

TCDD Derince Port Privatization Teaser

October 2013



Disclaimer Regarding the Teaser

Disclaimer

The information contained in this teaser (the "Teaser") has been obtained from public sources. The accuracy and the completeness of the information is not warranted by the author. Neither Raiffeisen Centrobank AG (the "Financial Advisor"), the Privatization Administration of the Turkish Republic (the "PA"), Türkiye Cumhuriyeti Devlet Demiryolları - Turkish State Railways ("TCDD"), or any other institution or organization has made any declarations or warranties concerning the information in the document, nor do they accept any responsibility due to any information provided herein.

This presentation should not be construed, under any circumstances, as a solicitation to purchase or sell any asset, or as an invitation in participation of a tender or a document prepared for the pre-signing phase of any agreement for any particular recipient. Any recipient of this presentation is solely responsible for all risks arising from the use of the information provided in this presentation.

For further details and questions, the Participant or the Representatives may contact the indicated PA or Financial Advisor representatives named on the last page of the Teaser. None of the parties receiving the Teaser shall contact the representatives of any member of TCDD and TCDD DERINCE PORT without the written consent of the PA and the Financial Advisor.

Global Ports Sector and Cargo Development

The Increasing Role of Developing Countries and Containers

Global Ports Sector and the Role of Developing Countries

- Ports sector in the world has been lately boosted by the emerging markets in terms of global sea trade growth
- Thanks to their advantages in raw material supply, labor, and logistics, emerging markets stand out as global production hubs, handling the largest pile of cargo in the world
- In this respect, emerging countries mainly concentrate on raw material discharging and finished goods loading
- Emerging countries have displayed a relatively balanced loading-discharging level; whereas, developed markets' loading-discharging levels are comparably not balanced
- In developed markets, where demand for finished goods is significantly higher, cargo discharging operations have a much higher share compared to cargo loading operations in total

Development of Cargo Types in Global Ports Sector

- In the past 30 years, all cargo types realized significant growth when analyzed by handled cargo breakdown
- As the most modern cargo transportation type, container carriage and handling has displayed notably high growth rates
- While petroleum products' carriage constitutes the largest share in the historical global cargo handling data, other dry bulk cargo represents a slowing pace of growth
- Container carriage and handling is expected to lead the growth of sea trade and sea port operations in the coming years. Considering the expected and opportunistic growth area in the container business, main global port operators have been heavily investing in the container handling equipment and container terminal/service areas
- International container terminal operators have specialized in the sector on a global scale and a consolidation trend has begun

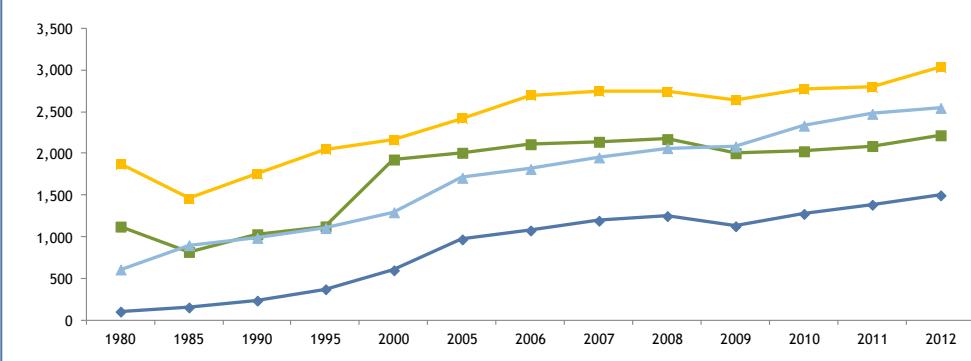
Global Sea Trade Breakdown by Cargo Types and Economies in 2011 (Million Tons)

2011	Loading				Discharging			
	Crude Oil	Other Liquid	Dry Cargo	Total	Crude Oil	Other Liquid	Dry Cargo	Total
World	1.762	1.034	5.952	8.748	1.907	1.039	5.824	8.770
Developed Countries	123	423	2.420	2.966	1.110	570	1.936	3.616
Emerging Countries	1.500	561	3.210	5.271	793	464	3.742	4.999
Transition Economies	139	50	322	511	4	4	146	154
Africa	345	109	334	788	40	43	288	371
America	254	94	912	1.26	74	79	338	491
Asia	900	358	1.958	3.216	679	338	3.105	4.122
Oceania	2	1	5	8	0	4	11	15

Source: UNCTAD - Review of Maritime Transport 2012

*The differences in loading and discharging tonnages consist of products that are not discharged due to vessel supply, cargo lost in accidents, and cargo that is still travelling on board

Global Breakdown of Loaded Cargo Types (Million Tons)



Source: UNCTAD - Review of Maritime Transport 2012, Clarkson Research Services

Global Ports Sector and Cargo Development

Historical Cargo Handling Performance of Developing Countries

Global Cargo Traffic

- Growing world economy, together with the positive effect generated on international trade, has expanded the size and the scope of international sea trade and port operations
- Recent technological developments provided the port operators, who have been encountering an increasing cargo handling demand, with a strong ability to meet the service demands of ever growing sea trade
- In the past 10 years, developed economies have become saturated and emerging countries have stood out as global suppliers, driving the increase in the cargo handling volume in emerging markets. It is notable that most of the ports among the top 15 cargo handling ports are located in emerging countries
- The ports that operate under Kocaeli Port Authority are collectively ranked 71st in terms of cargo handling volume in the world in 2011

Top Global Cargo Handling Ports in 2010-2011

Rank	Port Name	Country	2010 (Million Mt-ton)	2011 (Million Mt-ton)	% Change
1	Shanghai		534.4	590.4	10%
2	Singapore		461.4	488.7	6%
3	Tianjin		400.0	459.9	15%
4	Rotterdam		429.9	434.6	1%
5	Guangzhou		425.6	431.0	1%
6	Qingdao		350.1	372.0	6%
7	Ningbo		408.2	348.9	-15%
8	Qinhuangdao		276.3	284.6	3%
9	Hong Kong		267.8	277.4	4%
10	Busan		241.9	259.0	7%
11	Port Hedland		199.0	246.7	24%
12	South Louisiana (LA)		214.3	223.6	4%
13	Houston (TX)		206.1	215.7	5%
14	Dalian		200.0	211.1	6%
15	Shenzhen		204.9	205.5	0%
71	Izmit (Kocaeli)		37.7	55.0	46%

Source: UNCTAD - Review of Maritime Transport 2012, American Association of Port Authorities- Year End 2011

Global Container Traffic

- In terms of total cargo and container handling, Shanghai Port of China is the largest sea port in the world
- Shanghai Port is the only container port that achieved an outstanding container handling performance of more than 30 million TEUs in 2011
- Ambarli and Mersin ports of Turkey are also listed in the container handling reports released by the world's most respected port associations. In 2011, Ambarli Port Authority and Mersin Port Authority handled 2.1 million TEUs and 1.1 million TEUs of container, respectively
- Largest ports in the world in terms of container handling and rankings of the leading container ports in Turkey as of end of 2011 are displayed in the table below

Top Global Container Handling Ports in 2010-2011

Rank	Port Name	Country	2010 (Million TEU)	2011 (Million TEU)	% Change
1	Shanghai		29.1	31.7	9%
2	Singapore		28.4	29.9	5%
3	Hong Kong		23.7	24.4	3%
4	Shenzhen		22.5	22.6	0%
5	Busan		14.2	16.2	14%
6	Ningbo		13.1	14.7	12%
7	Guangzhou		12.5	14.3	14%
8	Qingdao		12.0	13.0	8%
9	Dubai Ports		11.6	12.6	9%
10	Rotterdam		11.1	11.9	7%
57	Ambarli		2.5	2.1	-16%
94	İçel (Mersin)		1.0	1.1	10%

Source: UNCTAD - Review of Maritime Transport 2012, American Association of Port Authorities- Year End 2011

Turkish Ports Sector and Cargo Development

Strong International Trade Potential and Uprising Handling Performance

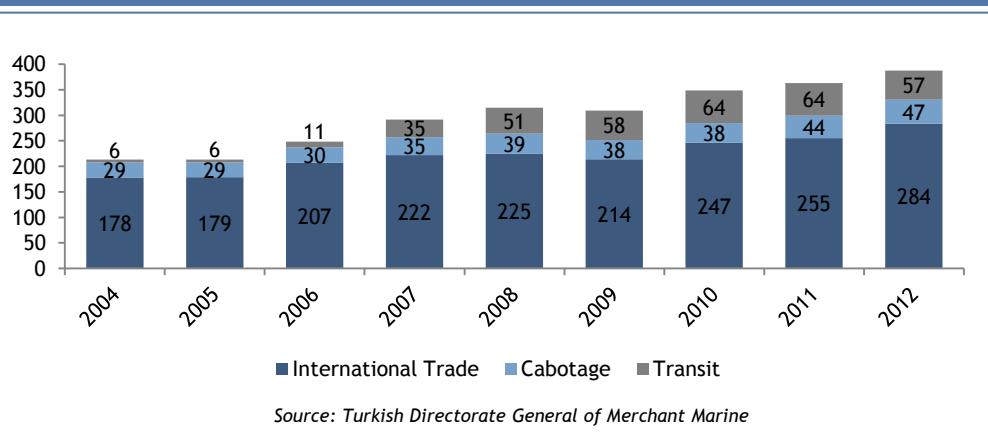
Overview of Ports Sector in Turkey

- Thanks to its unique location as the gateway between Europe and the Middle East, Turkey has become one of the fastest growing and sustainable economies in the world, with its international trade reaching almost USD 400 bn
- In 2012, Turkish Republic announced its plans and targets within the frame of 100th anniversary of the establishment of the Turkish Republic. Turkey is estimated and determined to reach an international trade level of USD 1,200 bn and an export level of USD 500 bn by 2023
- With the exception of 2009, handled cargo in the Turkish ports sector has been consistently increasing and reached its historical high in 2012 with 387.5 million tons of cargo handled
- In the past 8 years, handled cargo volume in the Turkish ports increased with an attractive compounded annual growth rate ("CAGR") of 7.8%, indicating the sustainable growth and the solid performance of the country in international trade

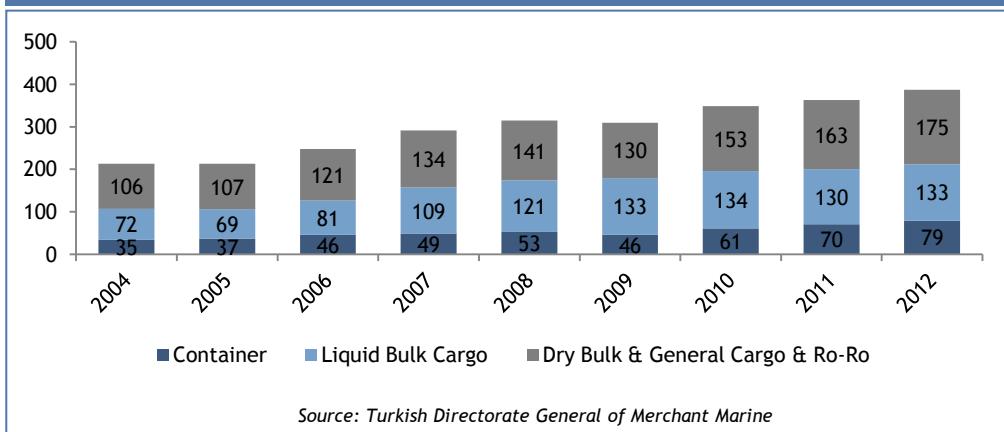
Evolution of Cargo Types in Turkish Ports Sector

- Incentives provided by the government for domestic and foreign investors together with the increasing interest in Turkey from the Middle East and North Africa, have increased Turkey's pace in becoming a major global exporter
- In terms of cargo type breakdown, container handling volume is observed to have an increasing share within total cargo handling, in parallel to global trends
- As of end of 2012, container handling's share in total handled cargo increased to 20% in Turkey. With this increasing trend of container carriage and handling, port operators in Turkey have concentrated their financial and operational efforts on container operations and invested significantly to meet the increasing demand
- Turkish port operators handled 387.5 million tons of cargo in 2012. The share of container handling, liquid bulk cargo handling and dry bulk cargo, general cargo and in-vehicle cargo in total handling volume was 20.5%, 34.3% and 45.2%, respectively
- In Turkey, container handling volume is expected to grow faster than the overall cargo volume, and container is projected to gain a larger share in total cargo handled in the future, following the trends in the global ports sector

Breakdown of Handled Cargo in terms of Regime in Turkish Ports in 2004-2012 (Million Tons)



Breakdown of Handled Cargo in terms of Cargo Type in Turkish Ports in 2004-2012 (Million Tons)



Ports Sector in Marmara Region and Kocaeli Port Authority

Turkish Port Sector's Center of Growth

Port Sector in the Marmara Region

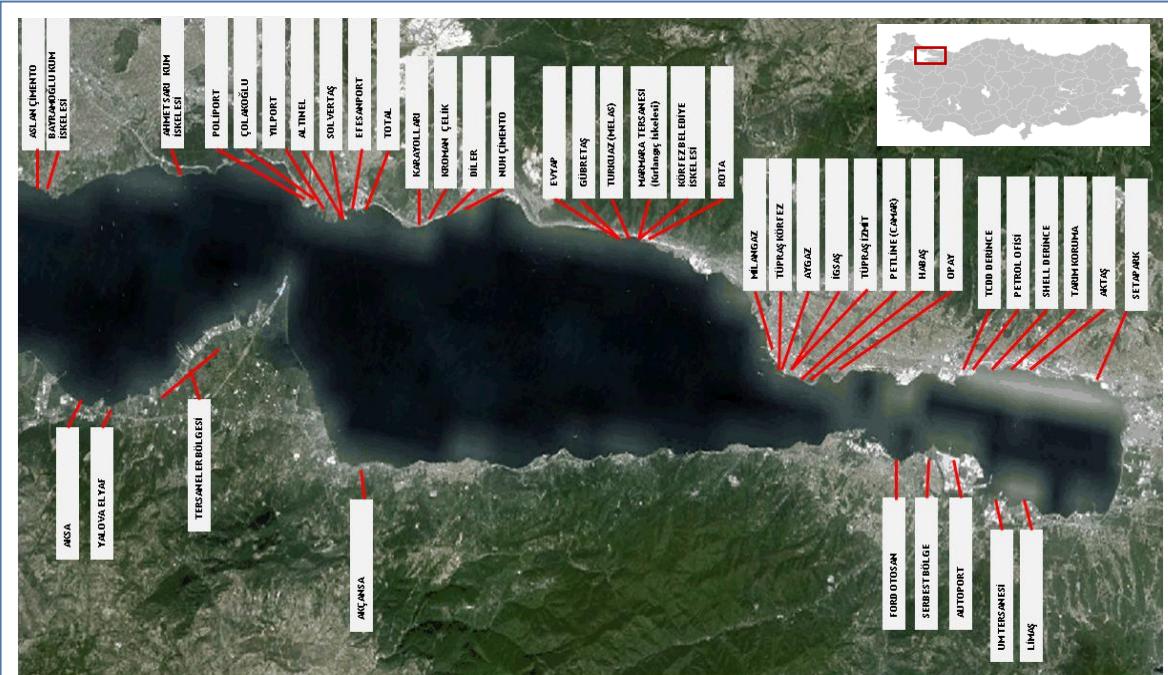
- Thanks to its unique location as the gateway between Europe and the Middle East, its largest industrial cities Istanbul, Kocaeli and Bursa, its high cargo volume, its well located ports, and its numerous organized industrial zones, Marmara Region is strategically the most prominent region in Turkey
- 72 out of 276 organized industrial zones in Turkey are located in the Marmara region, enhancing the demand for port services and supporting the growth of the port sector in the region
- Some of Turkey's busiest cargo handling port authorities such as Kocaeli, Ambarlı, Tekirdağ, Gemlik and Karabiga are located in this region
- The most commonly handled cargo types in the region include petroleum and petroleum products, iron and steel products, metal ores, and industrial goods
- The amount of cargo handled in Marmara region displays a high growth profile in line with the growth of Turkey, with a 4-year CAGR higher than 7% between 2008 and 2012
- The cargo traffic is expected to increase further with the currently operational as well as ongoing logistic center projects in the region



Port Sector in Kocaeli Port Authority

- With 61.5 million tons of cargo handling, Kocaeli was the leading cargo handling region in the Marmara region in 2012
- Kocaeli Port Authority also has a significant share in Turkey's overall cargo traffic, with a share of 15.9% in total cargo handling
- 43 docks and ports operate under Kocaeli Port Authority and five major facilities made the most contribution to the cargo volume of Kocaeli in 2012 with a total share of around 60% in the region (Tüpras Terminal, Yilport Terminal, Eyyap Port, Colakoglu Port and Diler Port)
- TCDD Derince Port's market share in Kocaeli Port Authority region was 3.2% in 2012

Ports and Docks Operating Under Kocaeli Port Authority



Evolution of Handled Cargo in the Marmara Region (Million Tons)



Source: Turkish Directorate General of Merchant Marine

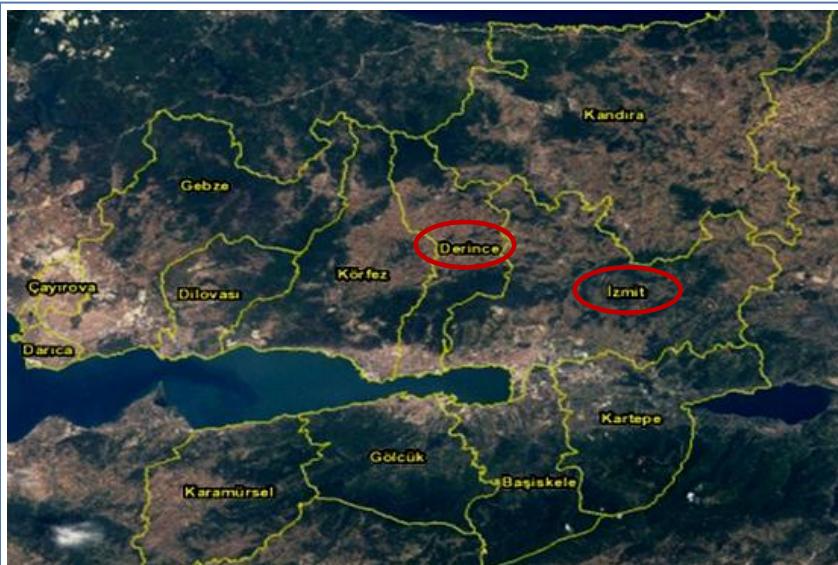
Kocaeli - Izmit - Derince Hinterland

One of the Most Prominent Foreign Trade Hubs in Turkey

Kocaeli - Izmit - Derince Overview and Geographic Location

- Kocaeli is a city located on the east of Istanbul, which is regarded as the economic center of Turkey. Kocaeli has 12 districts and Izmit is considered to be the center district of the city
- Its proximity to Istanbul, its strategic location that connects the railways and roads between Asia and Europe, Izmit Bay's advantage as a natural port, and the numerous transportation means that the region offers lead Kocaeli to be the most advantageous city in the region in terms of industrial growth
- Derince, which is one of the districts of Kocaeli, is home to a number of sea ports. Derince district is located 5 km to the center of Izmit district and 90 km to Istanbul

Kocaeli District Map



Source: Kocaeli Chamber of Industry

Industry and Commerce in Kocaeli

- Kocaeli has the most advanced manufacturing industry after Istanbul and its share in the industrial production of Turkey is around 13%. As of end of 2012, there were 2,200 industrial manufacturing facilities in the region, 247 being owned and operated by foreign direct investors
- In 2011, 3 firms located in Kocaeli (Tüpras, Ford, Aygaz) were ranked in top 10 of the Top 500 Largest Industrial Entities in Turkey List. In the same list, there were 14 firms in Top-50, 27 firms in Top-100 and 92 firms in Top-500 from Kocaeli
- Chemical products, automotive and automotive industry supply products are the top manufactured items in Kocaeli region. Kocaeli is considered to be Turkey's automotive production center and automotive manufacturing volume in this region met around one third of Turkey's total automotive production in 2011
- Moreover, 13 organized industrial zones, 2 free trade zones and 3 techno parks are located in Kocaeli
- Most of the major logistics companies in Turkey have well-established facilities in Kocaeli and the city is considered as the most important logistics base of the country
- With an export volume of USD 13 bn in 2012, Kocaeli realized 9.5% of Turkey's total export amount. In the same year, Kocaeli ranked second in Turkey with its import volume of USD 11.7 bn
- 85% of the industrial entities in the region are located in the northern part of the city, which includes Derince region as well. 11% of the industrial entities are located in the eastern region of the city, whereas remaining 4% is located in the southern part

Transportation of Kocaeli

- Kocaeli's prominent location provides various transportation alternatives, with its access to multiple highways and sea ports, and its proximity to the main airports
- The city's transportation is facilitated by the E-5 (D-100), E-6 (TEM) and D-130 highways, which pass through Kocaeli and operate as the main routes in Turkey
- Derince Rail Station, which is located in the 1st District of TCDD railroads, serves as the most advanced loading, discharging and transfer center of the region
- Kocaeli is strategically positioned to have Istanbul's Sabiha Gokcen Airport, located on the Asian side in Kurtkoy, as the closest airport to the city

TCDD Derince Port

Port at a Glance

Overview of TCDD Derince Port

- With the concession rights given to Anatolian Bagdad Railways in 1900, Derince Port's (the "Port") construction commenced in 1900 and the Port became operational in 1904. The Port was transferred to the Turkish Railways and Ports Authority in 1927
- In 1953, the Port was transferred to TCDD and operated under Haydarpasa Port Authority for a while. The Port became an operationally self-governed state owned enterprise in 1984
- Located in the east of Marmara Sea and northeast of Izmit Gulf, TCDD Derince Port operates as a vital export gateway for large industrial facilities and organized industrial zones in Izmit, Istanbul and Bursa
- As TCDD Derince Port concentrates especially on the foreign trade operations of automotive and automotive industry supply products, it operates as one of the most important ports for foreign trade strategy and development of Turkey

Services Provided by TCDD Derince Port

- Through a wide range of services given to a large spectrum of sea vessels including container vessels, bulk cargo vessels, general cargo vessels and tankers, TCDD Derince Port stands out with its diversified services and strategic positioning among other ports in the region
- Due to the Port's current equipment and field of services, general cargo, bulk cargo and Ro-Ro operations are the major revenue generators of TCDD Derince Port. Especially in terms of Ro-Ro and automotive handling, the Port is one of the leading facilities in Turkey
- With the ability to mutually connect with numerous prominent sea ports in the world, TCDD Derince Port offers intermodal transportation with its Constanta Port (Romania) train ferry route
- With its unique geographical position, operational potential and planned capacity increase, TCDD Derince Port is one of the most strategic sea ports in Turkey. The Port is planned to serve as one of the largest container ports in its region in the future
- The location and the hinterland of the Port provide the needed demand potential to perform container handling services at a high level

TCDD Derince Port's Location



TCDD Derince Port's Usage Area

- TCDD Derince Port is established on a land of around 423,000 m² with approximately 343,000 m² of customs area
- The Port also includes a closed storage area, sheet metal warehouse and warehousing area
- Breakdown of major areas on the Port is presented on the table below. Following the planned equipment and field investments on the current vast land of TCDD Derince Port, the Port is expected to have an unrivalled competitive advantage in the region

Unit	Area (m ²)
Total Area	422,730
Customs Area	343,000
Closed Storage Area	2,750
Sheet Metal Warehouse	1,950
Warehousing Area	800
Total Closed Area	12,121

Source: TCDD Derince Port

TCDD Derince Port

Current Superstructure and Cargo Handling Performance

TCDD Derince Port's Docks

- TCDD Derince Port operates with 8 docks which amount to a total dock length of 1,322 meters
- With a draft range between 4 and 15 meters, TCDD Derince Port's docks can handle up to 10 cargo vessels with a maximum size of 250 meters and 100,000 DWTs at the same time
- TCDD Derince Port operates with 8 docks, 5 of which are actively used for port operations. Dock No. 1 is filled (inactive) and Dock No. 2 is used as a parking space for the tugboats of the Port

TCDD Derince Port's Dock Locations and Properties



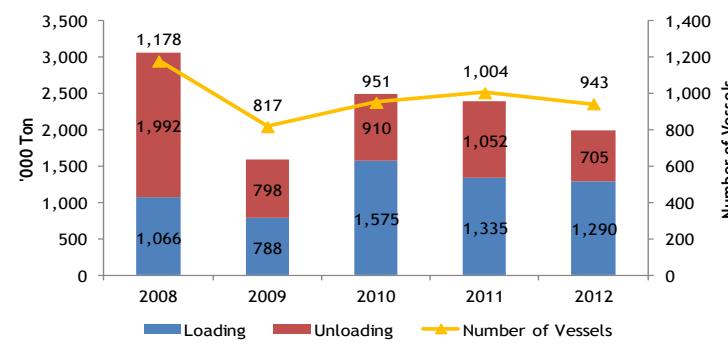
Dock No	Length (m)	Width (m)	Draft (m)
1	Dock is filled. No. 1 is not in use.		
2	82	12	-7
3-4	400	15	-15
5-6	560	15	-12
7	160	14	-10
8	120	22	-6
Total	1,322		

Source: TCDD Derince Port

TCDD Derince Port's Cargo Traffic

- TCDD Derince Port's services are mainly divided into container vessels, bulk and general cargo vessels, liquid bulk tankers and multi-purpose tankers
- With the increasing exports of soda ash from Turkey in the recent years, soda ash has taken the leading place among TCDD Derince Port's handled cargo product groups. In addition, thanks to the Port's close proximity to the center of the Turkish automotive industry, automotive and supply industry products are the second largest cargo group handled by the Port
- When the Port's historical operational data are analyzed, it is observed that TCDD Derince Port is an export oriented sea port
- TCDD Derince Port serves around 1,000 vessels annually, for which the Port mainly operates loading activities. In 2012, the Port realized around 1.3 million tons of loading and 0.7 million tons of discharging transactions
- With around 1,000 cargo vessel visitors per annum, foreign flagged cargo ships constitute around 85% of TCDD Derince Port's customer base
- With its reputation and operational potential in the region, TCDD Derince Port serves mainly to cargo vessels within the tonnage range of 501-3,000 and 10,001-20,000 GRT

TCDD Derince Port's Loading/Unloading Data ('000 Tons) and Number of Vessels



Source: TCDD Derince Port

TCDD Derince Port Development Plan

Planned Container Port Offers High Potential

The Purpose of the Project

- To facilitate TCDD Derince Port's strategic location and geographic advantages at its highest level, a new development plan has been prepared to increase the capacity and the efficiency of the Port
- This plan was approved with the 2013/87 numbered decision of the Privatization High Council on May 24th, 2013. In accordance with the comments of the Protection Board and other authorities, the final development plan will be presented to the Privatization High Council and announced in the Official Gazette following its approval
- In the Transportation and Sea Structures Master Plan study prepared by the Infrastructure Investments Division of the Ministry of Transportation, Maritime Affairs and Communications, it was concluded that container terminal investments are needed in the Marmara region in the long term due to the increasing demand in the region for port services
- TCDD Derince Port's Development Plan was prepared accordingly, with the aim of increasing the port's container handling and storage capacity

The Dock Layout in TCDD Derince Port's Proposed Development Plan



Source: TCDD Derince Port

Proposed Area Extension in TCDD Derince Port's Development Plan

- According to feasibility studies, TCDD Derince Port's total area is planned to be 968,890.97 m² following the completion of the development plan
- For container handling, storage and service areas of TCDD Derince Port, a total of 310,000 m² is envisaged to be allocated
- The areas in the planning region are owned by TCDD, Toprak Mahsulleri Ofisi (the "TMO") and the Turkish Treasury
- The foreseen area usage according to the Development Plan is presented below:

Area	Area (m ²)	Percentage (%)
Port Area	787,171.02	81.24
TCDD's Area	159,318.42	16.44
Park Space	2,571.21	0.27
Roads and Parking Lots	19,830.32	2.05
Total	968,890.97	100.00

Source: TCDD Derince Port

Properties of Planned Docks in TCDD Derince Port's Development Plan

- Dock No. 3 and Dock No. 4 that lie on the east-west axis are planned to have a 1,000 meter long extension, with 500 meters of the extension having a draft of higher than 15 meters, and the rest of the extension having a draft between 12 and 15 meters
- 250 meters of the 460 meter long extension that lie on the north-south axis are planned to have a draft of 12 meters, whereas the rest of the dock is planned to have a draft of around 7 meters
- The current 840 meter long Docks No. 5, 6, 7, 8 are planned to remain inside the filled space and will no longer be available for use following the completion of the respective investment
- The pillar quays are planned to be 36 meters wide and their back-field is planned to be filled
- Planned new docks will have the capacity to serve at least 3 post panamax and 2 panamax type vessels or more, depending on the size of the incoming vessels

TCDD Derince Port's Privatization Process

Important Notes

Projected Growth
in the Cargo
Traffic of
Marmara Region

- According to the Transportation and Sea Structures Master Plan study prepared by the Infrastructure Investments Division of the Ministry of Transportation, Maritime Affairs and Communications, the demand for container terminals in Marmara region is expected to increase at a significantly high rate
- Therefore, the current container handling capacity of 5.2 million TEU in Marmara Region will not be able to meet the demand towards 2020, in case of no new capacity developments

The Current
Strategic
Positioning of
TCDD Derince
Port

- Due to its location in Izmit Bay and its hinterland, TCDD Derince Port serves to Gebze-Kocaeli area, one of the largest industrial zones in Turkey
- In this region where mostly automotive and automotive industry supply products, iron and steel products, and industrial goods are manufactured, TCDD Derince Port's connections to highways and railroads pose strategic importance
- TCDD Derince Port has a prominent role compared to other ports in the region, with its capability to handle different types of cargo such as container, bulk, general cargo, liquid bulk and Ro-Ro
- Different than other ports in the country, with its proximity to Istanbul, Kocaeli and Bursa which are the export hubs of Turkey, TCDD Derince Port operates as an export-oriented port

TCDD Derince
Port's
Development
Plan

- To facilitate TCDD Derince Port's strategic location and geographic advantages at its highest level, a new Development Plan has been prepared to increase the capacity and the efficiency of the Port
- The Development Plan includes the 1/50,000 scale Environment Plan Amendment, 1/25,000 scale Master Plan Amendment, 1/5,000 scale Master Development Plan Amendment, and 1/1,000 scale Development Plan Implementation Amendment. These plans were approved with the 2013/87 numbered decision of the Privatization High Council on May 24th, 2013
- In accordance with the comments of the Protection Board and other authorities, the final development plan will be presented to the Privatization High Council and announced in the Official Gazette following its approval. Upon the announcement of the new development plan, this plan shall be used as the development plan of TCDD Derince Port
- This plan was prepared with the aim of TCDD Derince Port to become the largest container export seaport in Turkey

Contact Information

Contact Information

Privatization Authority

Name: Yesim Kurna
Title: Project Group Head
Tel: +90 312 585 8080-82
Fax: +90 312 585 8307
e-mail: ykurna@oib.gov.tr

Name: Yonca Eke
Title: Specialist
Tel: +90 312 585 8408
Fax: +90 312 585 8307
e-mail: yeke@oib.gov.tr

Name: Dilek Sadikoglu
Title: Specialist
Tel: +90 312 585 8407
Fax: +90 312 585 8307
e-mail: dsadikoglu@oib.gov.tr

Raiffeisen Centrobank

Name: Gokce Kabatepe
Title: Managing Director
Tel: +90 212 287 1080
Fax: +90 212 287 1090
e-mail: g.kabatepe@raiffeisen-investment.com

Name: Oytun Ozer
Title: Director
Tel: +90 212 287 1080
Fax: +90 212 287 1090
e-mail: o.ozer@raiffeisen-investment.com

Name: Ercument Kocer
Title: Junior Associate
Tel: +90 212 287 1080
Fax: +90 212 287 1090
e-mail: e.kocer@raiffeisen-investment.com

- The Financial Advisor represents the PA in the Proposed Privatization. Thus, any inquiries for additional data and questions concerning the Teaser and the Proposed Privatization shall be addressed to the above indicated representatives of the PA or the Financial Advisor