues of TRY 3,846 million, assets of nearly TRY4,697 million and a total of 15,514 employees.

Tekfen Holding owns all of the companies and subsidiaries of the Tekfen Group. It is recognized for its values and the way it does business and it has become synonymous with reliability, honesty, transparency and quality. It operates on the basis of focused growth and sustainable profitability.

Tekfen Contracting Group

The Contracting Group, which in terms of revenue is Tekfen Holding's flagship, primarily constructs petroleum, gas and petrochemical facilities, pipelines, land and sea terminals, offshore platforms, power plants; infrastructure facilities such as highways, subways, bridges and tunnels; production facilities, and commercial and technical building complexes. In addition, it fabricates steel structures and does engineering design. The Group is the business partner of choice for many international companies that expect flawless performance. It is recognized for its competence, experience, working style, and through and punctual project completion. With an active business portfolio of US\$3 billion, Tekfen Contracting ranked 85th on the Engineering News Record 2013 list of the top 250 international contractors.

Tekfen Agri-industry Group

The Tekfen Agri-industry Group operates under the name Toros Tarım and was founded in 1974. The Group leads its sector in terms of business volume, product/service portfolio and market share. Turkey's 51st largest industrial company in 2013, Toros Tarım is principally a chemical fertilizer producer. The Company possesses 38% of Turkey's total established fertilizer production capacity at its plants in Ceyhan, Mersin and Samsun. Apart from fertilizer, Toros Tarım meets farmers' needs for quality seedlings and wheat seeds. The Group invests in sectors that, while not directly related to agriculture, are complementary, including bag production, gas stations, terminal management and free-zone management. Toros Tarım is market leader in most of the areas in which it does business.

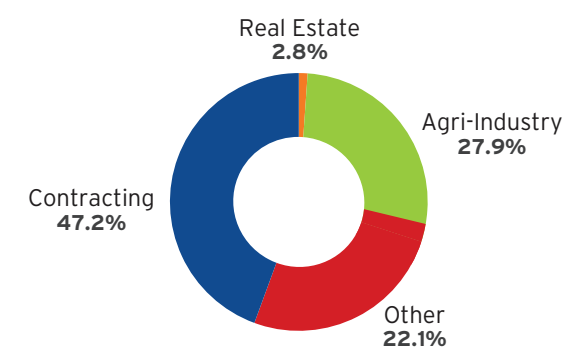
The Real Estate Development Group

The Tekfen Real Estate Development Group is active in investment, project development, construction management, building management and marketing in the real estate sector. The Group stands out for its extensive array of services, including concept design, technical and feasibility studies, design development, market research and turn-key project and facility management. The Tekfen Real Estate Development Group has carried out many distinctive projects to international standards for an elite clientele, and it continues to focus on upper- and upper-middle class housing development, office and shopping center projects. The groups completed projects, which stand out for concept, design and quality of construction, have won many prestigious awards in the sector. The Group also places a premium on the creation of projects that blend in with the urban fabric and that are sustainable from the design stage to management.

Other Activities

Tekfen has manufacturing, commercial and service companies in addition to those in contracting, agri-industry, real estate and finance. These include companies like Tekfen Industry, a lighting and chemical products company, Papfen, which manufactures cotton thread in Uzbekistan, and Tekfen Insurance Brokerage, which specializes in insurance solutions, and Antalya Studios, which provides film studio rental services.

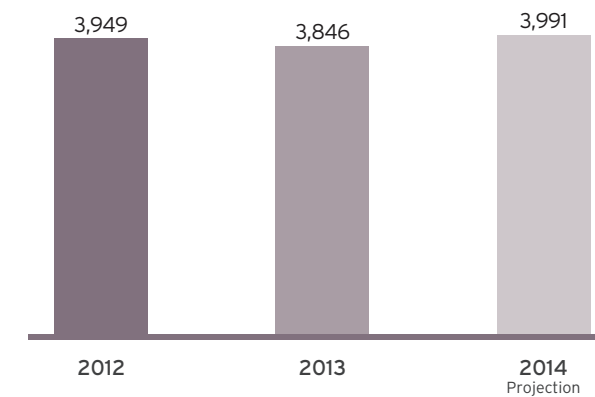
Distribution of Total Assets



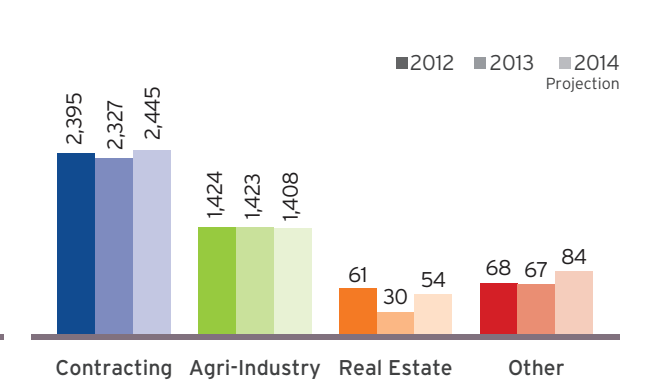
Total Assets (2013)
TRY 4,697 million

Revenues

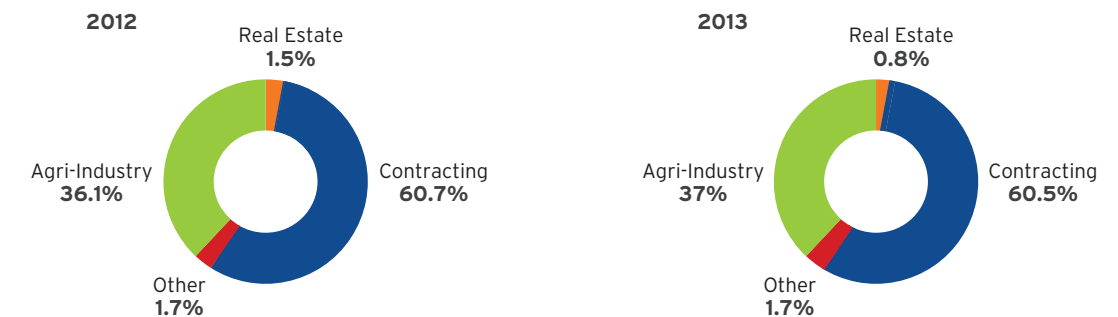
Consolidated (Millions of Turkish Lira)



Breakdown (Millions of Turkish Lira)

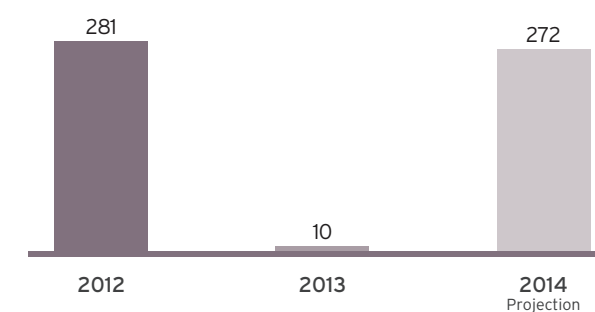


Breakdown (%)

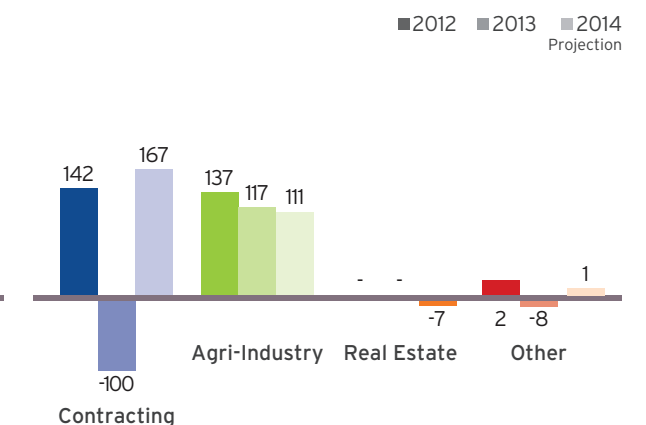


EBITDA

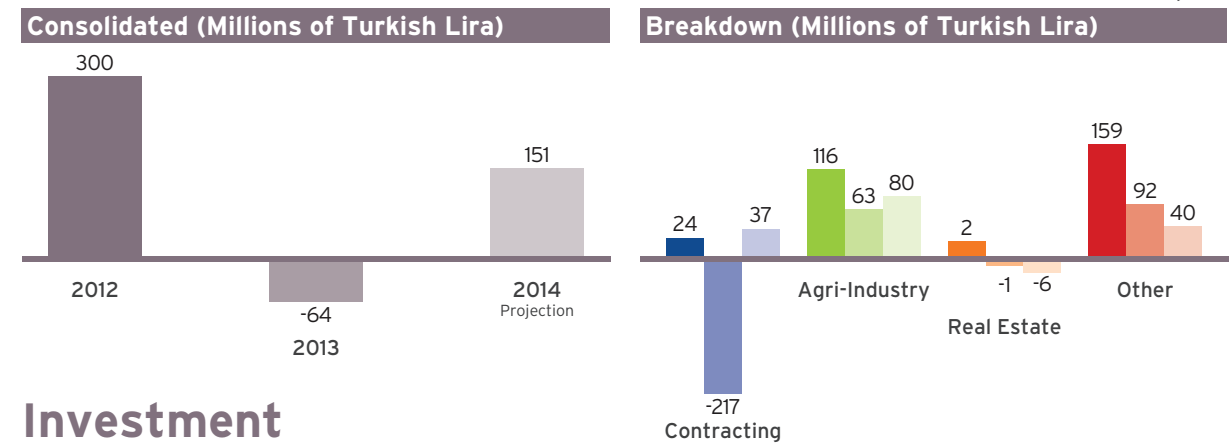
Consolidated (Millions of Turkish Lira)



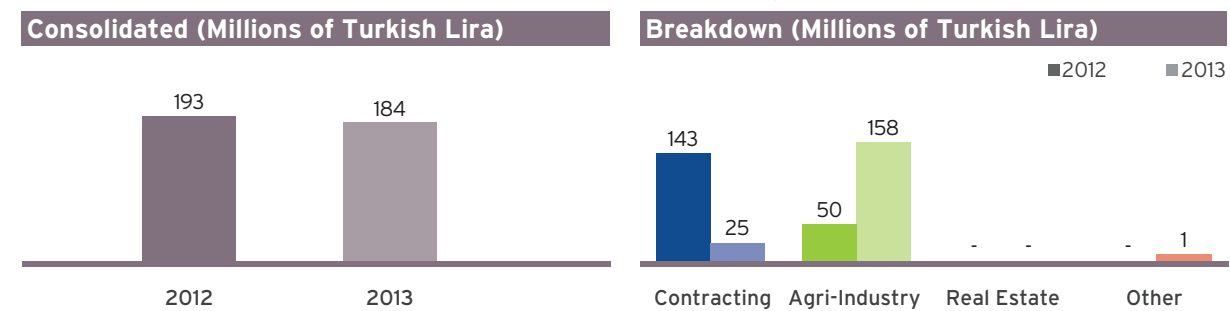
Breakdown (Millions of Turkish Lira)



Net Profit / Loss for the Year

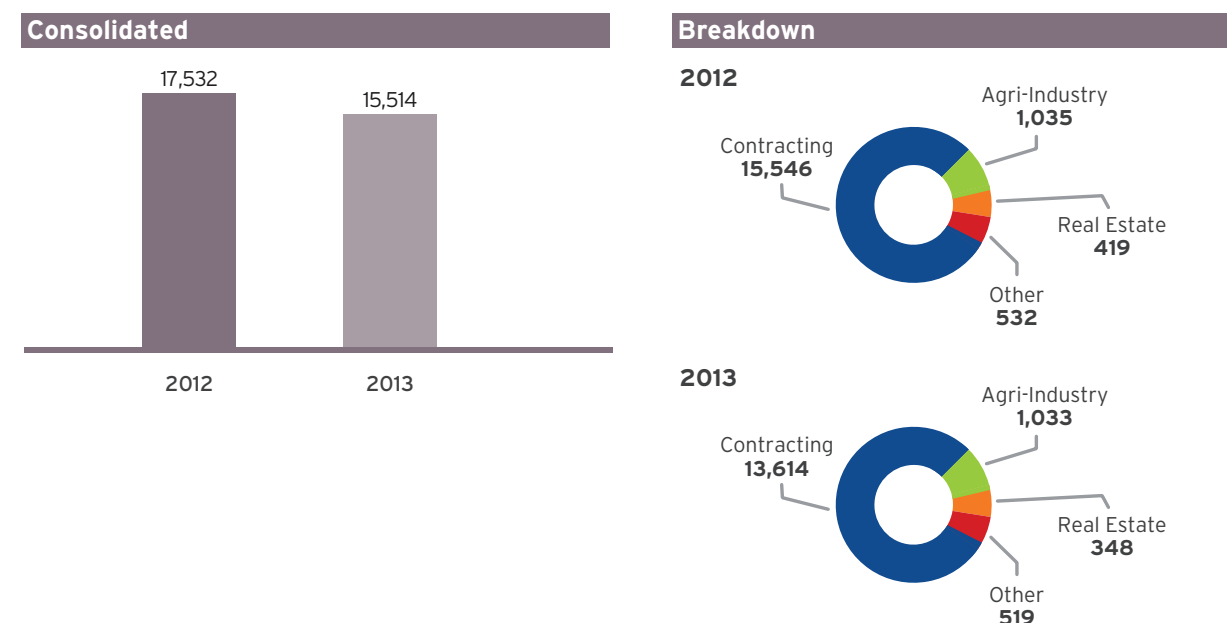


Investment



8 Countries 10 Partnerships
 39 Companies **15,514 Employees**

Number of Employees



Summary Balance Sheet

(TRY'000)

	2012	2013
Current Assets	2,967,237	3,291,454
Non Current Assets	1,162,384	1,405,966
Total Assets	4,129,621	4,697,420
Current Liabilities	1,822,073	2,326,434
Non Current Liabilities	196,283	448,789
Equity Attributable to Owners of the Parent	2,081,480	1,890,154
Minority Interest	29,785	32,043
Total Shareholders' Equity and Liabilities	4,129,621	4,697,420

Summary Income Statement

(TRY'000)

	2012	2013
Revenue	3,948,737	3,846,036
Gross Profit	385,262	127,232
Operating Profit / (Loss)	200,046	-123,547
Profit / (Loss) Before Taxation	362,641	-5,149
Net Profit / (Loss) for the Year	300,304	-63,682

Important Ratios

	2012	2013
Liquidity		
Current Ratio	1.63	1.41
Liability and Indebtness		
Total Liabilities / Equity Attributable to Owners of the Parent	0.97	1.47
Current Liabilities / Total Liabilities	0.90	0.84
Profitability		
Gross Profit Margin	9.76%	3.31%
EBITDA Margin	7.11%	0.25%
Net Profit / (Loss) Margin for the Year	7.61%	-1.66%

Message from the Board of Directors

Esteemed Shareholders,

Companies today face daunting challenges as the inevitable outcomes of globalization - intense competition and international economic interaction - create more difficult operating conditions. Global economic problems that came to the fore in 2008 continue to impact the business world.

For close to 60 years our group has always acted on the principle of "Do the job you know in the best way possible". By adopting a "focus strategy", the group has concentrated its activities in areas where it has achieved expertise at international level. Our fundamental principles and determination never to sacrifice quality today as in the past has enabled us to gain significant competition strength in our main areas of operation, continuously develop ourselves and generate new business opportunities. The corporate structure of Tekfen Holding balances and complements the operations of each company, empowering the group to withstand outside factors.

In 2013, we consider the losses suffered by our Contracting Group, which stemmed from increased costs caused by technical difficulties in some projects, in this context and not as a structural issue. We are taking measures to compensate for these unfavorable developments.

Toros Tarım, representing our group's industrial arm, maintained its strong position in the sector and posted successful results despite macro environmental challenges. In addition to the present production, distribution and sales strength of our Agri-Industry Group, its experience and pro-active approach make it a leader in its sector.

Tekfen Holding's plans are based on the concept of sustainable growth. One of the conditions of sustainable growth is the capacity to renew oneself. 2013 witnessed several important developments in this regard. Changes in senior management and the assignment of more responsibility to the younger generation, which took place after the 7 May 2013 Tekfen Holding Ordinary General Assembly, have brought new energy and momentum to our companies and group.

Tekfen Group is continuously developing itself in order to sustain its existence in an effective and profitable manner. We are taking steps to increase our competitive strength, identify early on the risks that threaten the company's existence and success and take the necessary measures, and invest in our human resources, our most valuable capital. This approach will ensure that the growth opportunities that Tekfen has gained in the past through prudent and stable policies will generate even greater opportunities for our group in the coming period.

With these sentiments and thoughts, we thank all our managers and employees for the efforts they have made in 2013 in the hope that 2014 will be a beneficial year for our employees, shareholders, business partners and country.



Ali Nihat Gökyiğit
Chairman and Managing Director



Feyyaz Berker
Vice Chairman and Managing Director

Board of Directors



STANDING FROM LEFT TO RIGHT

Dr. M. Ercan Kumcu
Board Member

Zekeriya Yıldırım
Independent Board Member

Erhan Öner
Board Member, Chief Advisor

Prof. Dr. Ahmet Çelik Kurtoğlu
Independent Board Member

Murat Gigin
Board Member

Uğur Bayar
Independent Board Member

SEATED FROM LEFT TO RIGHT

Ali Nihat Gökyiğit
Chairman of the Board and Executive Director

Cansevîl Akçağlılar
Vice Chairman of the Board and Executive Director

Işık Zeynep Defne Akçağlılar
Board Member

Prof. Dr. Emre Gönensay
Independent Board Member

Vice Chairman of the Board and Executive Director Feyyaz Berker is absent from the picture.

Message from the President



Five years on from the emergence of the global crisis in 2008, neither the Turkish nor the global economy has regained normalcy and stability.

Turkish economic growth has suffered in this period. In the aftermath of the crisis, in 2009, the economy contracted sharply and this was followed in 2010 and 2011 by a rapid upward trajectory as it struggled to recuperate from the harm the crisis inflicted. However, in 2012, there was a relative deceleration in growth, followed by a less than desirable performance in 2013. What's more, the significant increases in foreign currency and interest rates resulting from market fluctuations in late 2013 and early 2014, have already led to a downward revision of growth expectations for 2014.

This adverse situation, the dynamics of which are becoming stronger, has global roots. There have been indications and announcements that the period of monetary expansion, which started following the 2008 crisis particularly in the US, that had encouraged foreign capital to flow into developing countries like Turkey, may soon run out of steam. There is now an expectation and perception that this monetary expansion may come to an end at any time.

The second detrimental dynamic is political difficulties and unrest, particularly in Turkey's southern neighbors. Regional instability is harming Turkish exports to this region, the border trade and, therefore, production. The civil war in Syria, the global polarizations resulting from it, the arrival in Turkey of a large refugee population, problems in Iraq between the central government and the regional government in the north, and the international tensions created by Iran's nuclear program, had unfavorable political and economic effects of varying magnitudes for Turkey throughout 2013.

Finally, the political tensions experienced for various reasons throughout the year in Turkey magnified domestic and, most especially, foreign investors' perception of risk with respect to Turkey.

Turkey's economic and financial market developments were significantly affected by these dynamics in 2013. Together they caused an inadequate growth rate, a decline (albeit small) in exports, an increase in the current account deficit, and a rise in unemployment. Furthermore, the annual inflation rate climbed in excess of official target. There was major volatility in financial markets, particularly in the summer and toward the year-end, and the Turkish lira declined to its lowest value ever against the US dollar and the euro.

Looking at this period in more detail, after growing by 9.2% in 2010 and 8.8% in 2011, the Turkish economy grew by only 2.2% in 2012. In the first nine months of 2013, it grew by 4%. It was apparent that the growth of exports of goods and services that had made a significant positive contribution to total growth the preceding year had stagnated in the January-September 2013 period.

Weak economic growth meant that the growth in employment opportunities lagged behind the rise in demand for jobs, causing unemployment to rise from 9.2% in 2012 to 9.7% in 2013.

Inflation also rose in 2013. The annual Consumer Price Index inflation climbed from 6.16% at the end of 2012 to 7.40% at the end of 2013, outstripping the Central Bank's 5% target.

The large current account deficit created a particularly strong upward pressure on foreign exchange rates, especially in the periods of growing economic

and political risk perception. The US\$/TRY exchange rate rose from 1.78 at the end of 2012 to 2.13 at the end of 2013, while the €/TRY rate rose from 2.35 to 2.94 in the same period. This amounts to a US dollar appreciation of about 20% and a euro appreciation of about 25% against the lira.

Within the framework of this macro situation Tekfen Group's 2013 financial performance fell short of its targets in 2013.

In 2013, Tekfen Group's revenues were TRY3,846 million; earnings before interest, taxes, depreciation and amortization (EBITDA) were TRY10 million, and the Group registered a net loss of TRY64 million. At the end of 2013, Tekfen Group had assets of TRY4,697 million and equity capital of TRY1,922 million.

Tekfen Contracting, which constitutes one of Tekfen Group's two main business areas, posted revenue of TRY2,327 million, about the same as the previous year. Nevertheless, the Contracting Group had net losses of TRY217 million due to unexpected cost increases in projects, especially in Morocco and Turkmenistan. In contrast, the Contracting Group undertook new work valued at approximately US\$2.2 billion in 2013. As a consequence, the Group's backlog, which was US\$2 billion at the end of 2011 and US\$2.2 billion at the end of 2012, reached US\$3 billion at the end of 2013. Given the newly acquired work and our expectations regarding the favorable evaluation of the claims we presented to the clients of our projects at loss, the Group is optimistic about the upcoming period and aims for a better year in 2014, especially in terms of profitability.

Tekfen Agri-industry Group, which accounts for Tekfen's other major business area, had a successful year in 2013 with revenues of TRY1,423 million and net profit of TRY63 million. It is noteworthy that the Agri-industry Group achieved significant profit despite rising raw material costs largely created by the increase in foreign exchange rates. Significantly, given the unfavorable macroeconomic situation, the Agri-industry Group made progress in 2013 on its major investment, decided the previous year, at Toros Tarım's Samsun Plant. This US\$300 million-investment, scheduled for completion by the end of 2014, will ensure raw material supply and reduce production costs.

The Real Estate Development Group concentrated on two major projects in 2013. The first was the Istanbul Esenyurt Project, a large-scale housing project for which preliminary construction began in December 2013. The second was the Izmir Mixed-Use Project (housing-office-commercial), a joint venture with Rönesans Group, whereby construction works are scheduled to start in 2014. As both projects are in their initial stages, there is no major revenue or profitability for the Real Estate Development Group to report in 2013. Indeed, the Group announced revenues of TRY30 million and a net loss of TRY1 million in 2013.

Tekfen Group intends to significantly improve its performance in 2014, particularly with regards to profitability. Our biggest supporters in reaching these goals will be our employees, business partners, investors, customers and our founding partners, and I would like to extend my sincere appreciation and regards to all of them.

A handwritten signature in black ink, appearing to read 'Osman Birgili'.

Osman Birgili
Tekfen Group of Companies President



Contracting Group

TEKFEN CONSTRUCTION AND INSTALLATION CO., INC.

TEKFEN ENGINEERING CO., INC.

TEKFEN MANUFACTURING CO., INC.

HALLESCHE MITTELDEUTSCHE BAU-A.G. (HMB)

AZFEN J.V.

CENUB TIKINTI SERVIS ASC

GATE CO., INC.

TGO J.V.

FROM LEFT TO RIGHT

Osman Birgili, CEO - Tekfen Holding / Vice Chairman - Tekfen Construction, Tekfen Engineering, Tekfen Manufacturing

Gürbüz Alp Kireç, Vice Chairman - Tekfen Construction, Tekfen Engineering, Tekfen Manufacturing

Ümit Özdemir, Chairman - Tekfen Construction, Tekfen Engineering, Tekfen Manufacturing

Tunç Şarman, General Manager and Board Member - Tekfen Manufacturing

Levent Kafkaslı, General Manager and Board Member - Tekfen Construction

Alparslan Güre, General Manager and Board Member - Tekfen Engineering

Profile

Tekfen Contracting Group, a global representative of the Turkish contracting sector, is Tekfen Holding's flagship in terms of revenues. The Group's principle company, Tekfen Construction and Installation, specializes in petroleum, gas and petrochemical facilities, pipelines, land and marine terminals, off-shore platforms, tank farms, oil refineries, pumping stations, power plants, and highway, subway, bridge and tunnel construction, electrical and instrumentation projects, infrastructure projects, production facilities, commercial and technical building complexes and major sports complexes.

Tekfen Construction provides its clients with turn-key solutions encompassing engineering, procurement and construction (EPC) in most of these areas.

Tekfen Contracting Group operated in eight countries on two continents in 2013. By the end of the year it had an active backlog of US\$3 billion. The Group's portfolio is concentrated on three main regions - the Caspian, the Middle East, and North Africa - and it encompasses Azerbaijan, Kazakhstan, Turkmenistan, Saudi Arabia, Qatar, the UAE and Morocco, besides Turkey.

The Group's portfolio is concentrated on three main regions - the Caspian, the Middle East, and North Africa - and it encompasses Azerbaijan, Kazakhstan, Turkmenistan, Saudi Arabia, Qatar, the UAE and Morocco, besides Turkey.

Alongside Tekfen Construction, Tekfen Contracting Group includes Tekfen Engineering, which provides engineering design, project management and consultancy services, and Tekfen Manufacturing, which specializes in the manufacture of process equipment and storage tanks. The Tekfen Contracting Group also has various investments and partnerships in Germany and Azerbaijan.

It was ranked 85th for international business portfolio on the Engineering News Record (ENR) 2012 list of the world's largest international contracting companies.



2013: A General Overview

Despite signs of slow recovery in the developed economy in 2013, the global economic situation remained volatile and fragile. US economic growth, albeit small, raised hopes that economic stagnation had passed. In contrast, while there was gradual improvement in the eurozone, 2013 was haunted by the risk of a decline. On the other hand, though China's performance was weak in 2012, it reached its target growth rate in 2013, once again becoming the locomotive of the global economy.

In addition to the stagnation in the developed economies in recent years, political uncertainties and conflicts in the Middle East and North Africa continued to have a detrimental impact on the construction sector. Nevertheless, the sector kept growing in 2013. It currently accounts for 13% of global GDP. According to the Global Construction Perspectives and Oxford Economics' Global Construction 2025 report, the construction sector is expected to outpace GDP in the near future, to take a 15% share of global economic revenues. Thus, the sector is expected to rise from its current US\$7.2 trillion level to US\$12 trillion in the next 12 years. Infrastructure projects in developing countries are expected to continue to attract a major part of construction investment.

While the Turkish contracting sector aims to continue expanding its share of this growing market, rising competition poses the greatest threat to international contracting services. According to a Turkish Economy Ministry announcement on 1 October 2013, over the past 41 years, Turkish contractors have undertaken 7,261 projects in 102 countries totaling US\$260 billion. In 2013 alone, Turkish contractors had projects in 45 countries totaling US\$31.3 billion, the first time the value of construction projects exceeded the US\$30 billion mark. Similarly, the volume of international projects in a single year reached a record high.

Engineering News Record's (ENR) listing of the Largest International Contractors on the basis of revenues was expanded from 225 to 250 companies in 2013. The number of Turkish companies listed grew from 33 in 2012 to 38 in 2013. In country terms, Turkey was second only to China for the number of companies on the ENR list.

On the other hand, the share of Turkish contractors on the ENR list in terms of revenues has declined in recent years. While Turkey was second in number of companies on the ENR list, it was only 10th in

terms of revenues for 2012. In addition to Turkish contractors' limited capacity to provide EPC turn-key-based service, their relatively weak revenue is attributable to the political unrest in the Middle East and the resulting decline in Turkish companies' share in the region.

On a country basis, Turkish contractors had the greatest number of projects in 2013 in Turkmenistan, with 60 projects valued at US\$10.5 billion. Russia followed (US\$5.6 billion), then Azerbaijan (US\$2.8 billion), Iraq (US\$2.1 billion), and Kazakhstan (US\$1.8 billion). The average project cost of US\$60 million in 2012 rose to US\$83.7 million in 2013. In 2013, Turkish contractors undertook projects for the first time in Southern Sudan and Senegal. Africa has a high potential and has become an arena of stiff competition due to the rush for market share following the global crisis.

Current difficulties in acquiring project financing, particularly from European banks, due to monetary restrictions, are expected to grow. Under these conditions, a decline in profits and a rise in costs in the sector are inevitable. (Source: Central Bank of Turkey, "İnşaat Sektörü Analizi [Construction Sector Analysis]," October 2013).



Azerbaijan State
Oil Company
SOCAR Tower
Building
Azerbaijan

In 2013 alone, Turkish
contractors had projects
in 45 countries totaling
US\$31.3 billion,

Our Activities in 2013

Tekfen Construction

In 2013, signs of relative economic improvement in developed countries began to emerge. On the other hand, with the possibility of the US Federal Reserve tapering its bond issues, rapid growth in developing countries began to be replaced by apprehension. Despite this context of fluctuation between optimism and pessimism, the construction sector had a productive year because petroleum price levels encouraged investment.

Tekfen Construction added new projects to the value of US\$2.2 billion to its portfolio and generated revenues of TRY2,327 million in 2013 in spite of unexpected cost increases, particularly in the Phosphate Slurry Pipeline Project in Morocco, and the failure of some projects to generate the profits anticipated. At year's end, the Group had a backlog of US\$3 billion.

One of the year's most important developments was in Azerbaijan, where a significant part of Tekfen Construction's revenues are generated. In addition to the completion and sail away of the West Chirag Offshore Platform, a contract for two new offshore platforms was concluded as part of the Shah Deniz Phase-2 Project. Similarly, Tekfen Construction's portfolio grew with the construction and assembly of the Sangachal Land Terminal Facilities, which are to be built as part of the Shah Deniz Phase-2 Project. Tekfen's share of these new contracts, which have a total cost of nearly US\$2 billion, is US\$1.1 billion. These projects have made Tekfen's presence in Azerbaijan even stronger. Remaining in the

Caspian region, the Galkynysh Gas Field Project in Turkmenistan is expected to be completed at the beginning of 2014.

The Middle East, one of Tekfen Construction's traditional regions of operation, retained its importance for the Company in 2013. Tekfen Construction finalized the additional works on the Ma'aden Fertilizer Complex in Saudi Arabia, thereby bringing the project to full completion. Work on the Propylene Oxide Processing Unit being built for the Sadara Chemical Company is continuing. In Qatar, which abounds with opportunities and stiff competition, work expanded further in 2013 with additions to the North Road Project, which was begun in 2012. The cost of this project, which is expected to continue till the end of 2015, is likely to increase, as well.

Iraq is promising for Tekfen. As stability in the country improves, the Company's operations there will expand. Similarly, we are optimistic that half-finished projects will be completed in Libya and operations will be resumed.

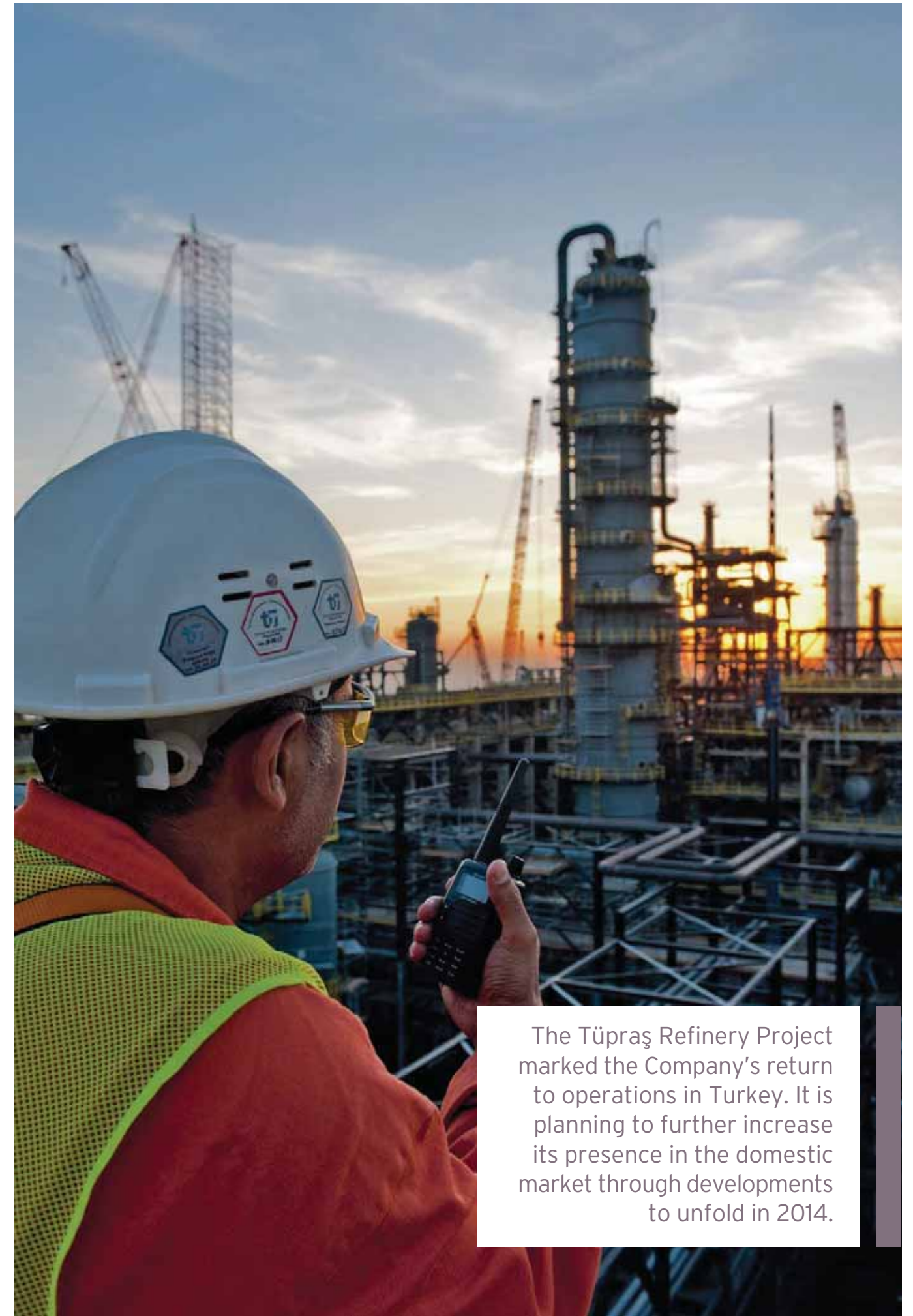
Tekfen Construction's portfolio has been heavily weighted towards projects abroad for many years. However, the Tüpraş Refinery Project marked the Company's return to operations in Turkey. It is planning to further increase its presence in the domestic market through developments to unfold in 2014. Tekfen is closely monitoring the Star Refinery project, in which SOCAR is a major partner,



"Competition is becoming increasingly heated. As Tekfen Construction, we aim to strengthen our position by taking on projects that are technically more challenging, therefore attract less competition and by entering new markets. While the Middle East and the Caspian Region retain their importance, we are closely monitoring developments in Africa, which offers new horizons."

Levent Kafkasli

Tekfen Construction / General Manager



The Tüpraş Refinery Project marked the Company's return to operations in Turkey. It is planning to further increase its presence in the domestic market through developments to unfold in 2014.

and the Trans-Anatolian Natural Gas Pipeline and Compressor Station Project (TANAP), as these are two giant projects that hold great promise for the Company. Tekfen Construction wants to strengthen its presence in Turkey by participating in major projects in its area of specialization.

As an international contractor with know-how, technical capacity and trained personnel capable of taking on the most difficult projects in its field, Tekfen Construction's strategic priority is to expand the geography where it operates. In this respect, Russia and Africa are key locations. The sought-after expansion must be carried out with care and control given the fluctuating social, political and economic context.

Having embraced the philosophy of controlled growth since its founding, Tekfen aims to diversify its operations through a model of steady growth, without compromising its values or its concept of quality.



As an international contractor with know-how, technical capacity and trained personnel capable of taking on the most difficult projects in its field, Tekfen Construction's strategic priority is to expand the geography where it operates.



COP-WC-PDQ
Platform Topside and
Drilling Facilities and
Integration of Living Quarters
Azerbaijan

Caspian Region

The Caspian Region has the third largest petroleum and natural gas reserves in the world after the Middle East and Russia and its importance in the global energy market is growing. It is one of Tekfen Construction's major areas of operation. The countries in the region provide wide-ranging prospects for the international contracting sector because of their major energy projects and infrastructure investments. Tekfen Construction is strengthening its presence in the region, where it has operated for many years, through strategic local partnerships and investments in facilities.

Azerbaijan, one of the most important actors in this region, is Tekfen Construction's regional center of operations. Tekfen first arrived in the country at the beginning of the 1990s. Since 1996, it has completed or is currently working on 18 projects valued at US\$3.45 billion. The Sangachal Terminal is part of what has been billed as the Project of the Century, the Baku-Tbilisi-Ceyhan (BTC) Oil Pipeline, and it is one of the most important projects Tekfen has been involved in in Azerbaijan. Tekfen has also been responsible for the construction of the project's land and sea terminals in Ceyhan, Turkey. In addition, the Company has built three petroleum platforms for the Azeri-Chirag-Güneşli (ACG) Petroleum Field.

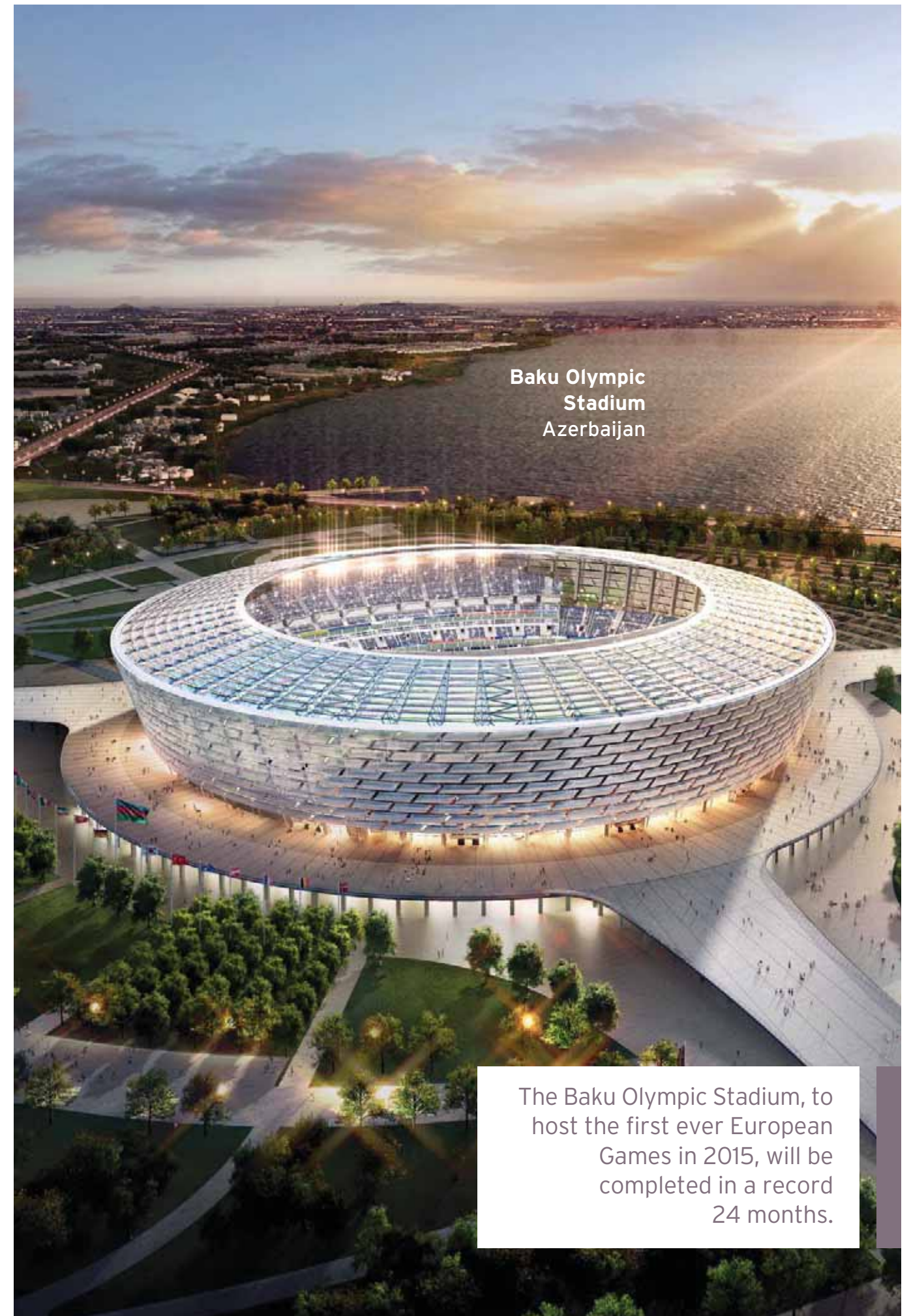
Tekfen, having completed the 18,500-ton West Chirag Offshore Platform in September 2013, is closely monitoring the Shah Deniz Phase-2 project, which will increase the capacity of Azeri gas. In December 2013, Tekfen concluded a contract with BP Exploration (Shah Deniz) for two new offshore platforms weighing a total of 26,442 tons and a bridge to link them for the Shah Deniz Phase-2 project. Tekfen Construction, together with its participation in Azfen, its local partner, has a share of about US\$496 million in the project, which is budgeted at close to US\$975 million.

Tekfen Construction, within the framework of the Tekfen-Azfen Consortium, concluded yet another contract with BP Exploration for the construction and assembly of the Sangachal Land Terminal, which is similarly part of the Shah Deniz Phase-2 Project. Tekfen Construction's share of the nearly US\$1 billion budget is approximately US\$621 million. With these two major projects signed in the final days of 2013, the Company's total volume of business in the country reached US\$3.45 billion.

Another project Tekfen launched in Azerbaijan in 2013 was the 68,000-spectator Baku Olympic Stadium. Tekfen Construction is responsible for the construction and general project planning services of the project. The project value of the venue, the contract for which was signed on 27 February 2013, was initially planned as US\$640 million. The Olympic Stadium, which is of great importance to Azerbaijan as it will host the European Games, being held for the first time in 2015, will be completed in a record 24 months. Set to become a symbol of modern Baku, the project consists of a total construction area of 496,000 m², of which 204,000 m² is covered.

Tekfen Construction's work on the SOCAR Tower, the Baku headquarters of the State Oil Company of Azerbaijan, continued in 2013. The completion date of the project, with a contract cost approaching US\$300 million, was initially 31 May 2014. However, a supplemental agreement to accommodate client requests for modifications led to a revised completion date of 30 September 2014. Once completed, the 205 meter tall, 40-storey SOCAR Tower, which has a construction area of 100,000 m² on 50,000 m² plot, will be the tallest building in Baku. Containing conference halls, cafeterias, restaurants and support units, as well as offices, the building will be one of the most prominent structures on the city's skyline.

Turkmenistan is another Caspian country where Tekfen Construction has operations. The mechanical component of the Galkynysh Natural Gas Field Development Project, under construction for the major contractor Petrofac, was completed on schedule on 31 May 2013. The project, launched in 2011, involves the cleaning and purification of raw natural gas from wells in the vicinity of South Yoloten and the piping of useable gas to foreign markets. 10 billion m³ of natural gas will be processed annually at the facilities. Given the project management's expressions of satisfaction with Tekfen, the Company expects to receive similar projects in the country, whose importance for natural gas investments has grown.



Baku Olympic Stadium
Azerbaijan

The Baku Olympic Stadium, to host the first ever European Games in 2015, will be completed in a record 24 months.

Baku Olympic Stadium
Azerbaijan



The Middle East

The Middle East's oil and natural gas resources make it one of the largest markets for international construction companies. It is also an arena of strong competition, particularly when oil prices are high and there is increased demand for infrastructure projects. Moreover, the development of a local construction sector in many Middle Eastern countries has added a new dimension to the region's dynamics. The Middle East has historically been one of Tekfen Construction's most important markets, so a high volume of the Company's business occurs there. Tekfen aims to strengthen its presence in the market by submitting proposals for high-quality projects for which there is relatively low competition.

Tekfen Construction's work on the Propylene Oxide Processing Unit, which began in 2012 for the Sadara Chemical Company in Saudi Arabia, continued according to plan in 2013. The facilities, which are part of the huge Sadara Petrochemical Complex under construction in the Jubail Industrial Field on the country's east coast, are scheduled for completion at the beginning of 2015. Efforts are underway to expand involvement in the project by securing a share of other facilities planned for the complex.

The additional phosphoric acid storage tanks at the Saudi Arabian Ma'aden Fertilizer Complex, which was completed and delivered in 2011, were delivered to the client in 2013. Tekfen was responsible for the design of the six 16-meter diameter and 10-meter high phosphoric acid tanks, the procurement of supplies, the manufacturing of its parts, and the construction work on the tanks.

Tekfen's presence in Qatar has grown considerably in recent years. Both the North Road and the Ceremonial Road projects were mostly completed and delivered in 2013. Work continued on the 95-km North Road Side Roads and Additional Junctions Project, - an ever expanding continuation of the same highway project. The project, which is scheduled for completion at the end of 2015, is expected to reach nearly US\$800 million with additions.

The 92-km pipeline to transport degasified oil from the Shah, Asab and Sahil regions of Abu Dhabi, in the UAE, was completed on 25 March 2013.

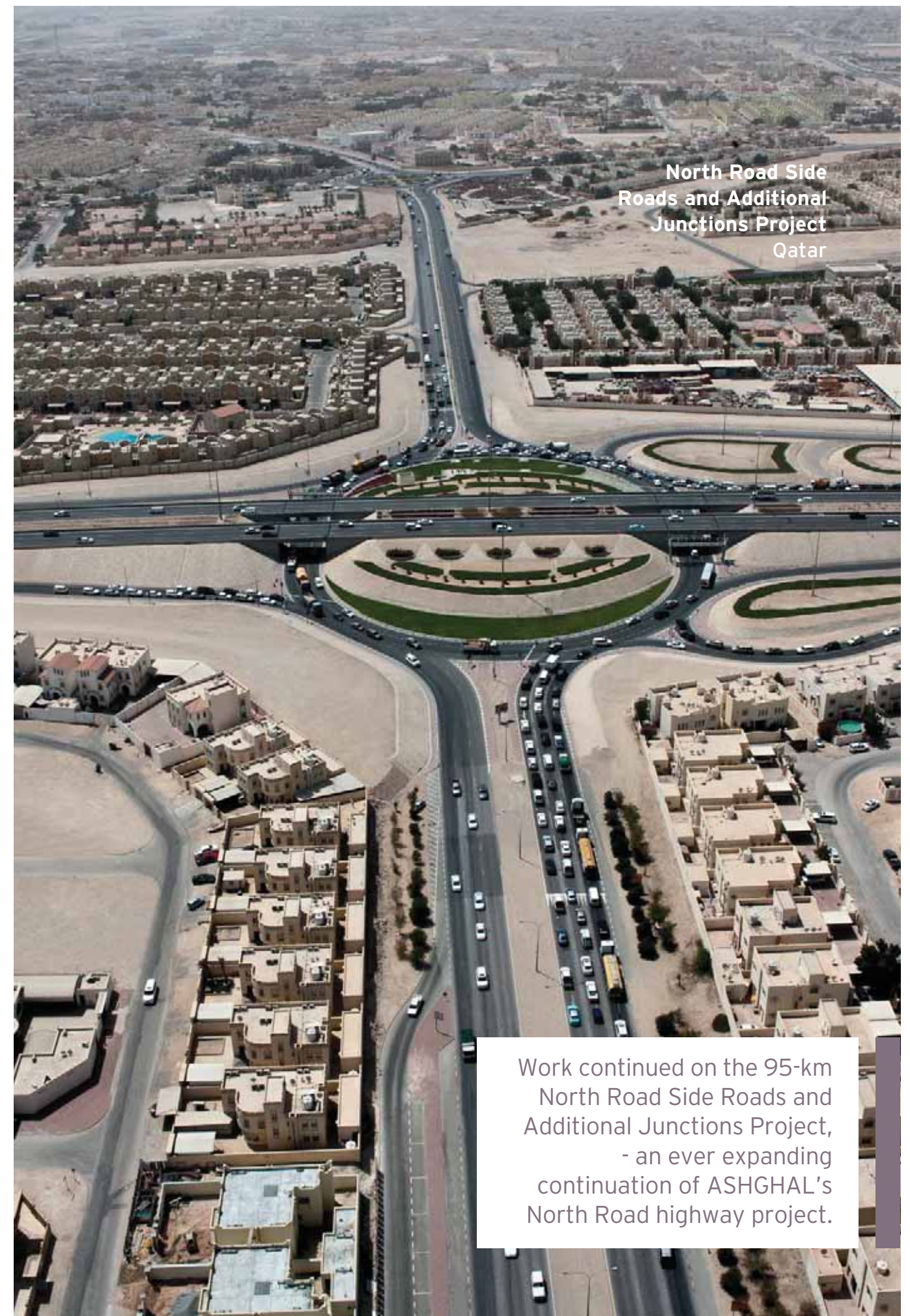
While security concerns have limited Tekfen's volume of business in Iraq, the country will continue to hold a place in the Company's portfolio.

Tekfen Construction is currently negotiating for various projects there. The contract for the general project management and engineering services that Tekfen Construction, together with Tekfen Engineering, began in 2010 for the BP, CNPC and SOC Consortium in the Rumaila oilfield in the Gulf of Basra continued in 2013. These services are expected to grow as the Iraqi government makes investment decisions in 2014.

North Africa

Tekfen Construction has done business in North Africa since 2004. However, as a region strongly affected by the Arab Spring, stability there remains elusive. The Company is seeking restoration of its operations in Libya, which came to a halt with the conflict that started at the beginning of 2011. Negotiations continued with Libyan authorities to resume work on the Al Kufra-Tazerbo section of the Man Made River project, which will transport ground water from the Sahara Desert through huge 4-meter diameter pipes to residential areas on the Mediterranean coast. Hopes are rising that outstanding amounts and compensation for damages will be paid and that partially completed projects will be finished.

Tekfen has carried out significant projects in Morocco. Among the most recent of these projects are the two diammonium phosphate (DAP) fertilizer plants, each with an 850,000-ton annual capacity, which were completed and delivered to the client on 31 May 2013. Construction of the pipeline to carry slurried phosphate ore extracted from mines in the Khouribga region to Jorf Lasfar port on the Atlantic coast was mostly completed. The goal is for the project to be mechanically complete by the end of February 2014 and for it to become operational by the end of April 2014.



North Road Side Roads and Additional Junctions Project
Qatar

Work continued on the 95-km North Road Side Roads and Additional Junctions Project, - an ever expanding continuation of ASHGHAL's North Road highway project.



DAP
(Diammonium Phosphate)
Fertilizer Plant
Morocco

Turkey

For many years, Tekfen Construction's operations have been heavily weighted towards projects abroad. However, an increase in the number of new projects in Turkey in Tekfen's field of specialization has contributed to a growth in domestic operations since 2012. Its first major contracting job in Turkey after a lengthy hiatus is the Tüpraş Residue Upgrading Project (RUP). The contract for this US\$501 million agreement was signed with the project's principle contractor, Técnicas Reunidas of Spain, at the end of 2011. The project, which is progressing according to plan, involves the breakdown of low-grade fuel oil, heating fuel and similar heavy-grade products obtained through the refining of oil at the Izmit Refinery and its transformation into high-value products like LPG and gasoline. Tekfen is responsible for the construction and assembly of the RUP unit, the scheduled completion of which is September 2014.

Another domestic project for Tekfen Construction is the Samsun Production Plant owned by its sister company, Toros Tarım. The project is for a 2,200-ton/day capacity sulphuric acid facility, expansion of the production capacity of the two existing phosphoric acid facilities to 200,000 tons/year, and the renovation of the existing NPK facilities. Through this investment, which begun in 2012, Toros Tarım will be able to make, rather than import, the sulphuric acid it needs for the production of phosphoric acid, a vital raw material for fertilizer, and thus to achieve significant energy savings. This is an EPC-turnkey project and it is scheduled for completion at the end of 2014.

Tekfen Construction has been responsible for repairs and maintenance of the Turkish section of the Baku-Tbilisi-Ceyhan Crude Oil Pipeline since 2009. Throughout 2013, the BTC Repairs Project received regular orders, which were completed according to schedule. In addition, a three-year Repair Contract for the BTC Pipeline, for which a tender was held, was signed on 11 September 2013. The project, which is expected to bring in US\$136 million, will be carried out, as before, through gradual work orders issued by management. The first work orders are expected to be received at the beginning of 2014.

The Çiftehan-Pozantı Highway has been under construction for about 15 years. Previously scheduled for completion on 31 December 2013, the project was again extended because of the client's additions and the revised completion date is February 2015.

Domestic oil, natural gas and energy investments expected in the near future promise to increase Tekfen's opportunities to expand further the number of projects it has in Turkey. The Star Refinery, a 10 million-ton/year capacity crude oil facility being established by SOCAR in Izmir Aliağa, presents significant business potential for Tekfen Construction. It is hoped that the productive partnership Tekfen Construction has enjoyed at Tüpraş with Técnicas Reunidas, the leader of the partnership that is going to build the Star Refinery, will carry forward to this project. Tekfen Construction is also interested in the Trans-Anatolian Natural Gas Pipeline (TANAP) project, for which a memorandum of understanding was signed at the end of 2011 followed by an intergovernmental agreement in June 2011. New business prospects for Tekfen Construction are expected to be created in Azerbaijan and Georgia. The project is to take five years and cost US\$7 billion.

Toros Tarım Sulphuric Acid,
Phosphoric Acid and
NPK Plants
Samsun



Tekfen Construction is the EPC-turnkey contractor of a US\$300 million-investment by Toros Tarım, its sister company, at Toros' Samsun Facilities.



Tüpraş İzmit Refinery,
Residue Upgrade Project
İzmit

HSE - Accident-Free Performance - Training

Tekfen Construction is a reliable partner with a sense of social responsibility. It strives to minimize the risk of harm to its personnel, third parties, the environment and property while maintaining quality performance. It places a priority on social benefits and emphasizes quality, health, safety and the environment (HSE) in its operations, which meet international standards. The Company's goal is to be worthy of the confidence of its clients and shareholders, to raise company profits, and to have influence in the international contracting market. To do this, it implements an effective HSE policy.

At its 15 projects in eight countries in 2013, a total of 53.466 million man-hours were logged and no fatal work accidents were recorded. Ten accidents involving man/hours loss occurred in 2013, resulting in a loss of 317 workdays. Training and supervision, a vital component of the HSE policy, has contributed to a steady decline in the Accident Frequency Rate over the years. The 0.187 accident rate attained in 2013 is similar to the rates of other international companies operating in similar fields of business and represents an excellent work safety performance.

Tekfen Construction strictly applies its HSE policies at all levels within the Company. Human error and inappropriate practices are the main causes of accidents. Therefore the Company places great importance on both theoretical and practical training. In 2013, it devoted 562,163 man-hours to HSE training. In other words, 1.05% of total working time (Total Training Rate) was spent on training.

Tekfen Construction constantly strives to reduce work accidents and the environmental risks inherent in its operations. A central part of this is its Total Quality Management System, which integrates the ISO 9001:2008 Quality Management, the OHSAS 18001:2007 Occupational Health and Safety Management and the ISO 14001:2004 Environment Management System certifications. The Company and management systems are audited by independent accreditation organizations on a continual basis and improvement programs are implemented.

Tekfen Construction was rewarded with numerous awards by its clients in 2013 for its excellence in safety.

Tekfen Construction is a reliable partner, with particular attention to quality, health, safety and the environment (HSE) in its operations, which meet international standards.

Tekfen Construction's accident-free projects in 2013 include:

Galkynysh Gas Field Development Project (Turkmenistan)	23 million man-hours
West Chirag Platform (Azerbaijan)	20 million man-hours
DAP (Diammonium Phosphate) Fertilizer Plant (Morocco)	10 million man-hours
Baku Olympic Stadium (Azerbaijan)	6.4 million man-hours
Rumaila Project (Iraq)	3.5 million man-hours
BTC Project (Turkey)	2.6 million man-hours
North Road Project (Qatar)	2 million man-hours
Propylene Oxide Processing Unit (Saudi Arabia)	1.7 million man-hours



Fabrication Yards

Tekfen Ceyhan Steel Structure Fabrication Plant

The Tekfen Steel Structure Fabrication Plant started operations in 1993 to fabricate and erect steel structures for Tekfen Construction's, mostly foreign, operations. For nearly 20 years, it has met Tekfen's need for steel structures for refineries, petrochemical complexes, power stations, sea terminals, oil and gas platforms, bridges, viaducts and other such projects. The Ceyhan Steel Structure Fabrication Plant has a 30,000 m² covered area, five production workshops, open and covered storage areas, administrative offices and social facilities. It has the capacity to meet the specific needs of all projects undertaken by the Group. Since 2004, the plant has also manufactured noncorrosive, duplex, super duplex and carbon steel pipe using its modern equipment. The Plant has an annual production capacity of approximately 30,000 tons. Since its establishment, the Ceyhan Steel Structure Fabrication Plant has produced in excess of 230,000 tons of steel and steel structures.

The plant also has a welding training school to meet Tekfen Construction's need for qualified technicians. Welders trained by the school are internationally certified and are readily hired by construction sites where their skills are needed. The fabrication yard is accredited with the ISO 9001:2008 Quality Management System, the ISO 14001:2004 Environmental Management System, the OHSAS 18001:2007 Occupational Health and Safety System, and the EN ISO 3834-2 Welding Works Quality Management Certificate.

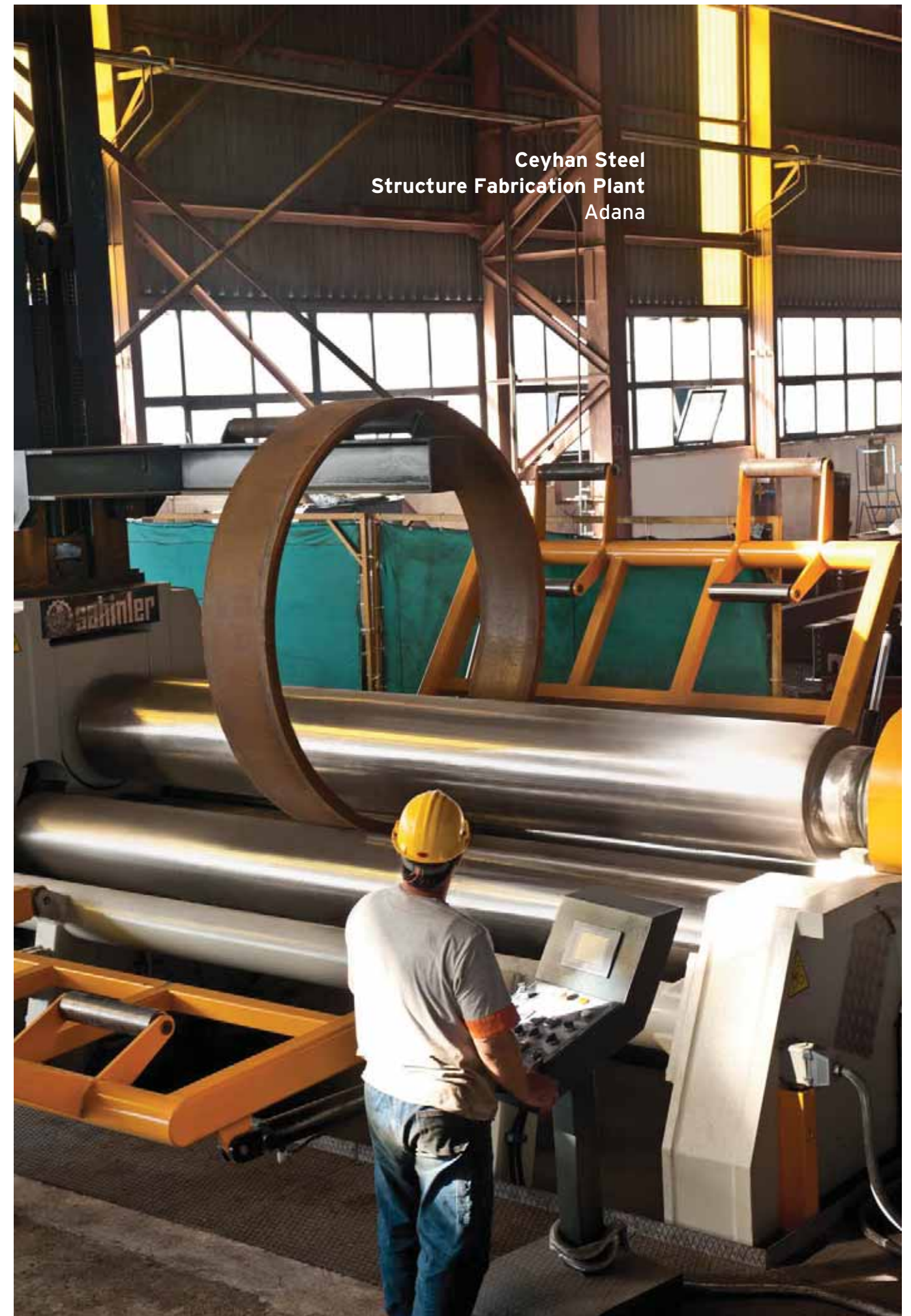
In addition to the manufacturing it does for Tekfen Construction, the Ceyhan Steel Structure Fabrication Plant has been fabricating oil platform modules for Brazil since 2009. Through a contract concluded in 2012 with the OSX Shipyard in Brazil, 5,338 tons of steel were produced and shipped in parts. The project was completed when the final part was shipped in April 2013.

Similarly, the Company signed a contract with EBR Estaleros do Brasil Ltda. in July 2013 for the fabrication of eleven P76 floating steel platforms with a combined weight of 2,849 tons. It also concluded a contract for P76 floating platform modules with the Technip (France)-Techint (Italy) partnership in August 2013. These projects are scheduled for completion and delivery in 2014. Negotiations are continuing with other companies in Brazil for new floating platform projects.

Tekfen Bayil Steel Fabrication Plant (Baku-Azerbaijan)

Tekfen Construction acquired the Baku-based Cenup Tikinti Servis (CTS) steel fabrication plant through privatization and implemented extensive modernization investments. The acquisition largely supports Tekfen Construction's Caspian region operations by meeting its needs for off-shore platforms and fabrication of modules. CTS's experience in oil platform projects has opened a new area of business for Tekfen.

The 18,500-ton West Chirag Platform, which was completed at the Bayil Steel Fabrication Plant, sailed away in September 2013. Anchoring the platform to the seabed on 170-m steel abutments, which were transported and assembled by others, was also completed. A contract for the construction of two new offshore platforms and a connecting bridge immediately following the completion of this project was signed with BP Exploration (Shah Deniz) as part of the Shah Deniz Phase-2 project. This project will take Azeri gas to Turkey and then onwards to Europe. The two platforms, which will have a total weight of 26,442 tons, will be made simultaneously at the Bayil Steel Fabrication Plant.



Tekfen Engineering

Tekfen Engineering, one of Turkey's leading engineering companies, was founded in 1984 under the Tekfen Contracting Group, with the aim to handle the engineering side of the engineering-procurement-construction (EPC) turnkey triangle. Tekfen Engineering's technical capabilities and experience are particularly focused on industrial plants and infrastructure projects, but its scope extends to a wide range of other types of projects, including oil and gas facilities, highways, power plants, and rail transport systems. Tekfen Engineering, which incorporates such areas of specialization as process engineering, instrumentation, control system and model design, is continually acquiring experience. It is restructuring in line with the Contracting Group's goal of being an EPC contractor and it is developing its workforce accordingly.

Tekfen Engineering created revenues of US\$23 million in 2013.

Tekfen Construction projects were among Tekfen Engineering's most important foreign operations in 2013. These include the SOCAR Tower and the Baku Olympic Stadium. Tekfen Engineering will provide the engineering services for the two offshore platforms Tekfen Construction is to build for BP Exploration in 2013. In the past, platform engineering services were provided by AMEC. That Tekfen Engineering is contributing a major part of the engineering services of these two platforms is an exciting development for the Contracting Group as well as it is an important opportunity to open new horizons to the Company.

While detailed field engineering works continue in the Rumaila Oilfield in Iraq, the project did not reach anticipated dimensions because of investment decision delays. Efforts to develop new markets abroad for engineering services, particularly in Saudi Arabia, are ongoing.

Tekfen Engineering is a solution partner on the Tüpraş RUP project. The engineering services provided to Tüpraş in 2013 contributed greatly to the Company reaching its revenue targets and to enhancing its competence and reputation in the oil and refinery sector. Tekfen Engineering aims to take advantage of this experience and to become a solution partner of the Star Refinery SOCAR is to establish near Izmir.

Another important project in 2013 was the FEED design prepared with Tractabel as part of the BOTAŞ LNG Terminal Expansion project. The work for this project was completed successfully and negotiations to take part in the construction stage of the same project as project management contractor are underway.

Tekfen Engineering is keeping abreast of energy projects and looks forward in 2014 to increasing its activities in this area through developing its partnerships with investment groups.



"The future of Turkish contractors rests with EPC projects. With EPC comes a guarantee of performance, achieved through competent engineering and the use of advanced technology. In the global competitive arena, growth is achievable only through engineering prowess and state-of-the-art equipment. Tekfen Engineering, particularly with its progress and pace of growth in recent years, is a firm foundation for the Contracting Group's EPC projects."

Alparslan Güre

Tekfen Engineering / General Manager



Tekfen Manufacturing and Engineering

Tekfen Manufacturing and Engineering provides engineering, manufacturing and erection services for storage and process equipment to international standards in line with Tekfen Contracting Group's main objective of gaining EPC projects. It operates in the petroleum, petrochemical, chemical and fertilizer industries, in particular, and in other fields such as gas, steel industries and power stations. From its plant in Derince, in addition to commissions from Tekfen, the Company offers its services to international contracting companies, as well as domestic and foreign companies operating in LPG storage and distribution.

With investments made in 2012, Tekfen Manufacturing expanded its covered fabrication area to 18,000 m² out of a total of 48,000 m². In 2013, it raised capacity with the purchase of new machines. The Company had revenues of US\$30 million in 2013 and reached 90% capacity by the end of the year. It reached 89% of its man-hour target for the year with a total of 210 employees.

Among the projects taken on by Tekfen Manufacturing in 2012 and completed in 2013 were the five 3,000 m³ LPG spherical tanks manufactured for the Sudan Oil Company and the 81 compression caps and columns for the Tüpraş RUP project. In addition, 13 exchangers and four tube bundles for the Tüpraş Kırıkkale Refinery were delivered on time.

Particularly important among the new projects launched in 2013 was Toros Tarım's new investment project of sulphuric acid, NPK and phosphoric acid plants at its Samsun Plant. The 15,000-m³ sulphuric acid tank and the sulphur oven and acid tanks were delivered. The delivery of the HRS tower, made from special Zecor materials, and the hot and cold interpass exchangers will be delivered at the beginning of 2014.

The Company also received orders for the fabrication and assembly of six 5,000 m³ LPG spherical tanks for OMV-POAŞ, two 5,000 m³ LPG spherical tanks for Aytemiz, and one 5,000 m³ propane spherical tank for Aygaz in 2013. The delivery of six stainless steel process columns and two compressor cabins ordered by Akso for its new solvent unit is planned in 2014.

Additional orders are expected in 2014. These include four 5,000 m³ LPG spherical tanks from Aytemiz, and tanks and equipment for the phosphoric acid unit at the Toros Tarım Samsun Plant.



"In 2013, our Company's investments began to pay off in terms of business volume and budget targets. Our goals of preserving our leadership of the sector and achieving sound growth were upheld. Particularly important in realizing these goals, was the synergy created for EPC projects through our Contracting Group companies."

Tunç Şarman

Tekfen Manufacturing / General Manager



With investments made in 2012, Tekfen Manufacturing expanded its covered fabrication area to 18,000 m² out of a total of 48,000 m². In 2013, it raised capacity with the purchase of new machines.



Agri-Industry Group

TOROS AGRICULTURAL INDUSTRY & TRADE CO., INC.

TOROS TERMINAL & MARITIME CO., INC.

TAYSEB - TOROS ADANA YUMURTALIK FREE ZONE
FOUNDER AND OPERATOR CO., INC.

TOROS SHIP AGENCY SERVICES CO., INC.

TAGAŞ - TURKISH - ARABIAN FERTILIZER CO., INC.

HISHTIL-TOROS SEEDLING INDUSTRY AND TRADE CO., INC.

BLACK SEA FERTILIZER TRADE CO., INC.

FROM LEFT TO RIGHT

Erol Dönmez, General Manager - Toros Tarım

Esin Mete, Vice Chairwoman in charge of Agri-Industry Group - Tekfen Holding / Chairwoman - Tarım Tarım

Osman Birgili, CEO - Tekfen Holding / Vice Chairman - Toros Tarım

Profile

Tekfen Agri-Industry Group's roots go back to 1974 when Toros Fertilizer and Chemical Industry was founded as part of Tekfen Holding. Operating today as Toros Tarım, the Company is the sector leader in Turkey in terms of its product and service range, and market share. It is also Turkey's 51st largest industrial company. In 2013, Agri-Industry Group had revenues of TRY1,423 million, which comprised 37% of Tekfen Holding's total revenues.

Toros Tarım has diverse operations in various areas of agriculture, bringing many complementary services and operations under one umbrella and thus differentiating itself from its competitors. Toros Tarım's core agricultural activity is the production and distribution of chemical fertilizers. Its production plants in Ceyhan, Mersin and Samsun make up

of quality, and its pioneering practices. Another factor contributing to its success is the breadth of its distribution operations, which are conducted through seven regional offices, regional warehouses with a combined total capacity of 550,000 tons including its production plants' storage capacity, and nearly 800 dealers spread throughout the country. Toros Tarım's strong logistics infrastructure plays a major role in sustaining the company's market position.

Agriculture is a multifaceted process and Toros Tarım takes an active role in this process as a matter of company policy. Raising productivity and quality is crucial to improving farmers' wellbeing and ensuring agriculture attains its rightful place in the economy.

Toros Tarım is the sector leader in Turkey in terms of its product and service range, and market share. Agri-Industry Group had revenues of TRY1,423 million, which comprised 37% of Tekfen Holding's total revenues.

38% of Turkey's installed chemical fertilizers production capacity. As market leader in terms of production capacity and share, Toros Tarım produces Ammonium Nitrate, Diammonium Phosphate (DAP) and compound fertilizers at its own plants and rounds out its portfolio through imports. In addition to conventional fertilizers, Toros Tarım's product portfolio includes water-soluble specialty fertilizers and trace elements, which means that the company has the capacity to meet farmers' all fertilizer needs singlehandedly.

Toros Tarım enjoys considerable respect in the sector. This is due in part to its organizational structure, which enables it to meet farmers' multiple needs simultaneously, its farmer-friendly approach, which embraces support for agriculture, its notion

Therefore, Toros Tarım not only produces chemical fertilizers, but also seedlings, wheat seeds, and banana saplings and potato seeds via tissue culture technology.

Hishtil-Toros Fidecilik (HTF), a specialist nursery, carries out the Group's seedling production in fully equipped nurseries in Antalya, using state-of-the-art technology and production protocols on a par with those in developed countries. HTF thus produces high-quality, high-yield, and disease-free, standard and grafted seedlings capable of withstanding the diseases and pests that annually inflict great production losses on Turkish agriculture.

In addition to seedlings, Toros Tarım conducts R&D to be able to provide quality seeds to the Turkish



farmer and also produces specialty seeds employing tissue culture techniques at the Group's Agripark premises in Adana. The importance Toros Tarım places on productivity-raising technology and the investments it has made in this regard make it the sector's benchmark brand, not only in fertilizers, but also in seedling and sapling production.

Toros also invests in non-agricultural complementary sectors, such as bag production, marine terminal and gas station operations and free-zone management. The Ceyhan Terminal, built in 1981 to serve the Ceyhan fertilizer plant, was expanded in 1990 to exploit its potential of serving third parties. Today, Toros Ceyhan Terminal is among the Eastern Mediterranean's most important deep-water terminals. The Samsun Terminal, bought under the 2005 privatization program with the then state-owned Samsun fertilizer plant, has made a pronounced contribution to the Group's activities in this area through its strategic location and additional capacity. Toros Tarım also provides pilotage, tugboat and shipping agency services at its terminals.

Toros Adana Yumurtalık Free Zone (TAYSEB) occupies a 5-km strip of coast on the Iskenderun Gulf in Ceyhan, which is slated to become Turkey's energy hub. One of the world's largest free zones, TAYSEB is particularly well situated for industries.

The Agri-Industry Group is continuing to create a value chain in its own sector through its investments and future-oriented projects that complement its main agricultural activities.

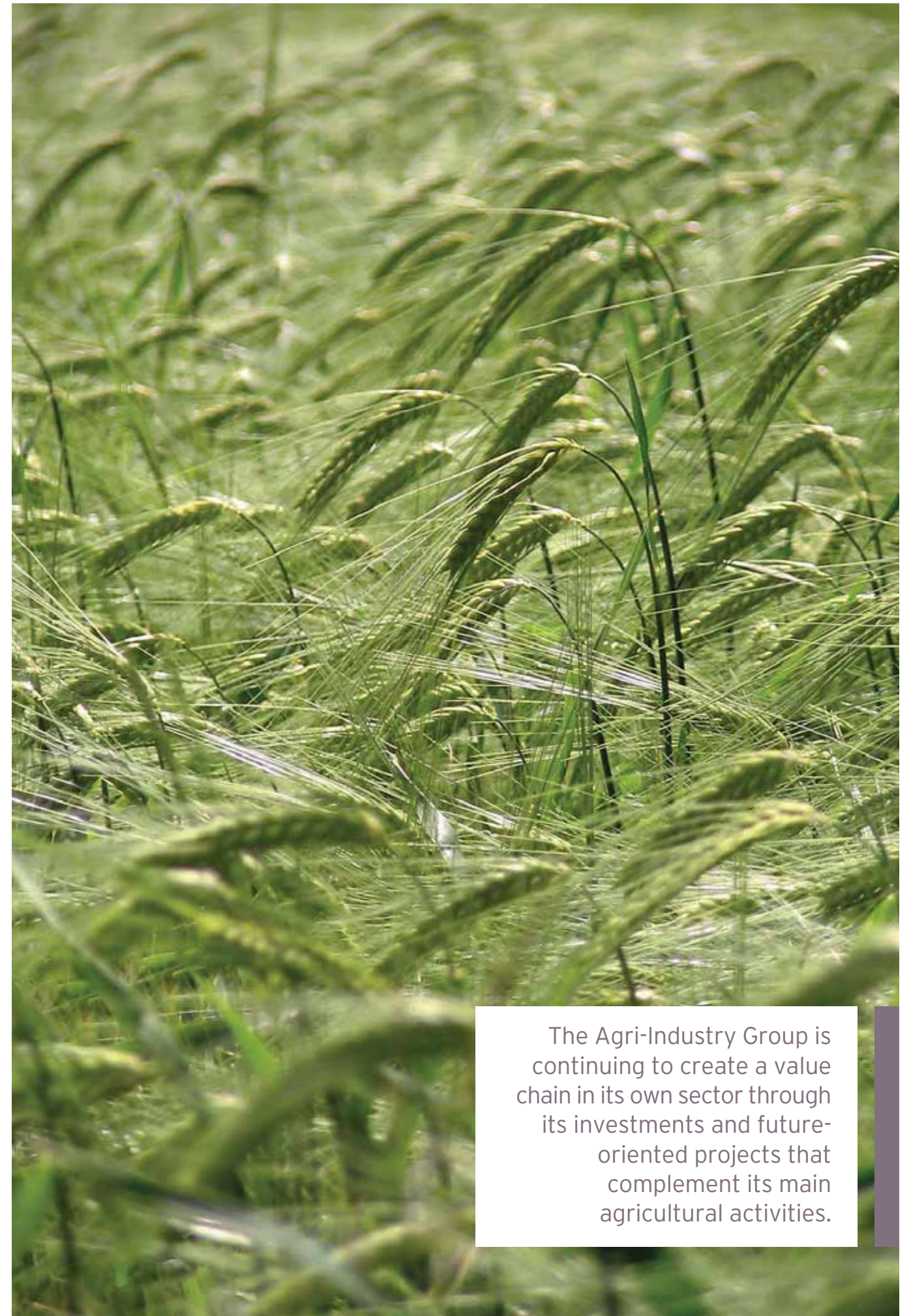
Toros Tarım began construction of a sulphuric acid plant at its Samsun plant in 2013 following a major investment decision it made in 2012 to fortify its leadership in agri-industry. The new investment is part of the company's strategy to secure its raw material needs through reducing its dependence on imported raw materials and thus eliminating the risks inherent in fluctuating international markets. Set for completion at the end of 2014, this project will give the company a competitive advantage. With improvements scheduled for its phosphoric acid and fertilizer (NPK) units, the company's investments are projected to reach US\$300 million.

A key feature of the new plant is the state-of-the-art environmentally friendly technologies that are incorporated into its construction. Heat generated from sulphuric acid production will provide energy for other units in the facility. As well as conserving energy and reducing costs, the sale of the surplus electricity produced will create additional revenue and further reduce reliance on imports. This is good for the company and good for Turkey as it will contribute to reducing the country's current account deficit, which is one of Turkey's most pressing concerns.



"Despite slight evidence of international economic recovery in 2013, global factors created difficulties for the fertilizer sector. In many countries, fertilizer production declined and some plants closed down. Toros Tarım, however, weathered these fluctuations, primarily due to its brand value and the trust it enjoys with farmers, reaching its turnover and profitability targets."

Esin Mete
Toros Tarım / Chairwoman of the Board



The Agri-Industry Group is continuing to create a value chain in its own sector through its investments and future-oriented projects that complement its main agricultural activities.

Toros Tarım
Ceyhan Facilities
Adana



2013: A General Overview

2013 in the World

In 2013, the Food and Agriculture Organization's global food price and grains price indexes decreased by 1% and 6%, respectively. Grain production declined by an estimated 3.3% globally in 2012-2013 while grain consumption declined by 7.7%. Higher than expected yields in the EU, the US, China and Canada were more than off-set by unfavorable weather in other major wheat producing countries such as Argentina, Ukraine and Russia, resulting in an overall decline.

Fertilizer demand remained buoyant despite the drop in agricultural commodity prices. Global nutrient-based fertilizer sales rose 1% to 178.6 million tons, with nitrogen-based fertilizer sales growing 1% to 109.1 million tons, phosphate-based fertilizers were down 1% to 40.9 million tons, and potassium-based fertilizers up 1% to 28.6 million tons.

However, global fertilizer prices declined by up to 18% in 2013 and this had a negative impact on fertilizer producers. The reasons for the downward spiral of fertilizer prices was increased production capacity resulting from new facilities coming on-line, an increase in China's fertilizer exports as a result of lower export taxes, a decline in potassium chloride (MOP) prices with the dissolution of a Russia-Belarus export agreement, while changes to India's subsidy system led to a drop in fertilizer demand, contributing to excess global supply. On a fertilizer group basis, phosphate-based fertilizer prices on average fell 18%, nitrogen-based 17% and potassium-based 15%.

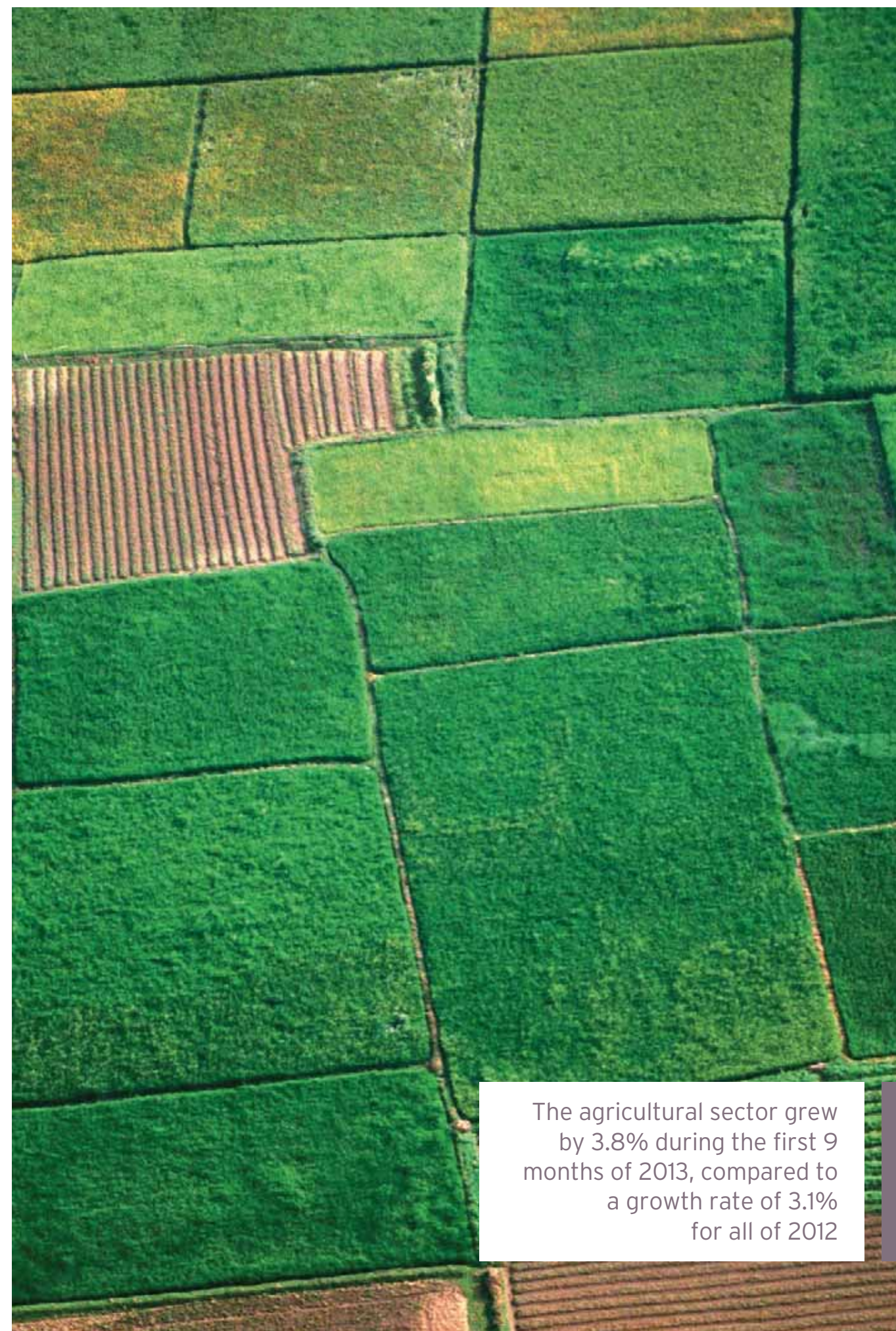
In some places, fertilizer prices fell to the level of production costs. As a result, some fertilizer producers in Saudi Arabia, Ukraine, Canada and the US either temporarily closed or cut back on production.

2013 in Turkey

While the Turkish economy grew 4% in the first 9 months, it is expected to close the year with a growth of 3.6%. Consumer inflation during the same period overshot the Central Bank's 5% target, reaching 7.4%. The agricultural sector grew by 3.8% during the first 9 months of 2013, compared to a growth rate of 3.1% for all of 2012.

Precipitation in the 2013 agricultural year (1 October 2012-30 September 2013) was 8.3% above normal and 4.1% greater than that of the previous year. Rainfall just before the wheat harvest reduced yields in some regions. As of the end of 2013, grain yields are projected to have risen by 12.3% to 37.5 million tons, vegetable yields by 2.1% to 28.4 million tons, and fruit yields by 1.2% to 18.2 million tons. The Turkish Grain Board's crop purchase prices in 2013 rose 8.3% for wheat, 9.2% for corn and 30% for cotton, compared with that of the previous year's harvest period.

Fertilizer consumption in Turkey rose by 9% in response to a decline in prices. In terms of consumption levels, 2013 will be recorded as a special year. As of the end of 2013, fertilizer consumption reached 5.8 million tons. Data show that, in contrast with the growth in the consumption of fertilizers, domestic production and exports decreased while the global decline in fertilizer prices caused a significant increase in imports.



The agricultural sector grew by 3.8% during the first 9 months of 2013, compared to a growth rate of 3.1% for all of 2012

Our Activities in 2013

Chemical Fertilizers

Toros Tarım is Turkey's largest chemical fertilizer producer, accounting for around 38% of national installed production capacity. In 2013, the Company produced 1,408,329 tons, slightly below its output in 2012, at its three plants - Ceyhan, Mersin and Samsun. The 83% capacity utilization rate, slightly below that of the previous year, was commensurate with the Company's planned production.

Toros Tarım sold 1,614,815 tons of fertilizers similar to 2012 and corresponding to 28% market share. The Company's dealer network continued to account for the lion's share of sales.

Toros Tarım imports those products that it either does not produce or produces in insufficient quantities. In this way, it expands its portfolio and meets a wider range of farmers' needs. In 2013, the Company imported 188,792 tons of fertilizer, a 10% increase over 2012. Employing the multi-base logistics approach, the imported products were unloaded in regions where direct consumption is high, such as Tekirdağ, İzmir-Aliağa and Antalya, thereby deriving major savings in transportation costs and making it possible to offer farmers lower prices.

Toros Tarım's production strength, concern for quality, robust logistics infrastructure and extensive dealer network has allowed it to maintain its leading position for many years. The Company maintains 550,000 tons of storage capacity widely dispersed throughout the country, which enables it to provide uninterrupted and timely delivery and eradicates the peak-season procurement bottlenecks that can dog distribution.

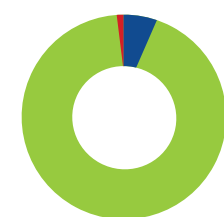
Among Toros Tarım's most important competitive advantages are its long-standing prioritization of domestic market needs and its procurement policy, which ensures the continuous availability of products.

Toros Tarım has a dynamic sales network that enables it to reach the remotest corners of the country. It maintained sales through 791 dealers, down by six on those of the year before, and it strengthened its authorized dealership system through new agreements, especially those intended to penetrate smaller markets.

The Company continued monthly market assessments and sales plans revisions, ensuring it remained highly responsive to the market needs of the dynamic fertilizer sector. This enabled the Company to remain attuned to market conditions and to meet market needs immediately.

Black Sea Fertilizer Trade Company, set up in 2011 in partnership with OCP, the largest state company in Morocco, is gradually increasing its operations for the purpose of selling to neighbouring Black Sea countries.

The US\$300 million sulphuric acid and phosphoric acid plants investment that begun in 2012 at Toros Tarım's Samsun production facilities continued smoothly in 2013. Construction is slated for completion in 2014 year end.



2013 Chemical Fertilizer Sales

Dealer Sales	1,523,537 tons
Wholesale	91,278 tons
Exports	20,750 tons
Total	1,635,565 tons

Toros Tarım Capacity Utilization Rates:

Plant	Product	Capacity ('000 tons/year)	2012 Capacity Utilization Rate (%)	2013 Capacity Utilization Rate (%)
Ceyhan	NPK	660	80	79
Mersin	AN 26	660	104	103
Samsun	NPK / DAP	527	62	63
Total		1,847	83	83



Toros Tarım's most important competitive advantages are its long-standing prioritization of domestic market needs and its procurement policy, which ensures the continuous availability of products.

Specialty Fertilizers

Specialty fertilizers are fully-soluble chemical fertilizers used in advanced irrigation systems such as drip or sprinkler. Toros Tarım pioneered the development of this product group, in which it holds the lion's share of the market. Due to drought, use of drip irrigation is expected to take off in Turkey over the next ten years. So, specialty fertilizers hold enormous potential for development for Toros Tarım in the long term. The Company aims to expand further its specialty fertilizers operations.

Demand for specialty fertilizers fell in 2013 because of a reduction in fruit and vegetable exports in coastal regions and a consequent fall in farmer incomes. Nevertheless, Toros Tarım performed successfully in the specialty fertilizer segment, holding sales on a par with those of the previous year at 17 thousand tons.

Seeds

For years, Toros Tarım has provided Turkish farmers with high-yield, disease-resistant seeds of high market value to raise the agricultural sector's productivity and to ensure its sustainable development. Ongoing work in this area involves expanding farmers' familiarity with existing Toros-brand seed varieties and improving the product range through newly developed seed types. Toros has produced and distributed Adana 99 and Osmaniye wheat seeds for many years. The production program of the Karatopak variety of wheat seed, which was developed by the Eastern Mediterranean Agricultural Research Institute in 2012, continued in 2013. Sales of the Karatopak seeds began at the end of the year.

On the other hand, the Company made major headway in 2013 in efforts to breed new wheat seeds compatible with climate conditions in Turkey's traditional wheat-growing regions. "The Breeding of Biotic and Abiotic Stress-Resistant, High Quality and High-Yield Wheat Varieties for the Various Ecological Regions in Turkey" project, developed by Toros Tarım in collaboration with scientists, received TÜBİTAK (The Scientific and Technological Research Council of Turkey) support. An agreement was concluded in 2013 and the project started in the final quarter of the year with the aim of developing a variety of wheat unique to Turkey by taking the genes of indigenous wheat which, though now

wild, was historically planted in Anatolia. This exciting, long-term project is underway at the Agripark premises and in test fields.

In 2013, Toros Tarım sold 8,629 tons of wheat seeds, which represents an increase of 3% compared to that of 2012. However, due to limited market potential, Toros Tarım has decided to freeze its vegetable seeds operations.



With its wide range of nutrients, Toros Tarım caters to the needs of all kinds of produce.

Techno-Agriculture

Toros Tarım is conducting biotechnological research and production under its techno-agriculture activity. The company made great strides in 2013 in bringing the technology used in this area up to date. Accordingly, it completed a reorganization of its operations and product groups.

The production of high-yield, disease-resistant potato seeds based on tissue culture continued to be one of the Company's most important commercial activities in techno-agriculture in 2013. However, the 2012 potato season did not go well and the prices of table potato segment dropped. This led to a decline in producers' purchasing power and, consequently, an unfavorable impact on potato seed sales in early 2013.

On the other hand, in 2013, the first potato seeds were stored in the Nevşehir warehouse, which opened in 2012. In order to prevent diseased products from entering the warehouse, the already stringent procurement criteria were strengthened even further. Thus, the seeds of harvested potatoes were stored soundly until the end of the 2013 season.

As well as potatoes, the Company used tissue culture techniques successfully for banana seedlings in 2013. Special horticulture days were organized to promote the banana seedlings and the seedlings' advantages were explained to farmers through various marketing events.

Virus analyses and quality controls of plants produced in the Nucleus Greenhouse, which was constructed in 2012 as part of Agripark to produce the system's own virus and bacteria-free inputs, continued in 2013. As required by the ISO 9001 Quality Management System Certificate obtained in 2012, every product is carefully tested in the Agripark's laboratories.

Seedling Production

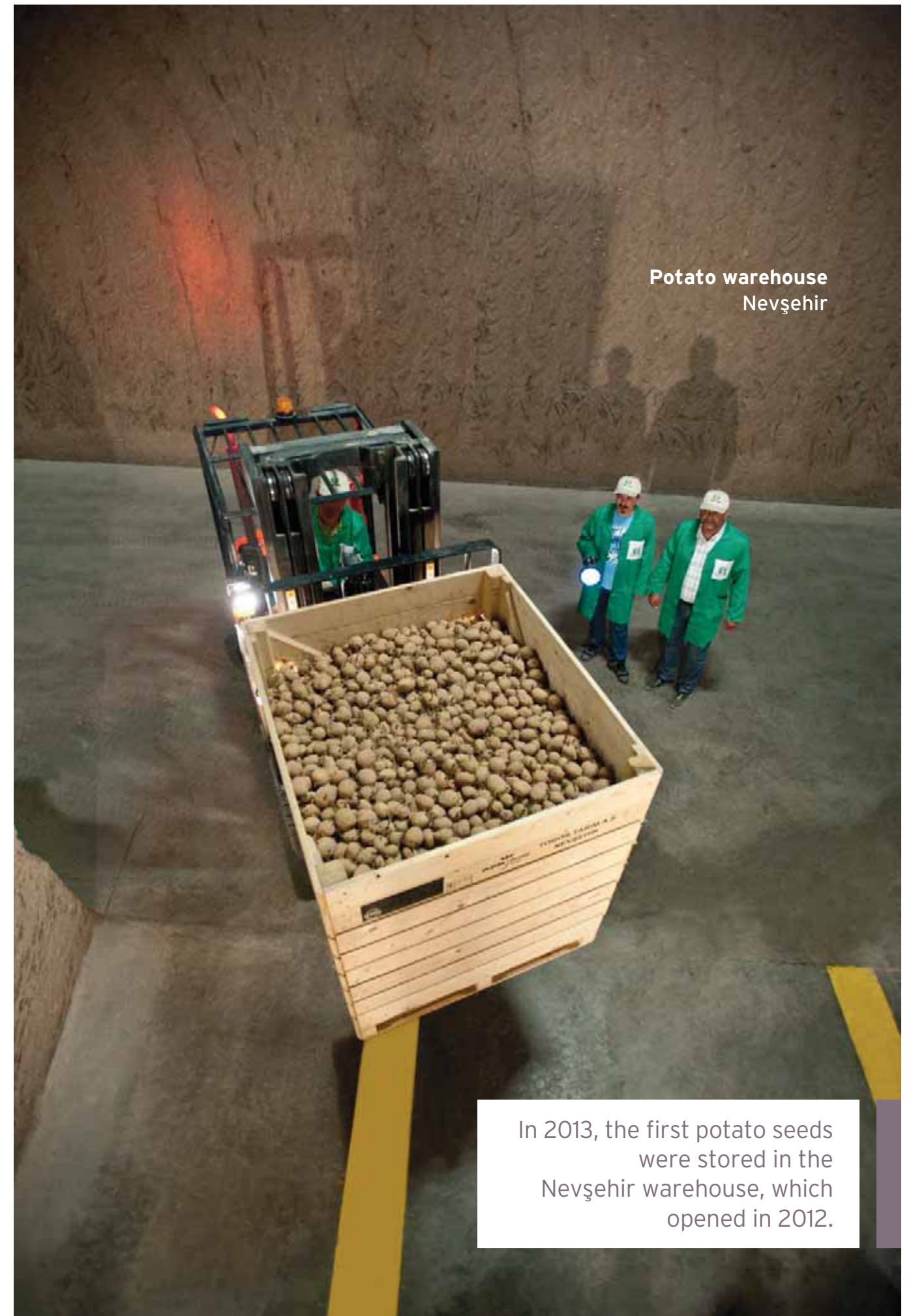
The use of ready-to-plant seedlings is increasingly widespread due to the advantages it offers to farmers. Already the standard in greenhouses, the popularity of its use in open fields is growing. With production at over three billion units per year, the ready-to-plant sector in Turkey has reached major proportions.

Despite its potential for further growth, 2012 was a difficult year for the ready-to-plant seedlings sector. Low crop prices, severe weather conditions, and lower than expected exports of agricultural products all contributed to a poor result. However, 2013 brought a partial turnaround. So, while some businesses closed, the number of businesses producing seedlings grew to over 100. This development promises to exacerbate the already poor economic conditions by making competition more difficult.

Hishtil-Toros Fidecilik (HTF), one of the most important players in the market, produced 82 million seedlings in 2013. HTF's sales of grafted seedlings were 15 million units, putting it among the sector's top producers. Measures taken to improve efficiency in 2012 began to bear fruit, with 2013 being successful in this regard. Moreover, HTF plans to invest in Adana in 2014 with the aim of getting closer to the producers, especially watermelon growers.

Despite heightened competition and many difficulties, HTF has made no concessions in providing producers with high quality, disease-free seedlings, and, thus, reducing farmers' input risks and bolstering their incomes. Contrary to general sector trends, HTF has met all the requirements for disease-free seedling production and maintains production protocols that match the highest standards one can find in developed countries. The Company implements the Good Seeds and Plants Protocol (GSSP), which is still very new globally, in the majority of its technologically advanced five-hectare greenhouses.

Potato warehouse
Nevşehir



In 2013, the first potato seeds were stored in the Nevşehir warehouse, which opened in 2012.

Marine Terminal Operations

Port Management around the World and in Turkey

The global shift of economic power from West to East is evident in the marine terminal sector. Of the top-ten world's ports for handling quantities, eight are in China and one in Singapore. The only European port in the top ten is Rotterdam. The highest volume of handling is done in developing countries, where the terminal sector has been growing steadily.

It is estimated that the handling amount in ports around the world in 2013 was 9.76 billion tons, a rise of 5% on that of 2012.

In Turkey, terminal operations remained at approximately the same level in 2013 as in 2012, in line with the export and import figures for the year. The loading/unloading activity at Turkey's marine terminals in 2013 is expected to have totaled 320 million tons, a figure on a par with that from 2012.

Toros Terminals' Operations

Toros Ceyhan Terminal's loading-unloading facilities, customer service standards and storage capacity have cemented its status as one of the Eastern Mediterranean's most important deep water ports. The Ceyhan Terminal has two independent jetties with eight berths and a Ro-Ro jetty. The terminal can handle liquid bulk product tankers and dry bulk and general cargo vessels from 40,000 DWT up to 110,000 DWT.

The terminal can discharge, load and store a wide variety of products, including general and project cargo, fuel oil and petroleum products, liquid chemicals, bulk grain and feedstuff, coal, petrocake, pumice stone, and various other industrial metals, minerals and ore for third parties, in addition to its own cargo.

While political instability in the Eastern Mediterranean in recent years has had a negative impact on shipping, Toros Ceyhan Terminal has continued to be a preferred terminal in the area. A significant amount of its handling operations for third parties in 2013 consisted of coal, minerals and ore products. Coal handling reached unprecedented levels in 2012 due to a harsh winter and prices favoring sellers. Handling volume dropped, as expected, as market conditions returned to normal in 2013.

In the case of petroleum products, global uncertainties ongoing since 2011 had pushed the Terminal's occupancy rate down to 14% in 2012. However, despite continued unfavorable market conditions, the occupancy rate climbed to 40% in 2013.

Toros Samsun Terminal, the Company's second terminal facility, has the same structural capacity as Ceyhan to discharge dry bulk and liquid chemical products. The Samsun Terminal became operational in the second half of 2005 and it has a total dry bulk (mainly coal) handling capacity of 14,000 tons/day via two berths. Ships up to 55,000 DWT can dock at the terminal, which also has pipelines for loading and discharging liquid chemicals. Since the Black Sea Region constitutes a relatively small share of Turkey's terminal operations, the terminal currently runs at low capacity.

However, with increasing trade volume between Turkey and other Black Sea countries and its extensive storage capacity, Samsun Terminal has great potential. In 2013, most of its handling services were provided to third parties and they mostly involved coal.

Overall, the handling services the Ceyhan and Samsun Terminals provided to third parties fell 7% to 5.23 million tons in 2013.

Free Zone Management

Toros Adana Yumurtalık Free Zone (TAYSEB) is one of Turkey's largest free zones and it is Turkey's first free zone for industrial companies. On the İskenderun Gulf and possessing 4.5 million m² of completed infrastructure, its convenient location and transportation facilities provide ready access to markets in Europe, the Middle East and Africa. It also offers important logistic and strategic advantages to tenants that want to take advantage of free zone incentives.

It is close to the BOTAŞ Ceyhan Terminal and the BTC Pipeline, and right next to the Energy Zone, which is expected to attract major energy investments. This makes TAYSEB ideal for chemical and petrochemical facilities. TAYSEB is serviced by Toros Terminal, which makes it attractive for liquid storage, cement and many light industries.

Toros Tarım
Ceyhan Terminal
Adana



Toros Ceyhan Terminal's loading-unloading facilities, customer service standards and storage capacity have cemented its status as one of the Eastern Mediterranean's most important deep water ports.



Toros Tarım
Samsun Terminal
Samsun

At the end of 2013, 15 companies were operating at TAYSEB, on a total area of 835,000 m² of leased space. A cement plant is currently being built in the free zone and negotiations with many companies wanting to lease production facilities, offices and warehouse spaces are ongoing.

Pilotage, Tugboats and Shipping

Toros Ship Agency Services Co. Inc., a subsidiary of Toros Tarım, provides shipping agency services at Toros terminals and at Mersin Port. It also offers pilotage and tugboat services to ships docking at Toros' Ceyhan and Samsun terminals.

Toros Ship Agency Services Co. Inc. handles services for all vessels carrying raw materials and end product fertilizer for Toros Tarım's own production and commercial activities. The Company also serves third parties on request. The Company's shipping agency segment, which operates through local subsidiaries in İskenderun, Mersin and Samsun, increased in volume by 13% to serve 167 ships in 2013.

In addition to Toros' Ceyhan and Samsun terminals, local harbors and facilities also request pilotage and tugboat services. In 2013, 1,735 ships used this service which is operated by nine captains, five well-equipped tugboats and two pilot boats.

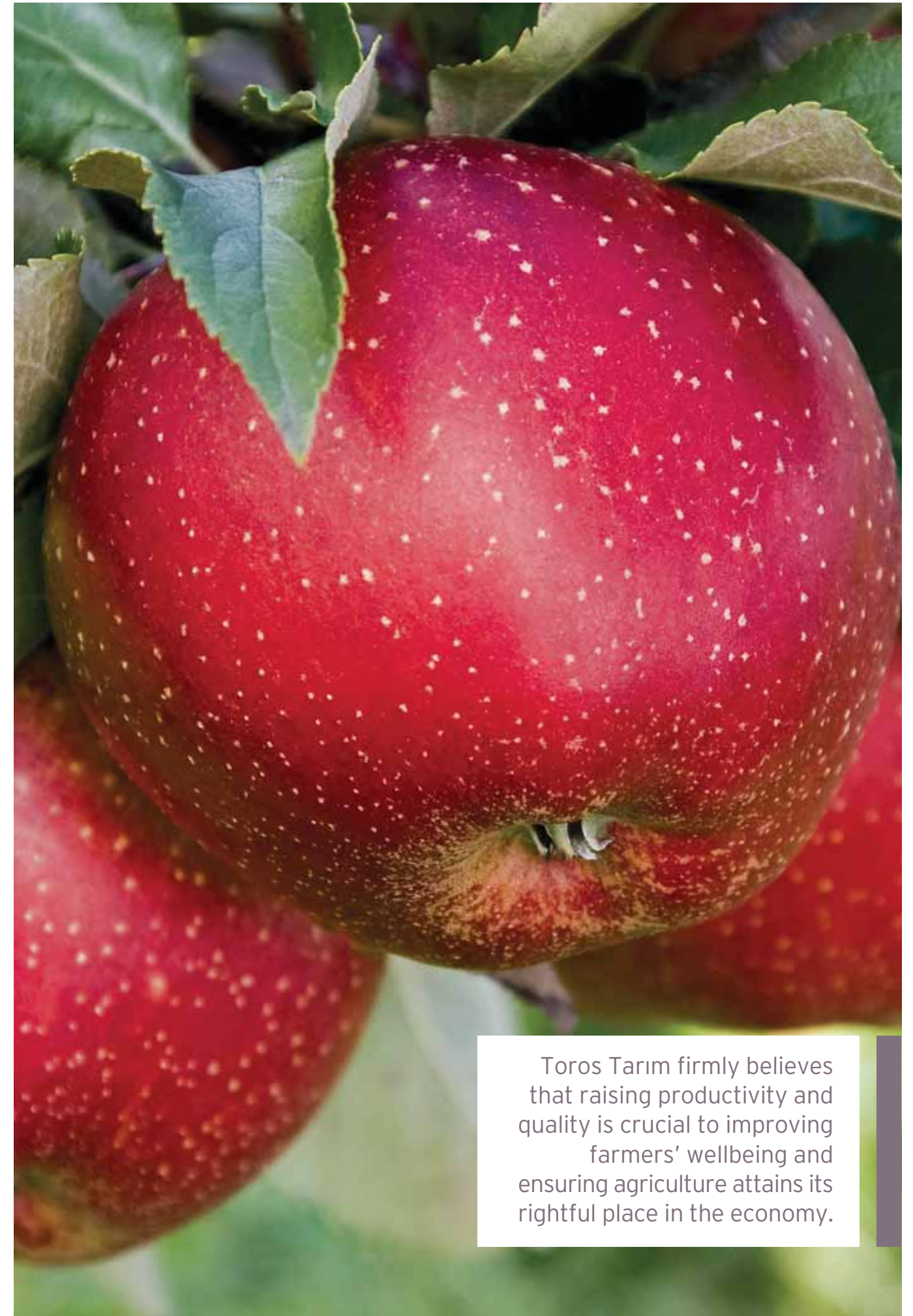
Gas Stations

Toros Tarım operates the Highway A-Type Service Units situated in the province of Adana along the Toros-Adana-Gaziantep highway, which Tekfen Construction built and handed over to the Highway Department in 1997. There are eight facilities within the collective service unit, comprising four gas stations, four motel buildings and one road-side restaurant. Toros Tarım holds the operating rights to the facilities until 2023. Toros Tarım's gas station operations are carried out through BP dealership on a retail and a wholesale basis. It has similar dealership arrangements for lube oil with BP, Mobil and Shell.

In response to the rapidly growing LPG gas station segment, two further gas stations were equipped with LPG sales units in 2012, adding to the two that were previously established and making LPG sales available at all the gas stations. This led to 14.4 million liters in total sales of gasoline and LPG in 2013, an increase of 9%.

Bag Production

Toros Tarım's bag plant in Adana makes polypropylene and polyurethane bags for chemical fertilizers that Toros Tarım produces or imports. It also makes its own thread from which the bags are made. The plant utilized its full annual capacity of 32 million bags in 2013 and did not need to procure any additional bags.



Toros Tarım firmly believes that raising productivity and quality is crucial to improving farmers' wellbeing and ensuring agriculture attains its rightful place in the economy.



Real Estate Development Group

TEKFEN REAL ESTATE DEVELOPMENT
INVESTMENT AND TRADE CO., INC.

TEKFEN TOURISM & FACILITY MANAGEMENT CO., INC.

FROM LEFT TO RIGHT

Ömer Egesel, General Manager - Tekfen Real Estate Development

Osman Birgili, CEO - Tekfen Holding

Şebnem Kefeli, General Manager - Tekfen Tourism

Ülkü Tatlıdıl, Chairman - Tekfen Real Estate Development

Profile

Founded in 2000, Tekfen Real Estate Development Group's activities encompass investment, project development, construction management, facility management and marketing. The Group develops turnkey projects embracing every detail through market research, concept development, implementation, and on to facility management. With its high-quality designs and construction, the Group continues to make a difference in the sector. Since its establishment, Tekfen Real Estate Development Group has focused on high-end residential, office and shopping center projects. The Group's key strategy is to develop sustainable projects that are pioneering in terms of concept, quality and design and that are in carefully selected locations. Reflecting this approach, the Group's completed projects include Akmerkez, Taksim Residences, Tekfen

Environmental Design (LEED) criteria to all its projects in recent years. The Levent Office project, completed in 2010, is Turkey's first office project to gain a LEED Gold Certificate in the Building Core and Shell Category. Similarly, the Kağıthane OfficePark project also received a Gold Certificate in the same category, while the Bomonti Apartments received a Gold Certificate in the New Buildings category.

Tekfen Tourism and Management, operating as Tekfen Services, provides facility management services for projects the Group develops. To date, these include Tekfen Tower, Levent Office and Kağıthane OfficePark, and residences such as Taksim Residences and Tekfen Yalıkavak Homes and Gümüşlük Müşkölüm Ranch in Bodrum, encompassing

The Tekfen Real Estate Group puts a premium on concept design which, together with its solid engineering and construction background, has turned it into a pioneer in its sector. The Group also places importance on developing projects that blend into the urban fabric and are sustainable at all stages, from design to management.

Tower, Tekfen Yalıkavak Homes, Gümüşlük Müşkölüm Ranch, Levent Office, Kağıthane OfficePark and Bomonti Apartments, all of which have been recognized for the quality of their design and construction, not least with many prestigious awards.

The Tekfen Real Estate Group puts a premium on concept design which, together with its solid engineering and construction background, has turned it into a pioneer in its sector. The Group also places importance on developing projects that blend into the urban fabric and are sustainable at all stages, from design to management. Moreover, it constructs environmentally friendly buildings that use natural resources as efficiently as possible. The Group has applied Leadership in Energy and

parking lots, conference halls, restaurants and fitness centers. Tekfen Services also provides maintenance, cleaning and security services. In addition, the company operates the Tekfen-owned S Café in Istanbul's prestigious Akmerkez shopping mall.



2013: A General Overview

The real estate sector in Turkey, which has grown rapidly over the past decade, continued to be a locomotive of the economy in 2013. In the first nine months of the year, according to construction permits issued, there was a rise in the number of buildings (13.4%), surface area (9.3%), value (13.8%) and apartment number (10.8%). 58% of new projects consisted of housing.

According to the Reidin-GYODER New Home Price Index report, while housing prices throughout Turkey rose 14.75%, housing interest rates fell to an all-time-low of 0.67%, which resulted in an increase in demand for mortgage loans. However, in response to global economic developments, interest rates began rising at the end of June. Consequently, credit growth slowed and the number of loans fell in the 3rd quarter. Nevertheless, the volume of mortgage credit expanded by 30% from TRY80 billion in 2012 to TRY110 billion in 2013. According to the Turkish Statistical Institute (TÜİK), housing sales, which averaged 705,000 in 2011 and 2012, climbed 63% to 1,144,989 in 2013. Current data show that the real estate sector performed exceptionally well in 2013.

The Consumer Protection Law No. 6502, ratified in November 2013 and scheduled for enactment on 28 May 2014, revises prepaid housing sale conditions and minimizes consumer injury. These measures are regarded as an important step in regulating the sector.

Istanbul held on to a top-ten ranking but fell several places to 7th in the European City Investment Pros-

pect ranking of the PwC-Urban Land Institute (ULI) joint report Emerging Trends in Real Estate Europe 2014, which covers the latest developments in the real estate sector. The report anticipates that, because it is supported by a strong economy and is a rapidly growing market, Istanbul will remain an investors' favorite in 2014.

The 2013 retail market was dynamic in terms of supply and demand. According to the Turkish Shopping Center Investors Association (AYD), shopping centers' combined annual revenues in 2013 grew by 20% to about TRY60 billion. With nearly 300,000 m² of additional GLA put on the market in the final quarter of 2013, the amount of newly opened leasable space rose to 1 million m². While there is 235 m² of GLA per 1,000 persons in Istanbul, this figure drops to 106 m² in Turkey as a whole. Istanbul's leasable shopping center space will reach 290 m² per 1,000 persons by the end of 2015, taking into account new shopping centers in the pipeline and population increase.

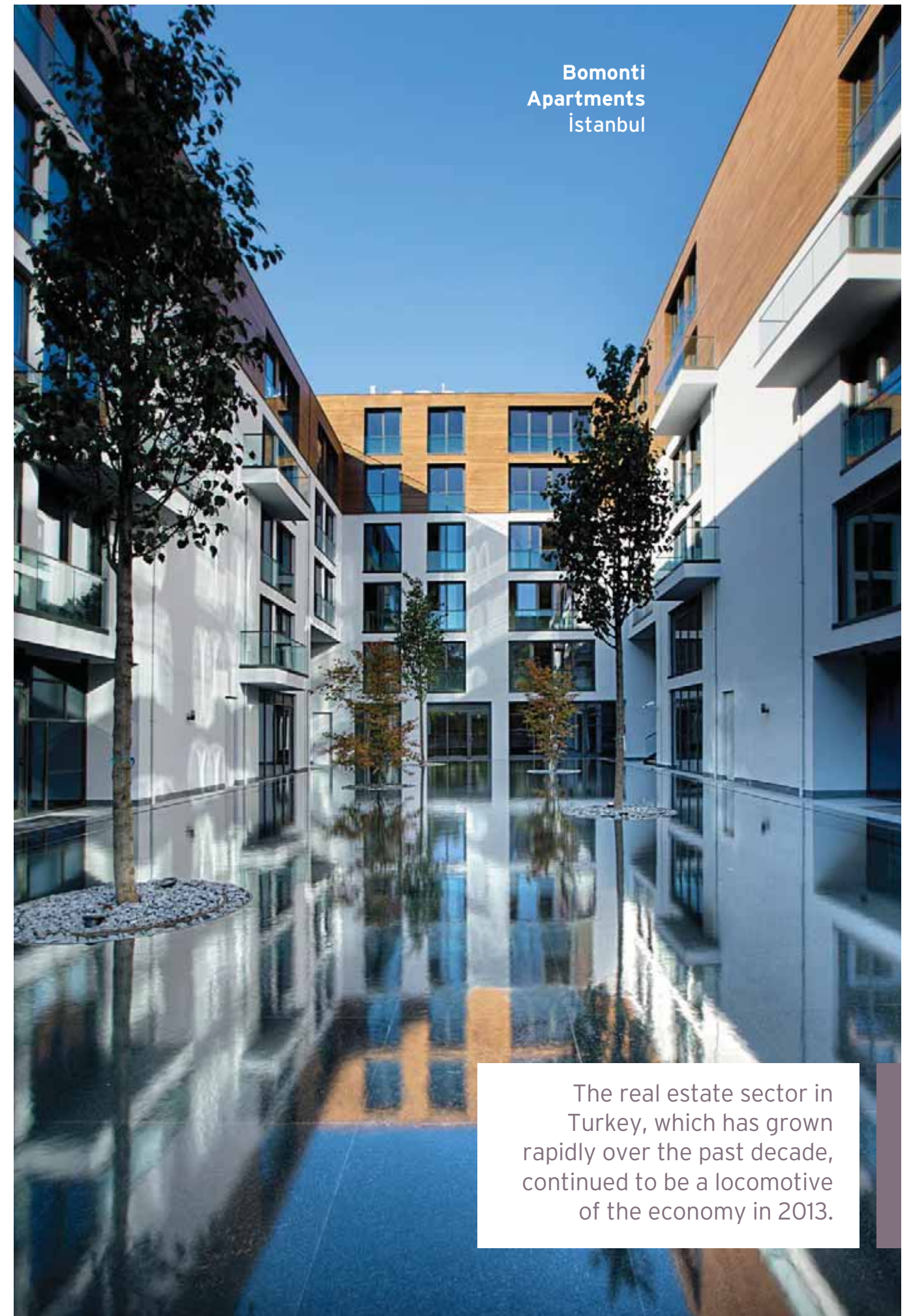
The Istanbul office space market was very active in 2013. In the final quarter of the year, vacancy rates on the Anatolian side of Istanbul went up while they declined on the European side. Demand continued to increase in certain districts due to an inadequate supply of locations suitable for foreign investment, while investments remained limited. On the other hand, this situation encouraged real estate developers with strong capital bases to begin project planning.



"Tekfen Real Estate Development's projects have so far met the expectations of investors and of end-users. Our success springs from developing the right project for the right place, and the high quality and distinctiveness of our designs. We give equal emphasis to our projects' congruity with the urban fabric and their environmental-friendliness as we do on pleasing the real estate investors."

Ömer Egesel

Tekfen Real Estate / General Manager



The real estate sector in Turkey, which has grown rapidly over the past decade, continued to be a locomotive of the economy in 2013.



Esenyurt
Housing Project
İstanbul

Our Activities in 2013

The sale of Tekfen-OZ Real Estate Development Inc. which was established as a joint venture with American asset management company Och-Ziff and was responsible for the Gümüşlük Müşkölüm Ranch and Kâğıthane OfficePark projects under the umbrella of Tekfen Real Estate Development Group, became final in 2013.

Tekfen Bomonti Apartments

Sales of units in the Bomonti Apartments, a boutique project in Bomonti, a central district of Istanbul, were nearly completed in 2013 and the occupancy rate exceeded 90%. Close to 70% of those investing in the apartments has chosen to live there personally, a clear proof of Bomonti Apartments' strong appeal. Additional proof of this is the fact that nearly all buyers who purchased their apartment for investment purposes have leased out their properties quickly. The Tekfen Real Estate Development Group received the Contractor Award from Arkitera Architecture Center for this project.

Esenyurt Housing Development Project

In 2013, the Tekfen Real Estate Development Group invested TRY90 million acquiring a land in Esenyurt, Istanbul on which it plans to build a housing development project. The project's affordable prices and payment terms will make home owning a possibility to many people. About 57,000 m², the Esenyurt property is in an emerging area because of its developing transportation infrastructure, the city's growth dynamics, and its situation on the intersection between the E5 highway and TEM motorway. A predominantly middle-class area, Esenyurt has great potential for development. The district's transportation infrastructure, which currently consists of nearby highway access routes, will develop with the Bakırköy-Beylikdüzü, Esenyurt-Avcılar and Büyükçekmece-Esenyurt subway lines that are scheduled for completion in 2017.

The project secured its construction permit in December 2013, upon completion of project development and architectural planning. As Tekfen Real Estate Development Group's first large-scale middle-class housing development project, it will follow a pricing policy compatible with the supply/demand and price dynamics in the district. The project will maintain the vision and standards that have made Tekfen one of the pioneers in the sector, with the creation of living space that will bring along a particularly significant difference. The project will contain approximately 1,300 housing and commercial units, and will in particular also give weight to outside pursuits with extensive areas for social activities and maximum green space.

In addition to high-rise blocks, there will be low-rise buildings with apartments of 75-190 m² in a variety of layouts (1+1, 2+1, 3+1 and 4+1). One of the vital aspects of the project is the design of shared living space and the landscaping plan. Space is being set aside for a multipurpose outdoor theater and outdoor and indoor social activity areas that maximize green space. The facilities will encourage people of all ages to sustain a healthy lifestyle by using the tennis, football and volleyball courts, swimming pool, children's activity areas, and walking and bicycle paths. With 74% of the project reserved for green area and social activity space, this will not only be one of the greenest projects in Esenyurt, but in the whole of Istanbul.

Construction of the TRY500 million-project will begin in the first quarter of 2014. Presales will start in the second quarter, with sales starting in the second half of the year. The project is scheduled for completion in the second quarter of 2016. Given the anticipated success of the project, the Tekfen Real Estate Development Group is planning other large-scale housing development in similar areas.

Izmir Mixed-Use Project

The second large investment project Tekfen Real Estate Development Group is set to launch in 2014 is the Izmir Mixed-Use Project, a joint venture with Rönesans Real Estate Investment Group. The project will be situated at the intersection of Karşıyaka, Konak and Bornova in Izmir, one of Turkey's most rapidly developing urban areas. It will consist of a mixed-use residential, office and shopping center development incorporating an area of about 40,000 m². On a 250,000 m² construction site and with 130,000 m² of sellable/leasable space, it promises to be Izmir's largest real estate development project. The total leasable space planned is 55,000 m² for the shopping center, 50,000 m² for housing units, and 25,000 m² for office space.

Designed by Emre Arolat Architects, the project will become a major landmark on the city skyline and an important meeting point for Izmir. It will harmoniously blend the Aegean's lifestyle and climate with traces of traditional elements. Significant headway was made with respect to project design development and mobilization in 2013. Construction is to start in the second half of 2014, with completion set for the first half of 2017.

The Tekfen Real Estate Development Group is planning a major step forward in 2014 with its Esenyurt Housing and Izmir Mixed-Use Projects. These projects, which have a total investment value of US\$470 million, promise not only to be a mere investment opportunity; their quality will resound on the real estate market.





Other Activities

TEKFEN INDUSTRY & TRADE CO., INC.

TEKFEN INSURANCE BROKERAGE SERVICES CO., INC.

PAPFEN JOINT STOCK COMPANY (UZBEKISTAN)

ANTALYA STUDIOS CO., INC.

FROM LEFT TO RIGHT

Güngör Köprülü, General Manager - Tekfen Insurance Brokerage

Osman Birgili, CEO - Tekfen Holding

Osman Reha Yolalan, Vice Chairman, Corporate Affairs - Tekfen Holding

Ahmet İpekçi, Chairman - Papfen

Mehmet Killi, General Manager and Chairman - Tekfen Industry

Raif Ceylan, General Manager - Papfen

Tekfen Industry

Tekfen Industry and Trade Co. Inc., Tekfen's first industrial investment, was founded in 1963 to manufacture light bulbs. Today, it has two major areas of activity: lighting and chemicals.

Tekfen Industry operates in the lighting sector in cooperation with Wiselite, China's largest manufacturer of light bulbs. It markets and sells Wiselite energy-saving light bulbs in Turkey alongside Wiselite and Tekfen branded product portfolios that include fluorescent, metal halide, sodium vapor, mercury vapor and LED products.

Energy-saving light bulbs play an important role in protecting the environment, so Tekfen Industry places special importance on making their use more widespread in Turkey. Consequently, it offers the consumer many energy-efficient, economical products. LED light bulbs is a product group that Tekfen Industry is monitoring for their enormous technological advances in recent years. They have low energy consumption, longevity, sturdiness and they are compact.

Tekfen Industry added all-purpose New Generation LED light bulbs to its product portfolio in 2013. The attractive LED A56 model appeals to the consumer's aesthetic sense while the LED A60 has the widest angle and greatest output in terms of luminosity/watts on the market. The Company launched the Tekfen Wiselite New Generation LED light bulb, which comes in 16 varieties, at Istanbul Interlight 2013 Fair.

Another important development in 2013 was the introduction of Tekfen-brand Halogen GLS light bulbs in addition to the Wiselite-brand Halogen GLS light bulbs. These products come in economic, promotional packs and they are sold in important domestic retail chain stores like Migros.

Tekfen Industry's operations in chemicals consist of the pesticides it markets under the Fentox brand. The Company has a robust product portfolio that includes Super Fentox, Fentox Stop, Water-based New Fentox, Fentox Liquid, Fentox Mat, Fenkov Aerosol and Fenkov Lotion.

Tekfen Insurance Brokerage

Tekfen Insurance Brokerage started operations in 1982 as Tekfen Insurance with La Suisse Public Insurance primarily to address Tekfen's insurance needs. The Company changed its name to Tekfen Insurance and Brokerage Services in 1989. Today, as a broker for 21 leading international and domestic insurance companies, it offers comprehensive insurance services to Tekfen Group and its employees.

Tekfen Insurance is able to provide price and coverage-customized insurance solutions to its customers through its collaboration with many insurance companies and international brokers. It continued to sell insurance products and offer risk management and insurance consultancy services to the Group companies and their employees in 2013. Group companies have a wide range of potential insurance needs that may arise due to their activities at home and abroad. Through keeping abreast of changes in regulations and market conditions in the sector, Tekfen Insurance was able to meet these needs in 2013 with the most comprehensive coverage possible and the most appropriate premiums and terms of payment.

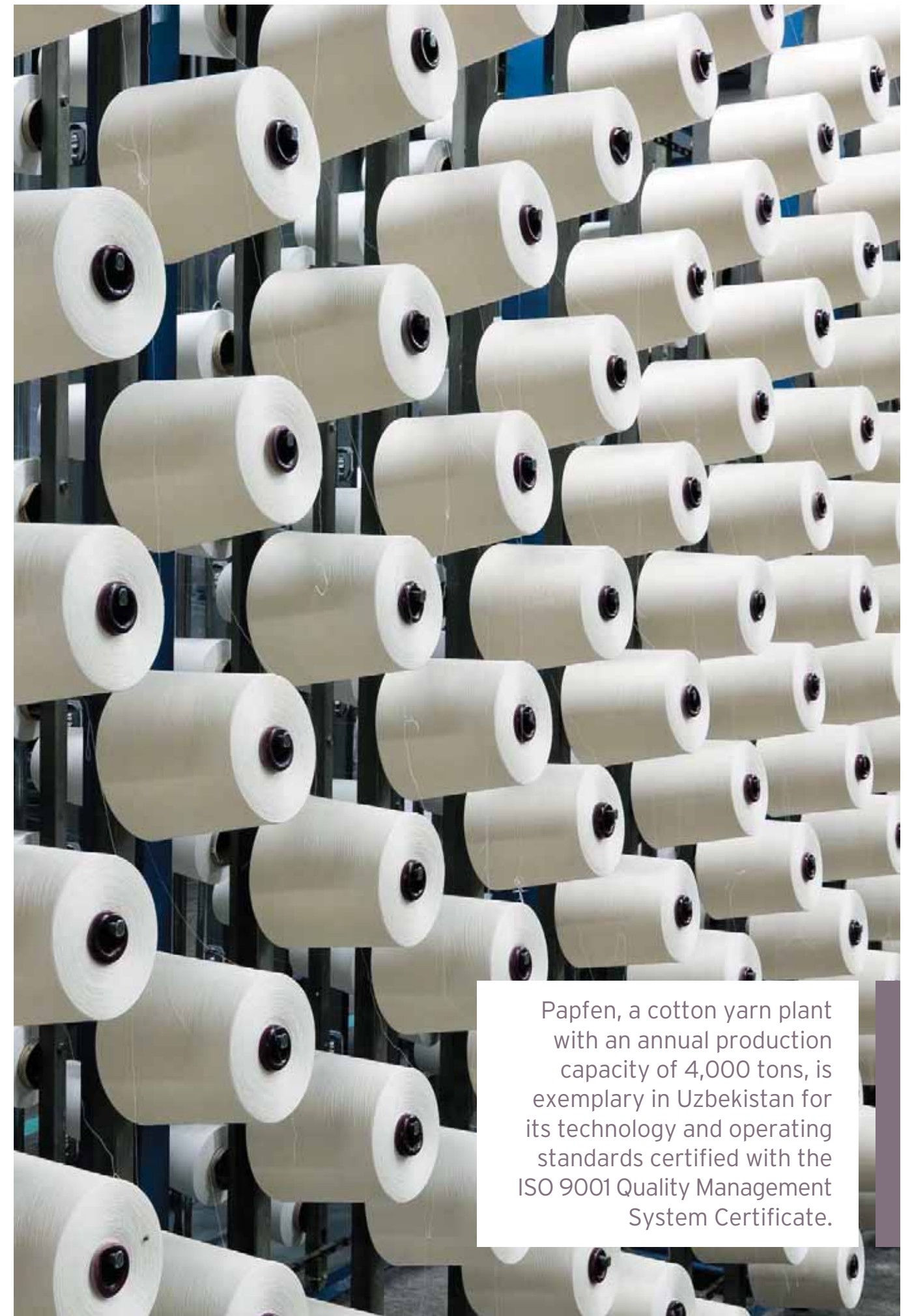
Papfen

In 2010, Tekfen became sole owner of Papfen, a cotton yarn plant with an annual production capacity of 4,000 tons that it had established with the Uzbekistan Ministry of Light Industry in 1997. Papfen is exemplary in Uzbekistan for its facilities, technology and operating standards and it has the ISO 9001 Quality Management System Certificate. The quality yarn it produces are in demand domestically and internationally.

Papfen operated at 71% capacity in 2013, producing 2,607 tons and selling 2,597 tons of yarn. 59% of production was exported to Turkey, Belorussia and Russia, with the rest sold in Uzbekistan. In 2013, Papfen's sales revenues were US\$8.3 million.

Antalya Studios

Antalya Studios was established in 1997 to provide services to local and foreign film producers. Sited on a 186,000 m² plot, it is among Europe's largest film platform. Under its strategy of focusing on its core businesses, Tekfen Holding plans to sell Antalya Studios or to lease it on a long-term basis.



Papfen, a cotton yarn plant with an annual production capacity of 4,000 tons, is exemplary in Uzbekistan for its technology and operating standards certified with the ISO 9001 Quality Management System Certificate.

Social Responsibility

TEKFEN FOUNDATION FOR EDUCATION, HEALTH, CULTURE,
ART & PROTECTION OF NATURAL RESOURCES

Social Responsibility

Tekfen has contributed to the Turkish economy and employment since its founding. It has provided multifaceted support to improve the social and environmental conditions of the society of which it is part, utilizing natural resources responsibly, safeguarding the environment, and ensuring social progress. Tekfen conducts its social responsibility activities within a framework of sustainability and it collaborates with various non-governmental organizations for the benefit of the public good.

The Tekfen Foundation for Education, Health, Culture, Art and Protection of Natural Resources (Tekfen Foundation) undertakes CSR projects as do individual Tekfen companies. The Foundation was established as a non-profit organization on 12 April 1999 by Tekfen Holding's partners, founding

Our Activities in 2013

Tekfen Group Companies donated a total of TRY17,619,054 in 2013.

Tekfen Foundation

Tekfen Foundation Scholarship

Over 1,000 students have graduated with the support of Tekfen Foundation's scholarship so far. The Tekfen Foundation provides grants to hardworking and successful students so they can study under good conditions. Tekfen Scholarships are available to Tekfen employees' children studying at high schools and universities as well as to students in general studying at the university level. Tekfen Scholarships are awarded primarily on the basis of exam results and grade-point averages and priority is given to students on the basis of scholastic merit and family financial situation.

Tekfen has provided multifaceted support to improve the social and environmental conditions of the society, utilizing natural resources responsibly, safeguarding the environment, and ensuring social progress. Tekfen conducts its social responsibility activities within a framework of sustainability and collaborates with various non-governmental organizations for the benefit of the public good.

members and Group companies to engage in various social and cultural activities. Tekfen Foundation's charter states its goals as "being a leading center of support for education, health, culture and the protection of natural resources, assisting in progress in these areas and contributing to a future where it will be possible to live in harmony with nature."

Four hundred and eighty-one students benefited from Tekfen Scholarship in 2013. Internships are also available to scholarship recipients to help them prepare for working life after graduation. Fifty-three third- and fourth-year university students took advantage of Tekfen's internship programme in 2013.



Tekfen Philharmonic Orchestra

The Tekfen Philharmonic Orchestra was founded as a peace initiative in 1992. Today, it brings together musicians from 23 Black Sea, Caspian and Eastern Mediterranean countries three times a year - in the spring, autumn and winter. Alongside its classical repertoire, its program includes traditional music of the region played with the local instruments. Since its establishment, it has given many national and international concerts.

The Tekfen Philharmonic performed its 2013 concerts under the direction of guest conductors due to the retirement of its founding conductor and in search of a new maestro to entrust the orchestra with. Russian Evgeny Bushkov conducted the orchestra's first concert in March, which featured the renowned trumpet player Sergei Nakariakov as soloist.

The orchestra's autumn concert, entitled Praise to Nature was conducted by British conductor James Judd in October. The orchestra performed works from the Romantic Period inspired by nature. A finalist of the Concours Elisabeth contest, the Albanian violinist Ermir Abeshi, was the guest performer at the concert.

The Tekfen Philharmonic broke new ground at its final concerts of the year by incorporating a special program for children. The Singaporean guest conductor Darrell Ang, an up and coming musician who is receiving a lot of attention in the music

world, conducted these entertaining and instructive concerts, held on 30 November in Istanbul and 1 December in Bursa. At the "Tekfen Filar-Mini" concerts for children, the opening piece was played by the nine-year-old Russian violinist Michelle Bushkova. The actor Ali Pinar performed as narrator and Tekfen Foundation invited the children to enter a drawing contest to depict what they imagined while listening to the music, all with the aim of fostering the children's love of classical music. The winner of the contest was awarded a flute, the instrument of her choice.

Ziyaret Tepe Excavations

In 2013, Tekfen Foundation continued its sponsorship of the Ziyaret Tepe Tumulus excavations, southeast of Bismil near Diyarbakır, which were started in 2000. Ziyaret Tepe holds the ruins of Tuşhan, a center of the Assyrian Empire on the Tigris. The site will be submerged when the Ilisu Dam is impounded in 2015. An international team of experts from Akron University (US), Marmara University (Turkey), Mainz University (Germany) and Cambridge University (UK) are excavating at a rapid pace. Tekfen Foundation's support has enabled the Ziyaret Tepe excavation program to discover valuable information about the Assyrian Empire and to reveal artifacts that have created a sensation among archeologists.



"While Tekfen Foundation allocates the majority of its funds to its scholarship programme whereby it supports 500 students and the activities of the Tekfen Philharmonic Orchestra, Tekfen group companies' social responsibility is driven by their principle to contribute to social progress in their respective fields of operation."

Dr. M. Ercan Kumcu
Tekfen Foundation / Chairman of the Board



Tushan, lower town excavations
Ziyaret Tepe

Tekfen Holding

Friends of AKUT

AKUT Search and Rescue Association was founded by a handful of self-sacrificing mountaineers in 1996. Since its establishment, it has been a non-governmental organization working for the public good. It operates with teams that are ready to respond to natural disasters such as earthquakes, floods, avalanches and forest fires and emergency situations such as disappearances and mountain, sea and traffic accidents. A volunteer organization, AKUT strives to meet its equipment and operating expenses by garnering widespread support through its program, Friends of AKUT, which Tekfen Holding has sponsored since 2012.

Understanding Music

In 2013, Tekfen Holding sponsored the book *Understanding Music*, written by Özkan Manav and Mehmet Nemutlu, two Turkish composers and academicians. The book, the product of more than ten years' effort, is a guidebook to help amateur listeners better understand classical music.

Tekfen Construction

Istanbul Technical University engineering candidates on Tekfen construction site

Tekfen Construction sponsored the travel expenses to Dubai, Abu Dhabi and Qatar of members of the Preparation for Engineering Club, founded by students at the Faculty of Engineering at Istanbul Technical University. The Club undertakes trips every year to construction sites. Tekfen Construction hosted the students for a day at its construction site in Qatar and briefed them about the machinery and the work.

Toros Tarım

Field Demo Project

In 2013, Toros Tarım expanded the Field Demo Project it initiated with the Ministry of Agriculture in 2012. The project aims to instruct farmers in the correct and balanced use of fertilizers to obtain optimum results. It achieves this through field models that demonstrate the variation in yields caused by variations in fertilizer usage. A farmer is asked to fertilize a plot of land in the way he chooses and the adjoining plot is treated with fertilizer of the right composition so the farmer can then see the difference. Following tests with

corn, cotton and sunflower in nine fields in 2012, the second phase of the project conducted tests on wheat in 20 areas in 2013. The results were shared with other farmers by means of Agriculture Days.

Wheat Documentary

Toros Tarım shared the story behind the Field Demo Project more widely through a specially prepared documentary, telling the story of three families of wheat producers who participated in the project. The story was intertwined with an account of the adventure wheat took as it moved from seed to the table. The Full HD-quality documentary, prepared in three 35-minute segments, was first aired on İZ TV in December 2013.

Support for Education

In addition to contributing to Turkish agriculture and the Turkish economy, Toros Tarım regards improving the educational conditions of the children and young people in the areas in which it operates as a social responsibility. As part of this commitment, it supports the Toros Gübre (Fertilizer) High School in Adana, the Toros Gübre Primary School in Kurtpınar, Ceyhan, and most recently, the MEB Toros Tarım Necati Akçağlılar Anatolian High School, which opened on 16 September 2013 in Samsun. This high school, which is in Tekkeköy, the district of Toros' Samsun Plant, was built in memory of Necati Akçağlılar, one of Tekfen's founders, who passed away in 2011. It has 24 classrooms and a 720-student capacity.

In addition to these three schools that it established itself, Toros Tarım meets the maintenance, repair and general needs of the 28-classroom Toros Tarım Necati Akçağlılar Primary School, which was built by Tekfen Foundation in 2012 in the Sarımaçı Township in Ceyhan, Adana. It also provided funding to Canik Başarı University in Samsun in 2013.



Adventure turned to documentary, the course of wheat from land to the table.

Improving the Health of Seasonal Agricultural Workers and their Families

Toros Tarım sponsors the Program to Improve the Health of Seasonal Agricultural Workers and their Families, being run by Harran University and the United Nations Population Fund (UNFPA) Turkey Office. The program, jointly supported by the Ministry of Health-affiliated Turkish Public Health Agency and the Dutch Embassy, aims to improve the health conditions of seasonal migrant farm workers, who live under difficult circumstances and in poverty, and to contribute to the prevention of diseases endemic to this group of people.

Toros Tarım places a high priority on the sound growth of Turkish agriculture and raising the standard of living of the people engaged in it. Therefore, it has committed resources to supporting this program for a two-year period, 2013-2014. In addition to its financial support for work to determine the needs of seasonal agricultural worker families, expanding health literacy and improving the health system accordingly, Toros Tarım is playing an active role in public relations for the project.

Sponsorships

Toros Tarım sponsored a number of conferences and conventions in 2013:

- Gold sponsor of the 6th International Plant Nutrient and Fertilizer Congress held in Nevşehir by the Ministry of Agriculture
- Sponsor of the Diyarbakır Culture and Watermelon Festival
- Gold sponsor of the 17th International Plant Nutrient Convention held by Sabancı University at the Istanbul Lütfi Kırdar International Convention and Exhibition Center.

As part of the support it provides to sports, Toros Tarım:

- Sponsored the Tekkeköy Municipality Sports Club's women basketball team,
- Sponsored the Samsunspor Football Club,
- Donated fertilizer to the Samsunspor Football Club for use on its pitches.

Toros Tarım donated fertilizer to the following projects and organizations in 2013:

- The TÜBİTAK-sponsored research project, Phosphate-solubilizing Bacteria (PSB), Amonium Nitrogen and Nitrification-Inhibitor in Alkaline Soils conducted by Çumra Vocational School of Selçuk University
- The Ministry of Agriculture's Olive Cultivation Research Station Department's research project on the Preparation of a Fertigation System and Fertilizing Program in Gemlik Olive Varieties and the Impact on Quality Parameters of Table Olives and Olive Oil
- LÖSEV's [Childhood Leukemia Foundation] Çankırı agricultural enterprise (all of the revenue derived from the 200-acre property which raises barley and wheat goes to meeting the educational, treatment and rehabilitation expenses of children with leukemia and their families).



Seasonal agricultural worker, mother and child

Toros Tarım places a high priority on the sound growth of Turkish agriculture and raising the standard of living of the people engaged in it.

Corporate Governance

BOARD OF DIRECTORS' & EXECUTIVE MANAGAMENT'S CV's

LIST OF TEKFEN GROUP COMPANIES

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

LEGAL ISSUES

STATE INCENTIVES & SUBSIDIES

DIVIDEND POLICY

REPORT OF THE BOARD OF DIRECTORS

Board of Director's CVs

Ali Nihat Gökyiğit

Chairman of the Board and Managing Director

Born in Artvin in 1925, Nihat Gökyiğit received his BA at Robert College in 1946 and his MA in Civil Engineering at the University of Michigan in 1948.

In 1956, he founded, with his partners, Feyyaz Berker and Necati Akçağlılar, the company FNN Müşavir Mühendislik (Consultant Engineering), which was the seed of Tekfen Holding. Since then, he has served either as a member or chairman of the Board of Directors of more than 50 of Tekfen's group companies.

For 35 years, he has served as Chairman of the Advisory Board of AIESEC-Turkey, the world's largest student organization. A member of the Turkish Industry and Business Association (TÜSİAD) and of the Foreign Economic Relations Board (DEİK), Gökyiğit was a member of the Boards of Directors of DEİK between 1988 and 2005 and of TÜSİAD between 1985 and 1987. He worked for 10 years as Chairman of the Turkish-CIS Business Council, under the auspices of DEİK, and as the Turkish Representative on the Black Sea Business Council. Gökyiğit is the Honorary Consul of Georgia and Kyrgyzstan and an honorary citizen of Georgia. He is currently an Honorary Member of DEİK and a member of TÜSİAD.

Gökyiğit is the Founding Honorary Chairman of the Turkish Green Building Council and the Turkish Foundation for Combating Soil Erosion, for Reforestation and Protection of Natural Habitats (TEMA). He helped TEMA launch its first projects, related to the environment, protection of natural resources and rural development. One of these, the Camili Region Sustainable Development Project, won an award at the 2002 Johannesburg World Summit on Sustainable Development.

Through the ANG Foundation, which bears his name, he established the Nezahat Gökyiğit Botanical Garden on 50 hectares of land in Istanbul in memory of his wife. He is also the founder of the Tekfen Philharmonic Orchestra, an important cultural institution that also serves world peace.

Gökyiğit is an active member of many international organizations concerned with water, energy, the environment and natural resources. He is the founder and co-chairman of the East Meets West International Energy Conference, which has been held annually for a period of 10 years in Istanbul.

Gökyiğit was given the Environmental Service Award by Akdeniz University and has received an honorary doctorate from Çukurova, Bosphorus and Gazi Osman Paşa Universities.

Nihat Gökyiğit was awarded the Order of Merit by the Turkish President in 1997, the Order of Merit by the Turkish Parliament in 2010, and he was named the Schwab Foundation Social Entrepreneur of the Year by Ernst&Young in 2009.

Cansevî Akçağlılar

Vice-Chairman and Managing Director

Born in 1930 in Istanbul, Cansevî Akçağlılar graduated from Ankara College in 1950.

Between 1979 and 2006, Akçağlılar was a member of the Board of Directors of Tekfen Holding Co. Inc. She has served as a member and Vice-Chairman of the Board of Directors since 2007.

Feyyaz Berker

Vice-Chairman and Managing Director

Born in 1925 in Mersin, Feyyaz Berker received his BA from Robert College in 1946 and his MA in Civil Engineering from the University of Michigan in 1948.

In 1956, he founded, with his partners, Ali Nihat Gökyiğit and Necati Akçağlılar, the company FNN Müşavir Mühendislik (Consultant Engineering), which was the seed of Tekfen Holding. Since then, he has served either as a member or the chairman of the Board of Directors of more than 50 of Tekfen's group companies.

He served as Chairman of the Board of Directors of the Turkish Industry and Business Association (TÜSİAD), of which he is a founding member, between 1971 and 1980, and Vice-Chairman of its High Advisory Council between 1980 and 1994, before becoming Chairman of the Council between 1995 and 1997. He has been Honorary Chairman of TÜSİAD since 1997.

He served as Founding Vice-Chairman and Executive Board Chairman of the Foreign Economic Relations Board (DEİK) between 1986 and 1997, DEİK Council Chairman between 1997 and 1999, and he has been an Honorary Member of DEİK since 1999.

He is a founder of the Turkish Family Health and Planning Foundation (TAPV) and served as Vice-Chairman of its Board of Directors between 1985 and 1995. He was Chairman of the Board of Directors of TAPV between 1996 and 1999 and Chairman of its Board of Trustees and a member of its Board of Directors between 1999 and 2007. He is currently a member of the TAPV Board of Trustees.

He has been Chairman of the Board of Directors of Hisar Education Foundation since 1985, and is a retired member of the Robert College Board of Trustees, a member of the Robert College Alumni Association and a member of the Bosphorus University Board of Advisors.

Berker is also a member of the American Conference Board (New York), Stanford Research Institute, the High Advisory Board of the Turkish Employers' Association of Metal Industries, the High Advisory Board of the Turkish Confederation of Employers' Associations, and founder of the Third Sector Foundation of Turkey and a member of its Board of Trustees.

He is also a trustee of the Turkish Foundation for Combatting Soil Erosion, for Reforestation and Protection of Natural Habitats, a founding member of DenizTemiz Turmepa (the Turkish Marine Environment Protection Association), founder and trustee of Turkish Education Volunteers Foundation and founder and trustee of the Turkish Technological Development Foundation.

Işık Zeynep Defne Akçağlılar

Board Member

Born in 1964 in Ankara, Defne Akçağlılar graduated from the Department of Television and Film Production at Pepperdine University in 1986. Between 1985 and 1992, she worked as a producer and assistant director of the News Department at KCOP Channel 13, later called UPN-Channel 13. Between 1993 and 1994, she was a scenario evaluator at the P.R.O. film company.

She returned to Istanbul in 1995 and, with the founding of the Golden Horn production company, prepared game shows for Kanal D and ATV.

After the birth of her son in 1996, Akçağlılar returned to the United States. Since 2010, she has been involved in the production of documentaries.

Murat Gigin

Board Member

Murat Gigin was born in Istanbul in 1952 and graduated from the University of Bradford in Civil Engineering in 1974. He got his master's degree in Mechanical Engineering at the University of London in 1975. He then received his Ph.D. in Oceanic Engineering from the Department of Mechanical Engineering at University College London.

He began his career at Tekfen Construction in 1977 as civil engineer at the Company's project in Kuwait. Upon his return to the Company's headquarters in Istanbul in 1983, he worked as coordinator on several international projects and in the New Business Department until he was appointed Deputy General Manager in 1986. Gigin was General Manager of Tekfen Construction between 1988 and 1998 and Board Member of several Tekfen Contracting Group companies until 2000. Gigin is currently Member of the Board of Directors of Tekfen Holding.

Since 1998, Gigin has served as Chairman of the Board and Executive Director at Viem Ticari ve Sanayi Yatırımları Ltd. Şti. Group of Companies (Tekzen Ticaret ve Yatırım A.Ş., Agromak Makine İmalat Sanayi ve Ticaret A.Ş., Maxlines Maksimum Lojistik Hizmetleri A.Ş., Viem İletişim Yayıncılık Reklam Turizm Hizmetleri Yatırım Ticaret A.Ş., Ekozey Ekolojik ve Organik Tarım Gıda Hayvancılık ve Turizm Taşımacılık İthalat İhracat İnşaat Sanayi Ticaret A.Ş., İmbroz Tarım Hayvancılık Gıda Sanayi Turizm ve Ticaret Ltd. Şti., Galipoli Gıda Ürünleri Sanayi ve Ticaret Ltd. Şti., ENAT Endüstriyel Ağaç Tarımı Sanayi ve Ticaret A.Ş., and Temarı Gıda Sanayi ve Ticaret A.Ş.). At the same time, he is Vice-Chairman of the Board of Directors of ANG Yatırım Holding A.Ş.

An activist in a number of NGO's in the past, Gigin was Chairman of IPLOCA (International Pipeline and Offshore Contractors' Association) between 1995 and 1996 and is currently Member of the Board of Trustees of TEMA Foundation.

Dr. M. Ercan Kumcu

Board Member

Ercan Kumcu was born in Istanbul in 1955. He received his undergraduate degree from Bosphorus University in 1977 and then obtained his Ph.D. in Economics from Boston College. Kumcu taught macroeconomics, monetary theory, international economics and finance at Boston College, Eastern Michigan University and the State University of New York at Binghamton. He worked as guest researcher at the Central Bank of the Republic of Turkey; then General Secretary for a brief period, and served as Vice-Chairman between 1988 and 1993.

He was Vice-Chairman of the Board of Directors at Tekfenbank (Eurobank Tekfen) between 1995 and 2008, and then Chairman of the Board.

Kumcu has taught economic policy at Kadir Has University and he has published many articles. He is the author of the books İstikrar Arayışları (In Pursuit of Stability) Krizleri Nasıl Çıkardık? (How Did We Create Crises?) (with Mahfi Eğilmez), Ekonomi Politikası: Teori ve Türkiye Uygulaması (Economic Policy: Theory and Practice in Turkey) (with Mahfi Eğilmez), Kadın Matematikçiler (Female Mathematicians) and Krizler, Para ve İktisatçılar (Crises, Money and Economists).

Erhan Öner

Board Member, Chief Advisor

Born in Izmir in 1946, Erhan Öner graduated from Middle East Technical University in 1968 with an undergraduate degree in Mechanical Engineering, and he got his master's degree in the same field at the University of Miami. In 1969, he participated in a certificate program in Pipeline Engineering at the University of Texas.

He began his career as a Project Engineer at Tekfen Construction in 1969. Having become Project Director in 1976 and Assistant General Manager in 1979, Öner was appointed General Manager of Toros Gübre in 1980. He became Executive Director of the Tekfen Group of Companies in 1991 and he held this position for seven years. He became General Manager of Tekfen Construction in 1998. Öner served as President and CEO of Tekfen Group of Companies between 2000 and 2013. He is currently on the Board of Directors of a number of Group Companies.

He worked as Chairman of the International Fertilizer Industry Association (IFA) from 1993 to 1995. Öner is a former chairman of the Turkish-Spanish and Turkish-Portuguese Business Councils operating under the auspices of the Foreign Economic Relations Board. Öner was honored with the Spanish Royal Order of Merit in 2004 for his work in developing economic relations between Turkey and Spain. In 2011, Öner was bestowed the Order of Wissam Alaoui by the King of Morocco.

Prof. Dr. Emre Gönensay

Independent Board Member

Emre Gönensay was born in 1937 in Istanbul and graduated from Columbia University with a BA in Humanities in 1957 and a master's degree in Economics in 1960. He received his Ph.D. in Economics in 1965 at the London School of Economics (LSE).

Gönensay was a faculty member in the Departments of Economics at LSE between 1964 and 1967 and Bosphorus University between 1967 and 1992. He was Dean of the Faculty of Economics and Administrative Sciences at Bosphorus University between 1971 and 1976, Economic Advisor, along with Alan Walters, to the British Prime Minister between 1980 and 1983. Gönensay served as Ambassador-at-Large and Chief Advisor to the Prime Minister of Turkey in 1992, as Ambassador-at-Large and Chief Advisor to the President of Turkey in 1993, and as Ambassador-at-Large and Chief Advisor to the Prime Minister of Turkey in matters involving the Economy and Oil Pipeline Policies Coordination between 1994 and 1995.

He was elected to Parliament in the 1995 general elections and served as Minister of Foreign Affairs in 1996.

Gönensay left politics with the 1999 general elections and began consultancy work. Throughout his career, he has served as executive director, consultant and member of the boards of directors of major companies and banks in Turkey, such as Koç Holding, Enka Holding and Chemical Mitsui Bank and Caspian Energy.

An erstwhile columnist for various newspapers in Turkey, Gönensay has many academic publications, both in Turkey and abroad, on macroeconomics, international economic policies, economic policy, monetary theory and banking.

Gönensay was appointed Honorary Ambassador to the European Union in 2003 by the Ministry of Foreign Affairs.

Gönensay has been Professor of Economics since 2004 at the Faculty of Economics and Administrative Sciences at Işık University.

Prof. Dr. Ahmet Çelik Kurtoğlu

Independent Board Member

Born in 1942 in Ankara, A. Çelik Kurtoğlu graduated in 1965 from the Department of Economics and Finance at the Faculty of Political Sciences at Ankara University where he began his academic career. He received his master's degree in 1968 from Cambridge University, did post-doctoral research at Yale University and got his Ph.D. in 1973 from the Faculty of Political Sciences at Ankara University. He retired from the Faculty of Economics at Istanbul University in 1995, but was a faculty member between 1997 and 2006 at Galatasaray University.

Kurtoğlu acted as consultant to the Ministry of Foreign Affairs between 1978 and 1982; and worked as research director at the OECD Development Center in Paris between 1983 and 1986.

Starting as advisor to Jak Kamhi, the first Turkish member of the European Roundtable of Industrialists (ERT), Kurtoğlu is currently acting as Bülent Eczacıbaşı's advisor at the same organization.

In 1987, Kurtoğlu took an active role in the founding of the Foreign Economic Relations Board (DEİK) and became its director, a position he held until 1995. He subsequently served on the Board of Directors until 2008. Meanwhile, he also served as General Secretary of the Black Sea Economic Cooperation (BSEC) since 1992.

Kurtoğlu served at Global Menkul Değerler A.Ş. in 1995, then he set up Kurdoğlu Consultancy in 1999 and "iyişirket" Danışmanlık A.Ş. in 2003, to give financial and legal consultancy services. Between 2000 and 2007, Kurtoğlu also worked as a consultant for Mitsui Trading Company in strategy and business development in Turkey.

Kurtoğlu was elected to the Nine Bank Board of Directors created by the newly founded Banking Regulation and Supervision Agency for 2001. He was a member of the Tekfenbank Board of Directors between 2002 and 2007 and served as Chairman of the TEMA Foundation between 2007 and 2008. Kurtoğlu is currently continuing his work at Kurdoğlu Consultancy.

Uğur Bayar

Independent Board Member

Born in 1964 in Istanbul, Uğur Bayar has a B.S. in Mathematics and Statistics from New York State University. Bayar began his career at Citibank Türkiye in 1987 and, until he began public service in 1992, worked in various departments and capacities at the bank.

Bayar was Vice-Chairman of the Prime Ministry's Public Partnership Administration between 1992 and 1997, and Chairman of the Prime Ministry's Privatization Administration between 1997 and 2002. In parallel, he served as Chairman of Erdemir Board of Directors, Chairman of Petrol Ofisi Board of Directors, Member of Turkish Airlines Board of Directors, and Member of Türk Telekom Board of Directors.

Having joined Credit Suisse in 2004, Uğur Bayar is the bank's CEO for Turkey and Chairman of its Investment Banking Division. At the same time, he is Chairman of the Board of Directors of the WWF (World Wildlife Foundation) Türkiye, Chairman of the Foreign Economic Relations Board's (DEİK) Turkish-Swiss Business Council, and a Board Member of the Corporate Management Association Advisory Board as well as of San Diego based biotechnology firm Samumed.

Uğur Bayar speaks English and French. He is married and has two children.

Zekeriya Yıldırım

Independent Board Member

Zekeriya Yıldırım was born in 1944 and graduated from Darüşşafaka High School in 1962. He received a B.A. in Economics from Istanbul University and an M.A. from Vanderbilt University, USA.

He began his career at the Ministry of Finance, where he worked for nine years as assistant auditor and auditor. He specialized in international finance at the Turkish Central Bank, where he started work in 1977, and he played an active role in liberalizing the economy and encouraging competition, and opening up the Turkish market to international competition. He left the Central Bank in 1987 as Vice-Chairman.

Since 1998, Yıldırım has been Chairman of the Board of Directors of Yıldırım Danışmanlık Hizmetleri A.Ş., which provides consulting in corporate financing, management, and strategy to leading Turkish and international companies.

Yıldırım is a partner and Chairman of the Board in Ada Plant A.Ş., a company that raises ornamental plants, and is Chairman of the Board of FU Gayrimenkul Yatırım Danışmanlık A.Ş., which investigates and authenticates the legal status of immovable properties and gives consulting to banks and financial institutions. Member of the Board of Directors of Doğan Holding between 2008 and 2010, Yıldırım has been an Independent Board Member at Sabancı Holding since 2012.

Prior to setting up Yıldırım Danışmanlık A.Ş., Yıldırım was Vice-Chairman of the Board of Directors and Chairman of the Executive Committee at Doğu Group. He also served as chairman and member of the boards of directors of companies affiliated with Doğu Group as well as other private sector institutions. He has worked as a consultant to Turkish and foreign organizations. Zekeriya Yıldırım has been Chairman of the Turkish-Dutch Business Council for 13 years. Between 2007 and 2013, he served as Chairman of the Board of Directors of the Darüşşafaka Society and he is currently Chairman of the Darüşşafaka Society Higher Advisory Board. Yıldırım is a member of the Turkish Industry and Business Association (TÜSİAD) High Advisory Council Presidential Board, is on the board of trustees of the Ayhan Şahenk Foundation and the Educational Volunteers Foundation of Turkey, and is Editorial Board Chairman of Finans Dünyası.

Executive Management

Osman Cengiz Birgili

President and CEO of Tekfen Group Companies

Born in Istanbul in 1951, Osman Birgili graduated from Middle East Technical University Civil Engineering Department in 1978.

He joined Tekfen Construction as a Civil Engineer, and after working in various positions, he became the Vice President of Tekfen Construction in 1998.

The Senior Vice President of Tekfen Construction between 2005-2013, Birgili has been actively involved in Tekfen Holding's IPO in 2007.

Birgili has been appointed President and CEO of Tekfen Holding as of May 11, 2013. He also holds the titles of Vice Chairman of the Board in Tekfen Construction, Tekfen Manufacturing, Tekfen Engineering and Toros Tarım (Agri) as well as Board Member in HMB AG.

Birgili, who has been a member of IPLOCA (International Pipeline and Offshore Contractors' Association) representing Tekfen Construction since 1998, was elected its President for the year 2011-2012.

Birgili speaks English and German, and is married with two sons.

Esin Mete

Vice President - Agri-Industry Group

Esin Mete was born in Istanbul in 1949 and graduated from Boğaziçi University with a degree in Chemical Engineering.

Esin Mete started her career as a Chemical Engineer at Tekfen Construction in 1973 and she worked in this position until 1980, when she transferred to Toros Fertilizer. Between 1980 and 1984, she served as Assistant General Manager and between 1985 and 1991 as Senior Assistant General Manager. In 1991, she was appointed General Manager of Toros Fertilizer, now known as Toros Tarım. In 2000, she was appointed Tekfen Holding Vice President in charge of the Agri-Industry Group.

Ms. Mete, assigned as the Chairwoman of the Board of Directors of Toros Tarım and as CEO of Agri-Industry Group in April 2010, is at the same time the Vice Chairwoman of Hishtil-Toros, and also serves as the Chairwoman in Agri-Industry Group Companies.

Apart from all these positions, Ms. Mete served as the International Fertilizer Industry Association's (IFA) Vice President in charge of the Middle East between 2001 and 2004. From 2007, she has served as Vice President of the IFA's Executive Management Group. On May 22nd, 2013, Ms. Mete has been elected President of IFA.

Among the prizes she was rewarded are the "Officier du Wissam Alaoui" given in 2011 by the King of Morocco for her perennial close cooperation and contributions to the development of the country; the "Award of Service to Country and Humanity" given in 2008 for her contributions to the Zinc project; and the "first prize" given in years 2000 and 2003 for representing the industry during the "Successful Business Women" organization. Ms. Mete was among the "Most Successful 30 Women of Turkey" in Capital Magazine's 2005 and 2012 listings.

Ms. Esin Mete, who has excellent command of the English language, is a mother with one daughter.

Dr. Osman Reha Yolalan

Vice President - Corporate Affairs

Born in Istanbul in 1961, Dr. Osman Reha Yolalan graduated from Istanbul Technical University in 1984 with an undergraduate degree in Industrial Engineering. He got his master's degree in the same field at the Bosphorus University in 1987 and his Ph.D. in Management Science at Université Laval, Canada, in 1990. In 2000 Dr. Yolalan was awarded the title of Associate Professor in Operations Research.

Dr. Yolalan started his professional career as a Specialist in the Strategic Planning Group of Yapı ve Kredi Bankası A.Ş. in 1991. Between 2000 and 2004, he served as the Executive Vice President in charge of Financial Analysis and Credit Risk Management and then as Yapı ve Kredi Bankası A.Ş. Chief Executive Officer between 2004 and 2005. He has also served as Board Member of the bank's financial affiliates in Turkey and abroad.

Since 2006, he has served as Tekfen Holding Vice President in charge of Corporate Affairs.

Dr. Yolalan speaks French and English, and is married with two sons.

List of Tekfen Group Companies



2013 Corporate Governance Alignment Report

1. Corporate Governance Principles Compliance Statement

The Tekfen Group has deep-rooted values and strong corporate foundations and it faithfully adheres to the principles of corporate governance. It believes that doing so enables it to maintain successful business practices and makes Tekfen shares an attractive investment instrument for current shareholders and potential investors. Even before becoming a publicly traded group of companies in 2007, Tekfen Group had been built upon the principles of equality, transparency, accountability and responsibility - corporate governance principles that are the basis of its relations with management, its partners, employees and third parties. In this respect, it has wholeheartedly adopted the Capital Markets Board Corporate Governance Principles and it is committed to implementing them properly. The Tekfen Group maintains the interests of shareholders and stakeholders on equal footing and aims at maximizing its market value.

The Tekfen Group closely monitors new approaches to and regulations in the area of Corporate Governance. It is scrupulous in adapting to legal and regulatory changes as quickly and flawlessly as possible. Accordingly, Tekfen Group adheres to the principles enshrined in the Corporate Governance Principles Communiqué issued by the Capital Markets Board at the beginning of 2014. Our Group has also adopted most of the Capital Market Board's discretionary Corporate Governance Principles because they were already largely covered by Tekfen's long-applied conservative management philosophy. Our plans are, however, to implement the limited number of discretionary principles that we currently do not practice and, to do so, we shall make the necessary organizational changes and internal company regulations.

Section 1 / Shareholders

2. Investor Relations Department

2.1 Investor Relations and Corporate Governance Department

Investor Relations and Corporate Governance Department is responsible for ensuring that the practice of shareholder rights in our Company complies with CMB Corporate Governance Principles and all relevant legislation and to provide communication between existing and potential shareholders and the Board of Directors which is active concerning the exercise of shareholder rights.

This department reports to The Corporate Governance Committee and to Associate Professor Dr. Reha Yolalan, Vice-President in charge of Corporate Affairs.

The Investor Relations and Corporate Governance Department can be contacted as follows:

Investor Relations and Corporate Governance Coordinator: Çağlar Gülveren, CFA
Tel: +90 (212) 359 34 20
Fax: +90 (212) 257 00 81
Email: cgulveren@tekfen.com.tr or investor@tekfen.com.tr

The Investor Relations Department can also be reached via the contact form on the Company's official website: www.tekfen.com.tr.

Investor Relations and Corporate Governance Coordinator Çağlar Gülveren, who holds all licenses issued by CMB, is responsible for the Company's compliance with all obligations arising from capital market regulations and coordinating corporate governance applications.

2.2 Investor Relations and Corporate Governance Department Responsibilities

The main regulatory responsibilities of the Investor Relations Department are as follows:

To keep shareholder records in a sound, current, and secure manner and to respond to written shareholder requests to the fullest extent possible while not divulging non-public confidential or trade information;

To ensure that the General Assembly is convened in accordance with the current legislation, the articles of association, and other internal Company regulations;

To prepare, in cooperation with other Company departments, the General Assembly documents for shareholders;

To keep records of voting and to send the relevant reports to any shareholders who may request them;

To supervise and monitor all matters related to informing the public, including issues such as legislation and the disclosure policy of the Company.

In addition, the Investor Relations Department carries out the following activities:

To supervise and monitor the implementation of obligations arising from capital market regulations;

To monitor and update on a regular basis the contents of "Investor Relations" section of the website;

To respond to investors' and analysts' information requests regarding Holding and its Group companies, to conduct one-on-one talks when necessary or to attend conferences and meetings organized on this subject;

To supervise and monitor all matters related to public disclosures, including preparing and sending announcements of material events as required to the Istanbul Stock Exchange (ISE);

To obtain financial and operational data required by analysts for their research reports provided this data has been previously disclosed to the public and does not contain any trade secrets, to ensure the preparation of research reports from complete, accurate and current data and to examine and monitor these reports prepared in this context;

To answer by telephone or electronic mail the questions and requests for information of existing and potential local and foreign investors to the degree that legal regulations allow;

To organize teleconferences and meetings with the participation of Company senior managers for investors and analysts following announcements of quarterly Financial Reports to the public;

To prepare detailed quarterly presentations regarding the activities and financial condition of the Company with the support of the relevant departments;

Within the framework of regulations related to public announcements of material events, to prepare lists of those with insider information and to keep this list up to date;

To keep up with the information contained in the Registry System held by the Central Registration Agency.

2.3 Activities of the Investor Relations and Corporate Governance Department in 2013

A large percentage of the publicly traded portion of the Company's capital is held by foreign institutional investors. Consequently, many existing and prospective foreign institutional investors and brokerage companies' analysts who render services to such investors request visits to the Company. The department strives to meet these requests by facilitating the active participation of the Company's senior management. In this context, in 2013 in addition to conferences attended, the Department conducted one on one meetings with 40 investors, and held ten teleconferences. In addition, the Department participated in seven conferences and two roadshows organized in Turkey and abroad and conducted individual talks with 146 representatives of institutional investors during these meetings that lasted a total of 25 days.

Additionally, four teleconferences open to all interested investors and analysts were held regarding the quarterly activities and financial results of our Company and "Investor Presentations" regarding these quarterly results are posted on the Company website in both Turkish and English. Information regarding attendance at these teleconferences to evaluate quarterly financial results is posted on the Company website at least two weeks in advance and sent by email to everyone who wants to be on our distribution list.

3. The Use of Shareholders' Rights to Obtain Information

3.1 Right to Obtain Information

All requests for information from shareholders that reach the Investor Relations Departments are answered without prejudice in a fair and equal way provided that this information has been previously disclosed to the public and does not contain any trade secrets.

In addition, investors can obtain accurate and current information and data from the "Investor Relations" section of the Company's website (www.tekfen.com.tr) which appears in both English and Turkish. No information or explanation that could affect the use of shareholder rights was posted on the Company's website during this reporting period.

Since, in accordance with the Turkish Commercial Code and the Capital Markets Law, shareholders

have the right to request the appointment of a statutory auditor, there is no provision in the Company's articles of association for the appointment of a special auditor.

No request to make such an appointment was received during this reporting period.

4. Information about the General Assembly

Our financial reports are prepared on a consolidated basis according to International Financial Reporting Standards since our Company is a publicly traded company subject to the Capital Markets Law.

Consequently, annual financial reports prepared on a consolidated basis according to the Capital Market Regulations in effect in 2013 and the associated independent auditors report were to be sent within 14 weeks after the end of the accounting period to CMB and ISE. Taking into consideration the legal period allowed for the shareholders to examine the General Assembly invitation and documents related to this invitation, our Company's Annual Ordinary General Assembly Meeting took place not within the three months following the accounting period in compliance with the Turkish Commercial Code and Articles of Association, but in the shortest possible period of time within the limits set by the Capital Market Regulations.

Accordingly, our Company's Ordinary General Assembly was held on 7 May 2013 at 14:00 in the Conference Hall of Tekfen Tower located at Büyükdere Cad. No. 209, 4. Levent-Istanbul. The financial reports for the year 2012, were announced to the public on 11 April 2013.

The General Assembly Disclosure Document, containing detailed explanations pertaining to the items of the agenda, annual report, financial tables and reports, dividend distribution recommendations and a copy of the power of attorney, were presented for shareholder inspection at Company headquarters, on the e-General Assembly website of the Central Registry Agency and on our Company's website (www.tekfen.com.tr) at least three weeks prior to the General Assembly.

The shares that represent the issued capital of our Company are all registered bearer shares. The Invitation to the Ordinary General Assembly is issued in compliance with all regulations and the Company's Articles of Association within the specified period of time, and together with a sample

proxy form and the agenda, is published in the Turkish Commercial Gazette and one of Turkey's leading national newspapers.

At our General Assembly Meeting on 7 May 2013, e-voting was possible for the first time. At the General Assembly Meeting, out of a total number of shares of 370,000,000 representing TRY 370,000,000 in shareholders' equity, 274,705,507.601 shares (74.24% participation ratio, including virtual participation) were in attendance.

The meeting was not attended by the press or other stakeholders other than shareholders.

According to Article 24 of our Company's Articles of Association, voting at General Assembly Meetings is done by raising hands or counting votes electronically, with proxies showing the appropriate documents as per the Capital Markets Board directives. At the meeting, each item is voted upon separately.

In 2013, twenty-nine amendments were made to the company's articles of association, to comply with the New Capital Market Law and the Turkish Commercial Code, and these were approved by the General Assembly.

A report on the donations made in 2012 and their recipients was submitted to shareholders by an additional article on the General Assembly's Agenda.

At the General Assembly Meeting, shareholders have the opportunity to ask questions and these questions are answered by Company managers attending the meeting. At the General Assembly Meeting, no proposals were made by shareholders.

The agenda of the General Assembly Meeting, together with the register of attendance and meeting notes may be obtained from Company headquarters or from our website (www.tekfen.com.tr).

5. Voting Rights and Minority Rights

5.1 Voting Rights

Prior to our Company's IPO, privileged rights were removed by an amendment of the Articles of Association in compliance with the CMB's Corporate Governance Principles. Currently there are no privileged rights. As a result, every share carries a single vote; this point is clearly stated in our Company's Articles of Association.

In line with the CMB's regulations, shareholders may use their voting rights directly or via a duly authorized proxy.

The Company's capital contains no cross ownership.

5.2 Minority Rights

The Company's Articles of Association contain no provision for the representation of minority shareholders in the management of the Company or about utilization of the method of cumulative voting.

6. Dividend Right

Company dividend policy is determined according to the Turkish Commercial Code, Capital Markets Law; Capital Markets Board Regulations and Directives, Tax Laws, other relevant legislation, and the Company's Articles of Association. Our Company's "Dividend Policy" which was approved by the Board of Directors on April 4, 2008 was presented to our shareholders at the General Assembly Meeting on May 8, 2008. Our Company's Dividend Policy is given in our Annual Report and on our company website.

According to our Articles of Association, a dividend equal to 30% of distributable net income after deducting all legal obligations is paid to our shareholders.

Taking into consideration the legal period of time following the completion of the General Assemblies of our subsidiaries and partnerships included in the consolidated financial statements, dividend payment recommendations are announced to the public in accordance with relevant legislation upon the resolution of the Company's Board of Directors.

At the General Assembly Meeting held on 7 May 2013, it was resolved to payout dividends comprising 45% of profits in the amount of TRY 132,219,500 and dividends were distributed on 14 May 2013.

7. Transfer of Shares

The Company's Articles of Association place no limitations on the transfer of shares (cf. Article 6) within the limits set by the Capital Markets Law.

Section 2 / Public Disclosure and Transparency

8. Company Information Disclosure Policy

The Company's Disclosure Policy was developed by the Board of Directors in accordance with the CMB's Corporate Governance Principles and was announced to the public, together with material disclosure on April 30, 2009, on the Company's website (www.tekfen.com.tr)

The main headlines of Tekfen Holding's Disclosure Policy are as follows:

The disclosure means and methods used by the Company,

Principles concerning disclosure or deferral of inside information and measures to be taken to maintain confidentiality until inside information is disclosed,

Persons authorized to make material disclosures, Principles concerning disclosure of financial reports, Principles concerning disclosure concerning the use of shareholder rights,

Rumor control,

Persons with administrative responsibility, Persons Authorized to make Press Announcements and Public Disclosures,

Principles concerning monitoring of analyst reports,

Principles concerning use of the Company's website for investor disclosures,

The Company's Investor Relations and Corporate Governance Department is responsible for supervising and applying the disclosure policy.

9. Company Website and Its Content

Our Company's website, www.tekfen.com.tr, under Investor Relations, details the provisions of the Capital Markets Board Corporate Governance Principles. In addition, the same information is available on our Company's English website for the benefit of international investors.

10. Annual Report

Our Company's annual report has been prepared as the Turkish Commercial Law and the Capital Market Regulations require and in such a way that full and accurate information about our Company's activities reach our shareholders, the public and all other stakeholders.

Section 3 / Stakeholders

11. Informing Stakeholders

The Holding informs stakeholders of important Company developments via internal correspondence, meetings, the intranet and internet, press meetings, briefings, and other written and visual media.

Stakeholders, investors, and analysts can access financial reports, annual reports and other presentations and information regarding the Holding via the official Company website.

Because the Company is a holding company, it is not directly involved in commercial activities. However, depending on the business area of the Holding's companies, stakeholders (such as customers who have affiliation with the Company, franchisees, and suppliers) are informed about issues of interest to them, via franchise meetings or training sessions.

Employees are informed via various events, periodical meetings with managers, and the intranet. Some important announcements and messages are communicated to all employees via email. Tekfen Holding places great emphasis on dialogue between the employees and managers and facilitates such an information flow.

It is the duty of the Audit Committee to see that legal regulations are complied with, while it is the responsibility of the Corporate Governance Committee, which is charged with overseeing this compliance, to examine complaints from partners and stakeholders about matters pertaining to corporate governance and to see that they are resolved.

12. Participation of Shareholders in the Management

No structure for the involvement of stakeholders in the Company's management has been established. However, managers evaluate requests and recommendations emanating from meetings held with the employees and other stakeholders and

thus, relevant policies and applications are developed.

13. Human Resources Policy

The Human Resources Policy of Tekfen Holding and group companies are formulated on the following principles:

Continuous customer and employee satisfaction is a guarantee of the present and future success of a company.

To minimize any possibility of damage to employees, third parties, property, or the environment, Tekfen Holding arranges all its operations according to the following work principles, presented in order:

Abide by all relevant laws, regulations and directives regarding Health, Safety, the Environment, and Quality for which all managers and employees are responsible.

Keep strict adherence to standards and customers' specifications so as to eliminate or minimize customer complaints, and repeat and maintenance charges,

Increase the effectiveness of management systems and continuously monitor and improve applications, Tekfen Holding is not only concerned with managing its own human resources policy effectively, but in investing in Turkey's future. In this regard, social, cultural, and environmental protection activities, as well as the Company's scholarship program for successful students (which we have undertaken since the Company's foundation) are among the tasks that are covered by the policy and that carry Turkey to a brighter future.

This management concept is based on a belief in people's unlimited potential to succeed and an understanding that a brighter future can only be attained through technology and science. Therefore, investing in human intelligence and skills is essential. The fact that no complaint of discrimination came from the employees in 2013 indicates the objective attitude of Tekfen Group towards its employees. Its employees are the Company's most valuable assets and their quality is the most important guarantee of the quality of our services and products. The Company shows the same diligence for employee development programs as it does for employee selection.

Employee development programs develop the employees' ability to act in a coordinated fashion, to develop recommendations, and to make rational decisions. The Human Resources and Personnel Units take active roles in managing relations with employees.

14. Ethical Rules and Social Responsibility

The Tekfen Group sees ethical rules as a cornerstone of corporate governance culture; it also actively exercises its social responsibilities with awareness of its role in social and economic life and mindful of the goal of developing society and the economy. In Tekfen's relations with employees, suppliers, customers, shareholders, other stakeholders and the public, honesty, and a sense of responsibility and respect for rights are essential. The Tekfen Group's Ethical Principles, which were formed on these bases and put in writing, are explained to the public via our website (www.tekfen.com.tr).

As a socially responsible company, Tekfen uses a portion of its earnings on projects that benefit the public and it actively supports efforts to improve the social and natural environment in which it operates. The social, cultural and environmental preservation activities in which Tekfen has engaged since its founding comprise an essential part of its corporate culture. It established the Tekfen Foundation for Education, Health, Culture, Art and the Protection of Natural Resources, in short Tekfen Foundation, in 1999 to further its contribution to social and cultural activities and to assist in the creation of a livable future.

The social responsibility projects carried out under Tekfen are done so either by individual Group companies or through the Tekfen Foundation.

Tekfen Foundation

Tekfen Foundation has to major areas of activity: education and culture.

The Tekfen Foundation provides grants to hard-working and successful students so they can study under good conditions. While over 1,000 students have graduated with the support of Tekfen Foundation's scholarship so far, 481 students benefited from Tekfen Scholarships in 2013. Internships are also available to scholarship recipients to help them prepare for working life after graduation. Fifty-three third- and fourth-year university students took advantage of internships in 2013.

The Tekfen Philharmonic performed its 2013 con-

certs under the direction of guest conductors due to the retirement of its founding conductor and in search of a new maestro to entrust the orchestra with. Russian Evgeny Bushkov conducted the orchestra's first concert in March, while the orchestra's autumn concert, entitled Praise to Nature was conducted by British conductor James Judd in October. Tekfen Philharmonic broke new ground at its final concerts of the year by incorporating a special program for children.

The Singaporean guest conductor Darrell Ang conducted these entertaining and instructive concerts, held on 30 November in Istanbul and 1 December in Bursa.

In 2013, Tekfen Foundation continued its sponsorship of the Ziyaret Tepe Tumulus excavations, southeast of Bismil near Diyarbakır, which were started in 2000.

Tekfen Holding

Since 2012, Tekfen Holding has been sponsoring the fund raising program entitled 'Friends of AKUT' launched by AKUT Search and Rescue Association with the aim to meet its equipment and operating expenses by garnering widespread support from companies and individuals.

In 2013, Tekfen Holding also sponsored a book called Understanding Music, written by Özkan Manav and Mehmet Nemetlu, two Turkish composers and academicians. The book, the product of more than ten years' effort, is a guidebook to help amateur listeners better understand classical music.

Tekfen Construction

Tekfen Construction sponsored the travel expenses to Dubai, Abu Dhabi and Qatar for members of the Preparation for Engineering Club, founded by students at the Faculty of Engineering at Istanbul Technical University. The Club undertakes trips every year to construction sites. Tekfen Construction hosted the students for a day at its construction site in Qatar and briefed them about the machinery and the work.

Toros Tarım

In 2013, Toros Tarım expanded the Field Demo Project it initiated with the Ministry of Agriculture in 2012. The project aims to instruct farmers in the correct and balanced use of fertilizers to obtain optimum results.

Toros Tarım shared the story behind the Field Demo Project more widely through a specially prepared documentary, telling the story of three families of wheat producers who participated in the project. The story was intertwined with an account of the adventure wheat took as it moved from seed to the table. The Full HD-quality documentary, prepared in three 35-minute segments, was first aired on İZ TV in December 2013.

Toros Tarım also gives support to the Program to Improve the Health of Seasonal Agricultural Workers and their Families, being run by Harran University and the United Nations Population Fund (UNFPA) Turkey Office. The program, jointly supported by the Ministry of Health-affiliated Turkish Public Health Agency and the Dutch Embassy, aims to improve the health conditions of seasonal migrant farm workers, who live under difficult circumstances and in poverty, and to contribute to the prevention of diseases endemic to this group of people.

In addition to contributing to Turkish agriculture and the Turkish economy, Toros Tarım regards improving the educational conditions of the children and young people in the areas in which it operates as a social responsibility. As part of this commitment, Toros Tarım inaugurated MEB Toros Tarım Necati Akçağlılar Anatolian High School, on 16 September 2013 in Samsun. This high school was built in memory of Necati Akçağlılar, one of Tekfen's founders. It has 24 classrooms and a 720-student capacity.

In addition, it supports the Toros Gübre (Fertilizer) High School in Adana, the Toros Gübre Primary School in Kurtpınar, Ceyhan that it established itself, and also meets the maintenance, repair and general needs of the 28-classroom Toros Tarım Necati Akçağlılar Primary School, which was built by Tekfen Foundation in 2012 in the Sarımazı Township in Ceyhan, Adana. It also provided funding to Canik Başarı University in Samsun in 2013.

With the aim to further develop the Turkish agriculture, raise productivity and product quality, Toros Tarım took place in a number of projects either as sponsor or as in-kind contributor.

Section 4 / Board of Directors

15. Structure of the Board

The Company's administration is undertaken by a Board of Directors of between nine to eleven members chosen by the General Assembly.

A Board of Directors consisting of 11 members, each of which is to serve for one year, was decided upon at the Annual Ordinary General Assembly held on 7 May 2013.

Four independent members serve on our Board of Directors. Rüşdü Saraçoğlu, Emre Gönensay, Şefika Pekin and A. Çelik Kurtoğlu met the requirements for independence set forth in the Corporate Governance Committee report dated 11 April 2013 and their candidacy was announced. The candidacy of these individuals was approved by the Board of

Directors decision dated 11 April, announced to the public the same day, as well as submitted for the General Assembly. They were elected as independent board members at the General Assembly Meeting held on 7 May 2013.

However, because their six-year independent membership on the board expired as of 8 October 2013 and they were no longer eligible to continue to hold these positions, Independent Board Members Şefika Pekin and Rüşdü Saraçoğlu resigned from their membership of the board. In adherence to Article 363 of the Turkish Commercial Code, the Board of Directors decided on 24 September 2013 to have Uğur Bayar and Zekeriya Yıldırım replace them as of 8 October 2013 and that they hold these positions until the next General Assembly. Each of the independent members have provided written documentation that they meet the criteria of independence. Therefore, as of the end of 2013, the board of directors is comprised of the following members until the next General Assembly Meeting is held:

According to the Company's Articles of Association, the Board of Directors executes the tasks given to it within the Turkish Commercial Code, the Articles of Association, and the decisions of the Company's General Assembly.

The Board can delegate some or all of its authority and responsibilities, including its authority to represent the Company, to a committee made up of its own members or to managing director(s) or general manager(s), as well as directors who are not shareholders.

At its first meeting, the Board of Directors chooses a chairman and a vice chairman from among its members. In addition, the Board of Directors may, provided it retains the inalienable and indispensable duties and authorities given to it in Article 375 of the Turkish Commercial Code, transfer some or all of its administrative authority to one or more board members or to a third party, on the basis of internal guidelines to be prepared.

In this regard, Ali Nihat Gökyiğit was appointed Chairman and Managing Director of the Board of Directors and Feyyaz Berker and Cansevil Akçağlılar were appointed as Vice Chairmen and Managing Directors for 2013.

To allow board members take positions in other Group companies, it was decided in the ordinary

Annual General Meeting that the board members would not be subject to the prohibitions and limitations outlined in articles 395 and 396 of the Turkish Commercial Code numbered 6102. In this regard, board members are not limited in any way from taking positions outside the Company for the period covered by the General Assembly's decision.

Information pertaining to the other positions Board of Directors' members hold at Tekfen Group Companies and companies not belonging to Tekfen Group is as follows.

Tekfen Holding Board of Directors

NAME SURNAME	POSITION
Ali Nihat Gökyiğit	Chairman and Managing Director
Feyyaz Berker	Vice Chairman and Managing Director
Cansevil Akçağlılar	Vice Chairman and Managing Director
Işık Zeynep Defne Akçağlılar	Member
Dr. Mehmet Ercan Kumcu	Member
Murat Gigin	Member
Erhan Öner	Member
Prof. Dr. Ahmet Çelik Kurtoğlu	Independent Member
Prof. Dr. Emre Gönensay	Independent Member
Uğur Bayar	Independent Member
Zekeriya Yıldırım	Independent Member

NAME SURNAME	TEKFEN GROUP COMPANIES	NON-GROUP COMPANIES
Ali Nihat Gökyiğit	• Tekfen Insurance Brokerage Services A.Ş. / Vice / Chairman and Managing Director	-
Feyyaz Berker	• Tekfen Insurance Brokerage Services A.Ş. / Chairman and Managing Director	• Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. / Vice Chairman
Murat Gigin	-	<ul style="list-style-type: none"> • Agromak Makine İmalat Sanayi ve Ticaret A.Ş. / Chairman of the Board of Directors and Managing Director • ANG Yatırım Holding A.Ş., / Vice Chairman of the Board of Directors • Ekozey Ekolojik ve Organik Tarım Gıda Hayvancılık ve Turizm Taşımacılık İth. İhr. İnş. Sanayi Ticaret A.Ş. / Chairman of the Board of Directors and Managing Director • ENAT Endüstriyel Ağaç Tarımı Sanayi ve Ticaret A.Ş. / Chairman of the Board of Directors and Managing Director • Galipoli Gıda Ürünleri Sanayi ve Ticaret Ltd. Şti. / Company Manager • İmbroz Tarım Hayvancılık Gıda Sanayi Turizm ve Ticaret Ltd.Şti. / Company Manager • Macahel Arıcılık Turizm Nakliyat ve Ticaret A.Ş. / Vice Chairman of the Board of Directors • Maxlines Maksimum Lojistik Hizmetleri A.Ş. / Chairman of the Board of Directors and Managing Director • Tekzen Ticaret ve Yatırım A.Ş. / Chairman of the Board of Directors and Managing Director • Temarı Gıda Sanayi ve Ticaret A.Ş. / Chairman of the Board of Directors and Managing Director • Viem İletişim Yayıncılık Reklam Turizm Hizmetleri Yatırım Ticaret A.Ş. / Chairman of the Board of Directors and Managing Director • Zen Enerji A.Ş. / Chairman of the Board of Directors

NAME SURNAME	TEKFEN GROUP COMPANIES	NON-GROUP COMPANIES
Mehmet Ercan Kumcu	• Tekfen Insurance Brokerage Services A.Ş. / Vice Chairman of the Board of Directors, • Toros Tarım A.Ş. / Member of the Board of Directors	
Erhan Öner	<ul style="list-style-type: none"> • Tekfen Insurance Brokerage Services A.Ş. / Member of the Board of Directors • Toros Tarım A.Ş. / Member of the Board of Directors • Tekfen Construction and Installation A.Ş. / Member of the Board of Directors • Tekfen Manufacturing and Engineering A.Ş. / Member of the Board of Directors • Tekfen Engineering A.Ş. / Member of the Board of Directors 	<ul style="list-style-type: none"> • Öner Yatırım İç ve Dış Ticaret A.Ş. / Chairman of the Board of Directors • Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. / Chairman of the Board of Directors
Uğur Bayar		• Credit Suisse İstanbul Menkul Değerler A.Ş./ General Director
Zekeriya Yıldırım		<ul style="list-style-type: none"> • Yıldırım Danışmanlık Hizmetleri A.Ş. / Chairman of the Board of Directors • Ada Plant A.Ş. / Chairman of the Board of Directors • Hacı Ömer Sabancı Holding A.Ş. / Independent Member of the Board of Directors

Currently, none of the Board members is engaged in any activity that would constitute a conflict of interest or would be deemed as competing in the Company's area of business.

16. Principles of Activity of the Board of Directors

Issues related to the Board's meeting frequency and quorum are defined in the Company's Articles of Association. Accordingly, the Board of Directors must convene as often as business and operations necessitate, but at least four times a year.

The quorum required for a Board meeting to commence is half the membership plus one and all decisions require a majority. Board decisions may also be made by obtaining the written decision of each member provided that none of the members demands a discussion of the subject in a meeting.

The Legal Department acts as secretariat of the Board of Directors.

The agenda of the meetings are determined by discussion of proposals between the Tekfen Group Companies President and the Chairman of the Board. The agenda and documents pertaining to it are prepared by the secretariat of the Board of Directors. The secretariat then submits them in a single dossier to each member of the board in sufficient time before the meeting so that they can examine and assess the subject matter contained therein.

The 20 meetings held in 2013 made 33 decisions; average attendance at the meetings in the year was 93%.

All Board decisions were passed unanimously, so no dissenting view is recorded in the Resolution Book. Should it arise, all details of dissenting views would be recorded in the Resolution Book.

In cases where the Capital Markets legislation so requires, important Board decisions are publicly announced with a disclosure of material events.

The board members do not have privileges such as controlling a vote or a negative right of veto.

17. The Number, Structure and Autonomy of Committees Formed by the Board of Directors

During the initial public offering, two committees, namely the Audit Committee and the Corporate Governance Committee, were formed upon Board decisions dated 22 November 2007. The Early Risk Detection Committee, which had previously been formed under the Corporate Governance Committee within the framework of the CMB's Corporate Governance Communiqué, was instituted as a separate committee by decision of the Board of Directors on 9 May 2013. On the other hand, the Candidate Nominating Committee, and the Remuneration Committee, which are legal requirements in compliance with Corporate Governance Principles, were organized within the framework of the Corporate Governance Committee. Their respective duties were assigned to and assumed by the Corporate Governance Committee.

The Duties and Working Principles of these committees designating the general procedures through which they act can be obtained from the Company's website.

The Audit Committee and the Corporate Governance Committee meet at least once every three months, for a minimum of four times a year. The Early Risk Detection Committee meets once every two months.

According to the present structure, Board members do not serve on more than one committee.

17.1 Audit Committee

The Audit Committee consists of two independent members of the Board of Directors; A. Çelik Kurtoğlu is serving as Committee Chairman and Zekeriya Yıldırım as Committee Member.

In line with Capital Markets Legislation, the Audit Committee is responsible for supporting the Board

of Directors by overseeing the Company's accounting system, the public disclosure of financial information, the independent auditing, and by monitoring the effectiveness and performance of the internal audit mechanism, and for reporting on its evaluations to the Board of Directors.

17.2 Corporate Governance Committee

Independent Board Member Mr. Emre Gönensay is heading the Corporate Governance Committee, while Board Member Mr. Murat Gigin and Investor Relations & Corporate Governance Coordinator Mr. Çağlar Gülveren are acting as Committee members.

In line with Capital Markets Legislation, the Corporate Governance Committee is responsible for monitoring the Company's compliance with the CMB's Corporate Governance Principles, proposing improvements in compliance, and making recommendations on compliance issues to the Board of Directors. Moreover, in addition to these duties, because the Candidate Nominating Committee and the Remuneration Committee are organized under the Corporate Governance Committee, these committee duties are by extension performed by the Corporate Governance Committee.

18. Risk Management and Internal Control Mechanism

In accordance with the applicable laws and given its structure, Tekfen Holding A.Ş.'s financial tables are prepared on a consolidated basis. The main operating groups - Contracting, Agri-Industry and Real Estate Development - prepare IFRS-based financial tables on a quarterly basis using their internal control mechanisms. At the Holding level, transactions between groups are eliminated and consolidated financial tables are prepared. The financial results and performance of all companies included in the consolidation are analyzed by the operating group to which they belong and they are included in the consolidated financial reporting. The Audit Committee conducts the internal control activities of Tekfen Holding A.Ş. in coordination with the Financial Affairs Directorate as per the relevant legal regulations. The relevant Group Vice-Presidents monitor the financial reporting of the three main operating groups. When the quarterly financial tables are disclosed to the public, consolidated financial tables are presented to the Company Board of Directors after being checked and approved by the Audit Committee. Major financial indicators obtained for the Tekfen Group consolidated tables, such as revenues, earnings before

taxes, net profit, net operating capital and net liabilities to banks, are reported periodically and analyzed by senior management. The Board of Directors, meeting periodically and with the participation of the relevant Group Vice-Presidents, evaluates the degree to which objectives are achieved against the companies' finalized and reported operational results. The above-mentioned financial tables are subject to partial and comprehensive auditing periodically within the same year.

Tekfen Holding and all Tekfen Group Companies have monitored and managed risks in their areas of operation as part of their long-standing and cautious management approach. So while the new Turkish Commercial Code that went into effect on 1 July 2012 makes risk management compulsory for publicly traded companies, it is simply a written affirmation of the Company's approach. It is for this purpose that Tekfen Group Companies, under Tekfen Holding's coordination, have developed a common approach and reporting standard for managing risks they face. Tekfen Holding and Group Companies have prepared written documents detailing and explaining how they will manage their own risks and establishing the rules with which they will comply in doing so. These bimonthly documents, which enable risks to be monitored, are presented to the Tekfen Holding Board of Directors. An organizational task sharing that carries out the risk management and reporting in each Group Company has also been determined.

The risk reports submitted to the Corporate Governance Committee under previous arrangements began to be sent to the Early Risk Detection Committee, which was set up as a separate committee. The Committee examines the risk documents arriving from the companies every other month and prepares a Committee Report containing its own views and assessments, which it puts on the Holding Board of Directors' agenda every two months. Risks are evaluated by the Holding's Board of Directors and, when necessary, the Board sends directives to the relevant Group Companies so that the risks can be managed.

In addition, a copy of the Committee report is sent regularly to the Independent Audit Company.

The Chairman of the Early Risk Detection Committee is Independent Board Member Uğur Bayar. Ercan Kumcu, a non-executive Board Member, is member of the committee.

19. Strategic Objectives

Our Company's Board of Directors assesses and monitors the quarterly performance of Group companies on the basis of budget targets. Senior executives representing each operations group attend these meetings. The financial and operating results of the preceding quarter are compared with the budget and other target indicators are evaluated. In addition, new recommendations are made in the light of developments in the area of operation and in strategic matters.

20. Remuneration of the Members of the Board of Directors

In line with the Company's Articles of Association, board members receive an annual or monthly stipend or a certain fee per meeting, as determined by the General Meeting. At the Annual Ordinary General Assembly held on 7 May 2013 it was resolved to pay a gross fee of TRY20,000 per month to Executive Directors and TRY 7,500 per month to the other members.

Dividends may be distributed to board members according to the amounts and provisions set by the Board. However, they may not exceed 2% of the profit after deduction of legal reserves and the amounts to be distributed under the Company's articles of association.

In accordance with the profit distribution proposal accepted at the General Assembly Meeting on 7 May 2013, it was decided that members of the Board of Directors would not receive a share of the 2012 profit.

In 2013, the remuneration provided to Senior Managers, which consists of Presidents and Vice-Presidents of Group Companies, and to members of the Board of Directors is as follows:

	Remuneration Total (TL)
Board Members	2,148,960
Senior Managers	5,183,640

Financial benefits are not determined and granted in line with a performance-based system but paying dividends out of profits can be accepted as a performance based awarding system

No board member or manager may obtain loans or guarantees, such as letters of guarantee, from the Company.

Legal Issues

As of 31 December 2013, there were lawsuits against the Group totaling TRY114,085 thousand. On the advice of attorneys, TRY8,112 thousand was set aside to cover the legal verdicts likely to go against us and to result in out payments.

Government Incentives and Subsidies

In 2013, Toros Tarım received the following governmental incentives and support:

Domestic-Certified Seed Production Support

Toros Tarım benefits from certified seed production support for its certified wheat and potato seeds to the sum indicated in the "Domestic-Certified Seed Production Assistance" communiqué published in the Official Gazette.

Every year before harvest the Ministry of Agriculture announces in the Official Gazette the amount of assistance per kilogram that it will make. The unit prices for wheat announced in 2012 for the 2013 harvest period was TRY0.10/kg while that for potatoes was TRY0.08/kg.

As of 31 December 2013, the income from wheat support was TRY644,000 and from potatoes TRY116,000, for a total of TRY760,000.

Investment Incentive Certificate

On 3 April 2013, Toros Tarım received an Investment Incentive Certificate from the Ministry of Economy for its "Large-scale Investment" status for its Samsun Plant investment. The incentive consists of insurance premium employer share support, customs duty and VAT exemptions and a 60% tax reduction based on the investment support ratio of 35%.

TÜBİTAK Incentive

TÜBİTAK-Technology and Innovation Grant Program Directorate (TEYDEB) conducts programs that support private institutions' project-based R&D activities.

Having applied under one of these programs, the Priority Areas for Research Technology Development and Innovation Funding Program No. 1511, Toros Tarım gained approval for its "Wheat Breeding Project", which aims to breed high quality and highly productive bread wheat varieties resistant to biotic and abiotic stress conditions for different ecological regions of Turkey.

The 36-month incentive period runs 1 September 2013-31 August 2016. In addition to the estimated personnel cost, fixed assets and material costs stated to TÜBİTAK, the incentive contract covers the project's service and labor costs.

Tekfen Holding A.Ş. Dividend Policy

Company dividend policy is determined according to the Turkish Law of Commerce, the CMB's legislation and its regulations and decisions, the tax laws, other relevant legislation, and the Company's articles of association.

1- Article 27 of the Holding's Articles of Association reads as follows:

Profit will be distributed as outlined below from the net profit stated in the Holding's balance sheet and reached after deducting the general expenditure of the Company, various amortization costs, and mandatory taxes. The relevant provisions of the Capital Markets Law and notifications of the Capital Markets Board will be followed during the process of profit distribution.

General Legal Reserves:

a) Legal reserves at a rate of 5% will be allocated.

First Dividend:

b) To the remaining amount, grants delivered during the year, if any, are added, from this total at least 30% first dividends are allocated provided the rate or the amount is not below those set by the Capital Markets Law.

c) A maximum of 3% of the remaining amount will be allocated to the Tekfen Foundation for Education, Health, Culture, Art and Protection of Natural Habitat.

d) After the above mentioned deductions, the General Assembly has the right to decide on an allocation of dividends that does not exceed 2% of the remaining profit to members of the Board (in line with the limits and principles set by the Board).

Second Dividend:

e) The General Assembly is entitled to distribute the amount remaining (after the deduction of the items outlined in a, b, c, and d, above) from the net profit as second dividends or allocate it as extraordinary legal reserves.

General Legal Reserves:

f) Subject 3 of paragraph 2 of Article 519 of the Turkish Law of Commerce and the provisions of paragraph 3 of the same article do not apply to the Holding.

g) No decision may be made to set aside profits or other reserves to transfer profits to the following year, or to distribute dividends to the founders or dividend right certificate holders, board members

unless the first dividend is paid as provided and unless the reserves required to be set aside as required by law have been so set aside.

h) Dividends shall be distributed to all the existing shares as of the distribution date without regard to the date of issue or acquisition of such shares.

The decision as to how and when the annual profit will be distributed to the shareholders will be decided by the General Assembly upon the recommendation of the Board and in accordance with the provisions of the Turkish Tax Laws and the Capital Markets Law. Profit distributed according to the provisions of the Articles of Association cannot be recovered.

2- The place and date of dividend payments are set in accordance with Capital Market Board Regulations.

3- Within the framework of Article 28 of the Company's Articles of Association, if the Company General Assembly so authorizes the Board, advanced dividend payments may be made (for that specific year only). The Capital Markets Law is taken into account during this process.

Tekfen Holding Co., Inc. Board of Directors' Annual Report

Esteemed Shareholders,

For close to 60 years Tekfen Holding, one of Turkey's most deeply rooted Groups, has followed the principle "Do the job you know in the best way possible" and concentrated its operations in areas where it has internationally recognized expertise by pursuing a "focus strategy."

The Group's current operations are centered in four major areas - Contracting, Agri-industry, Real Estate Development and Other Activities. Our subsidiaries in these business segments rank among the most respected in each area both in terms of quality and business volume. The Contracting and Agri-Industry Groups contribute more than 90% of Tekfen's total earnings.

Tekfen Holding's oldest line of business is represented by the Contracting Group. The Contracting Group, which has been undertaking large infrastructure and industrial projects in Turkey and abroad for both the public and private sectors, operates primarily in the petroleum, gas and petrochemical sectors. The Contracting Group has expertise in pipelines, industrial facilities, power plants, large infrastructure and transportation projects, commercial and technical building complexes. The Group has gained international respect for the multitude of successful projects it has completed in a variety of countries and because of this is considered a preferred business partner in local as well as international markets. In 2013, Tekfen Contracting Group operated in a wide geographical area that encompassed Turkey, Central Asia, the Arabian Peninsula, and North Africa.

Tekfen Group's second largest line of business is represented by the Agri-Industry Group which is involved in the production, import and sales of chemical fertilizers, marine terminal operations, seedling cultivation, techno-agriculture and free zone operations.

The Agri-Industry Group manufactures chemical fertilizers under the brand name of Toros at three production facilities in Ceyhan, Mersin and Samsun. The company ranks as the sector leader in terms of production capacity and market share. Marine terminal operations at the marine terminals attached to the Ceyhan and Samsun Production Facilities are also an important area of business for the group. The Agri-Industry Group operated successfully in 2013, making significant progress on the new \$300 million investment project at the Samsun Plant that is designed to ensure a secure supply of raw materials and reduce production costs.

Consolidated revenues for 2013 amounted to TRY3,846 million, reflecting the combined performance in the Group's four main segments.

However, technical problems particularly in our Phosphate Slurry Pipeline Project in Morocco (36" diameter pipes are being used for the first time ever in such a project) led to additional costs unforeseen at the bidding stage as well as time delays. Also, increased labor and general costs were born in our South Yoloten Natural Gas Field Development Project in Turkmenistan. Thus, the Contracting Group posted a loss of TRY217 million for the year. This resulted in a net loss of TRY64 million for the Tekfen Group on a consolidated basis in 2013.

Given our expectations regarding the favorable evaluation of the claims that we presented to the clients of our projects at loss, the Group is optimistic about seeing positive results in the upcoming financial period. On the other hand, these experiences have given us the impetus to set up new mechanisms that will prevent similar problems in the future with regards to our Contracting Group's considerable backlog at hand. With these precautions, we expect our profitability in the upcoming period to catch up with the level it has attained before 2013.

Tekfen Group is committed to sustainability in the long run. We are determined to develop our operations in an effective and profitable manner. We are taking steps to increase our competitive strength, identify early on the risks that threaten the company's existence and success and take the necessary measures, and invest in our human resources, our most valuable capital. We believe that this approach will contribute to the stable growth and development of the Tekfen Group.

With these sentiments and thoughts, we thank all our managers and employees for the efforts they have made in 2013, in the hope that 2014 will be a beneficial year for our employees, shareholders, business partners and country.

Summary Balance Sheet	2012	2013
Current Assets	2,967,237	3,291,454
Non Current Assets	1,162,384	1,405,966
Total Assets	4,129,621	4,697,420
Current Liabilities	1,822,073	2,326,434
Non Current Liabilities	196,283	448,789
Equity Attributable to Owners of the Parent	2,081,480	1,890,154
Minority Interest	29,785	32,043
Total Shareholders' Equity and Liabilities	4,129,621	4,697,420

Summary Income Statement	2012	2013
Revenue	3,948,737	3,846,036
Gross Profit	385,262	127,232
Operating Profit	200,046	-123,547
Profit Before Taxation	362,641	-5,149
Net Profit for the Year	300,304	-63,682

Important Ratios	2012	2013
Liquidity		
Current Ratio	1.63	1.41
Liability and Indebtness		
Total Liabilities / Equity Attributable to Owners of the Parent	0.97	1.47
Current Liabilities / Total Liabilities	0.90	0.84
Profitability		
Gross Profit Margin	%9.76	%3.31
EBITDA Margin	%7.11	%0.25
Net Profit Margin for the Year	%7.61	%-1.66

Proposal for Profit Distribution

The net loss before tax for 2013, according to CMB regulations and standards, deducting non-controlling interest shares, was TRY5,870,000.00 (according to legal records, Tekfen Holding Co. Inc.'s net profit on solo basis was TRY 204,625,932.90).

The tax liability for this year excluding the portion attributable to non-controlling interest shares according to CMB standards was TRY58,391,000.00, leaving TRY20,165,335.34 net profit according to legal records; according to CMB standards, the net loss for the period was TRY64,261,000.00; according to legal records, consolidated net profit was TRY184,460,597.56.

As per the provisions of Article 27 of our Company's Articles of Association, we submit the following to the approval of the General Shareholders' Assembly:

- Included in the consolidated net profit of TRY184,460,597.56 for 2013 is revenue from sales of shares in subsidiaries. Deducting TRY1,817,019.00 representing 75% of this income, which will be held by the Company for a 5-year period as First Legal Reserves, leaves TRY182,643,578.56. Setting aside TRY 9,132,178.93, representing 5% of this figure, as General Legal Reserves,
- Not distributing profits for 2013 due to the incurred net loss of TRY55,774,124.47 for the period after the addition of donations totaling TRY17,619,054.46 and deductions of non-controlling interest shares according to CMB standards,
- Setting aside the remaining TRY173,511,399.63 according to legal records, as Extraordinary Reserves.

We submit the above for the information of our shareholders and wish the year to be prosperous for our Company as well as our country.


Ali Nihat Gökyiğit
Yönetim Kurulu Başkanı ve Murahhas Üye

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza
Bilim Sok. No:5
Maslak, Şişli 34398
İstanbul, Türkiye

Tel : +90 (212) 366 6000
Fax : +90 (212) 366 6010
www.deloitte.com.tr

YILLIK FAALİYET RAPORUNA DAİR BAĞIMSIZ DENETÇİ RAPORU

Tekfen Holding A.Ş.
Yönetim Kurulu'na,

1. Bağımsız denetim çalışmamızın bir parçası olarak, Tekfen Holding A.Ş. ("Şirket") ve bağlı ortaklıklarının (*hep birlikte "Grup"*) 31 Aralık 2013 tarihi itibarıyla hazırlanan yıllık faaliyet raporu içinde yer alan finansal bilgilerin ve Yönetim Kurulu'nun değerlendirmelerinin ve açıklamalarının, bağımsız denetimden geçmiş aynı tarihli konsolide finansal tablolar ile tutarlı olup olmadığını değerlendirmiş bulunuyoruz.
2. Rapor konusu yıllık faaliyet raporunun Şirketlerin Yıllık Faaliyet Raporunun Asgari İçeriğinin Belirlenmesine İlişkin Yönetmeliğe uygun olarak hazırlanması Şirket yönetiminin sorumluluğundadır.
3. Bağımsız denetim kuruluşu olarak üzerimize düşen sorumluluk, yıllık faaliyet raporunda yer alan finansal bilgilerin, bağımsız denetimden geçmiş ve 6 Mart 2014 tarihli bağımsız denetçi raporuna konu olan konsolide finansal tablolar ile tutarlılığına ilişkin olarak görüş bildirmektir.

Değerlendirmemiz, 6102 sayılı Türk Ticaret Kanunu ("TTK") uyarınca yürürlüğe konulan yıllık faaliyet raporu hazırlanmasına ve yayımlanmasına ilişkin usul ve esaslara uygun olarak gerçekleştirilmiştir. Bu düzenlemeler, denetimin yıllık faaliyet raporunda yer alan finansal bilgilerin bağımsız denetimden geçmiş finansal tablolar ve bağımsız denetçinin denetim sırasında elde ettiği bilgiler ile tutarlılığına ilişkin önemli bir hatanın olup olmadığı konusunda makul güvence sağlamak üzere planlanmasını ve yürütülmesini öngörmektedir.

Değerlendirmelerimizin, görüşümüzün oluşturulmasına makul ve yeterli bir dayanak oluşturduğuna inanıyoruz.
4. Görüşümüze göre ilişikteki yıllık faaliyet raporunda yer alan finansal bilgiler ve Yönetim Kurulu'nun değerlendirmeleri ve açıklamaları Tekfen Holding A.Ş. ve bağlı ortaklıklarının bağımsız denetimden geçmiş 31 Aralık 2013 tarihli konsolide finansal tabloları ile tutarlılık göstermektedir.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED


Kpray Öztürk
Sorumlu Denetçi, SMMM

İstanbul, 6 Mart 2014

Tekfen Holding Co., Inc.

Kültür Mahallesi, Tekfen Sitesi,
Budak Sokak, A Blok, No: 7,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Telephone : (90.212) 359 33 00
Fax : (90.212) 359 33 05
E-mail : tekfen@tekfen.com.tr
Web site : www.tekfen.com.tr

Tekfen Foundation for Education, Health, Culture, Art & Protection of Natural Resources

Kültür Mahallesi, Tekfen Sitesi,
Budak Sokak, A Blok, No: 7,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Telephone : (90.212) 359 33 51
Fax : (90.212) 359 33 05
E-mail : tekfenvakfi@tekfen.com.tr
Web site : www.tekfen.com.tr

CONTRACTING GROUP**Tekfen Construction & Installation Co., Inc.**

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent / İstanbul, Turkey
Tel : (90.212) 359 35 00
Fax : (90.212) 359 35 08
E-mail : business@tekfen.com.tr
Web site : www.tekfeninnsaat.com

Tekfen Engineering Co., Inc.

Kültür Mah. Tekfen Sitesi,
Budak Sokak, C Blok, No: 1,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Tel : (90.212) 357 03 03
Fax : (90.212) 357 03 09
E-mail : posta@tekfenmuhendislik.com
Web site : www.tekfenmuhendislik.com

Tekfen Manufacturing & Engineering Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent / İstanbul, Turkey
Tel : (90.212) 357 00 60
Fax : (90.212) 357 00 61
E-mail : timas@tekfenim.com
Web site : www.tekfenim.com

Hallesche Mitteldeutsche Bau - A.G. (HMB)

Magdeburger Strasse 27 (06112)
Halle Saale / Germany
Tel : (49.345) 511 62 39
Fax : (49.345) 511 68 13
E-mail : ausland@hmb-ag.de
Web site : www.hmb-ag.de

Azfen J.V.

Istiglalijat Street 31,
Baku / Azerbaijan
Tel : (99.412) 492 58 35 - 57 25
Fax : (99.412) 492 57 27
E-mail : azfen@azfen.com
Web site : www.azfen.com

Cenub Tikinti Services ASC

Sabail Rayonu, Cenub Köprüsü AZ1003
Baku / Azerbaijan
Tel : (99.412) 491 18 82
Fax : (99.412) 447 41 28

GATE Construction & Trade Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent / İstanbul, Turkey
Tel : (90.212) 359 37 50
Fax : (90.212) 357 10 03

AGRI-INDUSTRY GROUP**Toros Agri Industry and Trade Co., Inc.**

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent-Şişli / İstanbul, Turkey
Telephone : (90.212) 357 02 02
Fax : (90.212) 357 02 31
E-mail : toros@toros.com.tr
Web site : www.toros.com.tr

Toros Terminal & Maritime Services Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent-Şişli / İstanbul, Turkey
Telephone : (90.212) 357 02 02
Fax : (90.212) 357 02 31
E-mail : toros@toros.com.tr
Web site : www.toros.com.tr

TAYSEB - Toros-Adana-Yumurtalık Free Trade Zone Founder and Operating Co., Inc.

Sarımazı, Ceyhan 01920 / Adana, Turkey
Telephone : (90.322) 634 20 80
Fax : (90.322) 634 20 90
E-mail : tayseb@tayseb.com
Web site : www.tayseb.com

Toros Ship Agency Services Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent-Şişli / İstanbul, Turkey
Telephone : (90.212) 357 02 02
Fax : (90.212) 357 02 31
E-mail : toros@toros.com.tr
Web site : www.toros.com.tr

Hishtil-Toros Seedling Industry & Trade Co., Inc.

Tekke Köyü, Pürenli Mevkii, 10. km
Serik / Antalya, Turkey
Telephone : (90.242) 717 40 45
Fax : (90.242) 717 41 99
Web site : www.toros.com.tr

TAGAŞ - Turkish Arabian Fertilizer Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent-Şişli / İstanbul, Turkey
Telephone : (90.212) 357 02 02
Fax : (90.212) 357 02 31
E-mail : toros@toros.com.tr
Web site : www.toros.com.tr

Black Sea Fertilizer Trading Co

Trump Tower, Büyükdere Caddesi, Kule 2
Ofis Böl. 466, Kat: 16, 03412, Şişli / İstanbul, Turkey
Telephone : (90.212) 370 05 07
Fax : (90.212) 347 43 48

REAL ESTATE DEVELOPMENT GROUP**Tekfen Real Estate Development Investment**

Kültür Mahallesi, Tekfen Sitesi,
Budak Sokak, D Blok, No: 2,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Telephone : (90.212) 357 10 10
Fax : (90.212) 357 10 15
E-mail : iletisim@tekfenemlak.com
Web site : www.tekfenemlak.com

Tekfen Tourism & Facility Management Co., Inc.

Tekfen Tower, Büyükdere Caddesi, No: 209,
34394, 4. Levent-Şişli / İstanbul, Turkey
Telephone : (90.212) 357 00 00 (10 hat)
Fax : (90.212) 357 00 12
E-mail : info@tekfenservices.com
Web site : www.tekfenetower.com

INVESTMENT & SERVICE COMPANIES GROUP**Tekfen Industry & Trade Co., Inc.**

Kültür Mahallesi, Tekfen Sitesi,
Budak Sokak, D Blok, No: 2,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Telephone : (90.212) 359 37 80
Fax : (90.212) 359 37 90
E-mail : tekfen@tekfenendustri.com.tr
Web site : www.tekfenendustri.com.tr

Papfen Joint Stock Company

Yakkasarayskiy Rayon,
Ul: Vasiit Vahidov, No: 41
Tashkent / Uzbekistan
Telephone : (99.871) 120 40 82
Fax : (99.871) 120 40 81
E-mail : papfen@papfen.com

Tekfen Insurance Brokerage Services Co., Inc.

Kültür Mahallesi, Budak Sokak, No: 6,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Telephone : (90.212) 359 38 80
Fax : (90.212) 359 38 81
E-mail : musterihizmetleri@tekfensigorta.com.tr
Web site : www.tekfensigorta.com.tr

Antalya Studios Co., Inc.

Kültür Mahallesi, Tekfen Sitesi,
Budak Sokak, A Blok, No: 7,
34340, Ulus-Beşiktaş / İstanbul, Turkey
Telephone : (90.212) 359 33 00
Fax : (90.212) 359 33 05
E-mail : info@antalyastudios.com
Web site : www.antalyastudios.com



TEKFEN HOLDING CO., INC.

Kültür Mahallesi, Tekfen Sitesi, Budak Sokak, A Blok, No: 7, 34340 Ulus, Beşiktaş/İstanbul-Turkey
Phone: (90.212) 359 33 00 (pbx) Fax: (90.212) 359 33 05 (pbx) www.tekfen.com.tr