



TURKEY-RUSSIA BOOST ECONOMIC COLLABORATION, ESTABLISH USD 1 BILLION INVESTMENT FUND

President Erdoğan heads to Russia to shake hands for new agreements in various strategic fields

President Recep Tayyip Erdoğan paid a one-day official visit to Moscow on March 10, to attend the 6th Meeting of the Turkey-Russia High Level Cooperation Council and to meet with his Russian counterpart, Vladimir Putin. The two held meetings on various topics, including energy and military cooperation and the lifting of certain restrictions on travel and imports.

The official talks between Erdoğan and Putin saw the signing of several agreements in energy, trade, and intellectual property. The most prominent among these accords was the signing of an MoU for the establishment of a joint investment fund between the Russian Direct Investment Fund (RDIF) and the Türkiye Wealth Fund (TWF).

Signed by TWF Chairman and CEO Mehmet Bostan and RDIF CEO Kirill Dmitriev on behalf of the parties, the agreement will enable Turkey and Russia to focus their joint efforts on attractive investment projects that might strengthen bilateral economic ties and increase investment flows between the two countries. As per the agreement,

both countries will invest up to USD 500 million each in the Turkey-Russia Investment Fund that is set to reach up to USD 1 billion in total.

The joint fund is also of utmost importance as it is one of the first international initiatives of TWF -- whose current portfolio includes a 100 percent share in Turkey's largest state-owned bank Ziraat Bankası; a 51.11 percent share in Turkey's 6th largest bank Halk Bankası; a 100 percent share in fuel pipeline company BOTAS; a 100 percent share in Turkish Petroleum; a 100 percent share in the national postal service company PTT; a 73.6 percent share in Borsa İstanbul; a 100 percent share in satellite communications company TÜRKSAT; a 6.68 percent share in national telecoms company Türk Telekom; a 100 percent share in mining company Eti Maden İşletmeleri; a 100 percent share in Turkish Maritime Enterprises; a 100 percent share in tea production and cultivation company ÇAYKUR; a 49.12 percent share in Turkish Airlines, as well as shares in other government enterprises.

Erdoğan stated that the two countries should move toward their USD 100 billion trade volume goal with a steady approach. The likely inclusion of Turkish manufacturers as suppliers for Russia's MS-21 aircrafts is considered to be a signal of the burgeoning bilateral trade.

The meeting also brought the energy collaboration issue to the table as the agreement for the TurkStream natural gas pipeline project has recently gone into force following its ratification by both parties, which is expected to provide momentum to the construction works. Regarding the Akkuyu nuclear power plant project in Turkey's Southern Anatolian province of Mersin -- another major Russian-Turkish project that is back on track following Turkey's rapprochement with Moscow -- Erdoğan stated that Turkey is carrying out all liabilities it assumed under the terms of the agreement concluded with Russia.

Accompanying Erdoğan on this official visit was a delegation comprised of ministers, top government officials and ISPAT President Arda Ermut.

INVESTORS' APPETITE WIDENS IN Q1 2017

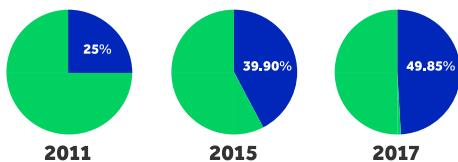
Turkey has experienced a considerable amount of recovery with regard to FDI in the first few months of 2017. A series of mergers and acquisitions signal that Turkey is on course to attract more FDI in 2017 than the previous year.

GARANTI & BBVA

BBVA of Spain and Garanti Bank of Turkey recently agreed on a deal that will allow BBVA to acquire an additional 9.95 percent of Garanti, an investment estimated at around USD 900 million. As of end-2016 financials, Garanti Bank is the third largest bank in Turkey in terms of asset size. With this acquisition, BBVA will increase its share in Garanti to 49.85 percent. Garanti Bank has been fully consolidated in the financial statements of BBVA Group since 2015.

SHARE OF BBVA IN GARANTI

● BBVA ● Others



CONTRIBUTION OF THE DEAL TO BBVA'S NET PROFIT (F)



2017
(9 MONTHS)



2018

BBVA

Garanti

TURQUOISE CARD

GIVES ITS HOLDERS INDEFINITE RIGHT TO STAY AND WORK IN TURKEY & TO RESIDE WITH THEIR FAMILIES



Foreigners who meet any of the following conditions would be eligible to acquire Turquoise Card:



Carry out research or conduct studies in science, industry or technology at international level



Regarded as highly-qualified labor force based on educational & professional qualification



Have worldwide success in culture, artistic or sports activities



Considered as highly-qualified investor due to investment or export level, employment size and contribution to Turkey



Contribute to worldwide recognition & promotion of Turkey

ACCOR & RIXOS

In March 2017, AccorHotels and Rixos announced a strategic partnership for the management of 15 Rixos branded hotels worldwide, including properties in Turkey. Each party will have a 50 percent share in the joint-venture, which will also manage the hotel with the largest live entertainment center in Antalya, Turkey. Along with Turkey, Rixos operates hotels in premium markets such as Dubai, Sharm El Sheikh, Dubrovnik, Davos, and Russia.



WANDA GROUP & MAR YAPI

Chinese real estate giant Wanda Group signed a business partnership agreement with Turkish Mar Yapı in late February in Shanghai. Accordingly, the first offshore hotel of Wanda Group will be opened in Istanbul by the end of 2018. Wanda Vista Istanbul will open with 150 rooms and 300 residences. After this first venture in Istanbul, Wanda Group, owning a chain of luxury hotels, plans to open new first class hotels in Chicago, Los Angeles, London, and Sydney under the Wanda Vista brand.

万达集团 WANDA GROUP

MARYAPI

SOUTH KOREA'S HANWHA BUILDS ONE OF THE WORLD'S LARGEST SOLAR POWER PLANTS IN **TURKEY**



The largest-ever renewables auction in the world history took place on March 20, with the 50:50 consortium of Turkey's Kalyon Enerji and South Korea's Hanwha Q Cells winning the tender for the construction of a 1 GW solar power plant in the Karapınar district of the Central Anatolian province of Konya. The winning bid was USD 6.99 cent/kWh.

The tender – held in a reverse auction where the ceiling price was USD 8 cent/kWh – will see 1 GW of installed capacity along with a production factory for photovoltaic (PV) equipment coming online over the next two years. Under the terms of the tender, the power purchase contract will be valid for 15 years, and the solar equipment used must be domestically sourced.

The total investment in this solar energy mega project is estimated at USD 1.3 billion. The solar power plant will be operational for 30 years and meet the energy needs of more than 600,000

households. The project company will also be conducting R&D activities in Turkey for at least 10 years with the employment of at least 80 percent local staff.

Commenting on the tender, Minister of Energy and Natural Resources Berat Albayrak said the project is a revolution for Turkey's energy sector, adding that he is hoping to announce a similar wind energy tender in the coming months.

South Korea's Hanwha Group is the parent company of solar cell producer Hanwha Q Cells, which produces PV cells and modules and builds solar parks globally. The Turkish partner, Kalyon, is a conglomerate with significant experience in construction, including state infrastructure projects.

According to official figures, Turkey's installed solar power generation capacity jumped to 832.5 MW by end-2016, more than tripling the 249 MW capacity from only a year before.



ASSYSTEM & ENVY

Assystem, an international group listed on Euronext Paris, entered into an agreement with Turkish nuclear engineering company ENVY Energy in 2016, for the purchase of 51 percent of ENVY's shares. The purchasing process was completed in early 2017. Envy is involved in two nuclear power plant construction projects in Turkey-Akkuyu and Sinop. Assystem will provide technical expertise and broaden the company's geographical footprint through this deal.

GE, BORUSAN ENBW, FINA & ÖZGÜL HOLDING

General Electric, Borusan EnBW, Fina Enerji and Özgül Holding signed an MoU to collaborate on the installation, operation and financing of a joint wind farm as part of the YEKA (Renewable Energy Source Area) project to be announced by the Turkish Ministry of Energy. YEKA, the largest wind project in renewable energy in Turkey, will see preliminary preparations on financing and project by the companies.



TURKEY'S WIND POWER IN A NUTSHELL (2016)

HIGHEST GROWTH RATE IN EU & G20

30%

7TH

LARGEST CAPACITY IN EU

12TH

LARGEST GLOBALLY

3RD

LARGEST MARKET IN EU AFTER GERMANY & FRANCE

INSTALLED CAPACITY HIT

6 GW



1-2
March

London
UK

ISPAT HOLDS AUTOMOTIVE ROADSHOW IN UK

As a dynamic and growing G20 economy, Turkey's business-friendly investment environment and access to large domestic and international markets continue to support international investors' growth stories.

Given its unique advantages, Turkey is a manufacturing home to Ford, Fiat, Hyundai, Renault, Toyota, Honda, and several other leading automotive companies. These brands use the Turkish market as a hub to export to Europe and Asia. With over a million vehicles produced in Turkey reaching international markets in 2016, Turkey is at the forefront of international automotive manufacturing.

Against this backdrop, ISPAT organized a trade mission in UK on March 1-2 for Turkey's automotive sector players. The goal of the mission was to provide an update on the state of the economy and investment opportunities, as well as to discuss Turkey's role in the global automotive industry, trends that are shaping the sector, and links with the UK automotive industry.

This mission provided a timely opportunity for the delegation to meet with an audience of influential media representatives, automotive sector stakeholders, and opinion makers. In particular, the mission allowed an opportunity to cultivate long-term relationships with Bloomberg, Reuters, Sky News, The Economist Intelligence Unit, Automotive World, and additional automotive industry magazines. Delegates of the mission delivered first-hand experiences and proof points that validated the strength and resilience of Turkey's economy and the value proposition of its automotive sector.

The delegation included perspectives of a cross-section of the public, private, and NGO sectors. This included ISPAT President Arda Ermut, Secretary General of the Turkish Automotive Manufacturers Association (OSD) Osman Sever, and Vice President of Product Development at Ford Otosan Burak Gökçelik.



13-16
March

Cannes
FRANCE

TURKEY'S ACCESSIBILITY FOR REAL ESTATE PROMOTED AT MIPIM 2017

ISPAT collaborated with many of Turkey's municipalities at this year's MIPIM – the world's leading property market – to promote investment opportunities in Turkey's real estate sector and to educate interested investors on how easily accessible the Turkish market is.

Speaking at the seminar entitled "Why is Turkey a hotspot for investors?", ISPAT President Arda Ermut and Turkey's Minister of Environment and Urbanization Mehmet Özhasseki positioned Turkey as a country full of lucrative opportunities for the global investment community. They drew attention to the fact that Turkey attracted more than USD 180 billion of FDI in 2002-2016.

According to Ermut, Turkey's lure will further increase with brand-new projects breaking ground across the country, in particular following the completion of the urbanization-gentrification process and several mega projects. While the Galataport, Haliçport, Tarlaabaşı, Okmeydanı, Piyalepaşa, and Örnektepe projects stand out as the most attractive and profitable opportunities for real estate investors, wider opportunities are available across Turkey, including in provinces such as Balıkesir, Hatay, Kocaeli, and Çanakkale.

Third Airport was at the forefront of the international audience at the conference. The airport is set to be the largest airport in the world built

from scratch with a capacity of 200 million passengers per annum. It will be surrounded by newly built, modern facilities including hotels, offices, shopping and living centers and exhibition spaces. The introduction of the law allowing acquisition of citizenship for individuals who buy property worth more than USD 1 million was also another point highlighted at MIPIM 2017.

24-25
March

Bursa
TURKEY

ISPAT ATTENDS ULUDAĞ ECONOMY SUMMIT

The 6th Uludağ Economy Summit, which focused this year on topics such as the new world order, a new Turkey, and a new growth story, took place on March 24-25 in Bursa. The summit brought together key speakers and businesspersons from Turkey and around the globe, including Turkish Deputy Prime Minister Mehmet Şimşek and Turkish Minister of Transport, Maritime Affairs, and Communication Ahmet Arslan.

Speaking at the "New World Order: Economy & Policy" session of the summit, ISPAT President Arda Ermut emphasized that the Turkish economy is stable and strong enough to achieve higher growth rates and attract larger amounts of FDI. Ermut stated that despite temporary setbacks in 2016, Turkey will go back to its sound fundamentals after the referendum, with an eye towards its 2023 goals.

The summit also advanced multiple agendas, such as social investment, the near-term future of energy, new digital wave and developing technologies, leaders of tomorrow, the future of banking, entrepreneurship, and investment by 2023.



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the potential