



Project Characteristics

- Over 400 kilometres of motorway Connecting İstanbul, Bursa and İzmir
- Suspension Bridge 4th longest in the world İzmit Bay Suspension Bridge
- Tunnel longest motorway tunnel in Turkey Samanlı Tunnel
- Steel Viaduct One of the most challenging viaduct construction projects in the world – Southern Approach Viaduct – 33.000 tons of steel, 1.400 metres
- BOT for 22 years, 4 months starting from March, 2013
- Debt Assumption by Turkish Treasury
- Minimum Traffic Revenue Guarantee by General Directorate of Highways
- One of the largest infrastructure projects in Turkey to have achieved financial close to date



Main Project Stakeholders

- Government General Directorate of Highways, Undersecretariat of Treasury
- Lenders Akbank, Finansbank, Ziraat Bankası, Garanti Bankası, Halk Bankası, İş Bankası, Vakıflar Bankası, Yapı ve Kredi Bankası, Deutsche Bank, Saudi National Commercial Bank, Bank of China and Siemens Bank































Main Project Stakeholders, contd.

- Sponsors Nurol, Özaltın, Makyol, Astaldi and Göçay
- Main Contractors Sponsors and IHI / Itochu Consortium as Bridge Contractor
- Lead Reinsurers Swiss Re for construction, Munich Re for operation



















Phase I (H1 2016)

Phase II A
(Q1 2017)

Phase II B
(H1 2019)



Sources / Uses - Expenditure

- CAPEX 7.3 billion USD
 - Phase I 2.8 billion USD
 - Phase II A 0.6 billion USD
 - Phase II B 3.9 billion USD
- PROVIDED FROM THE FOLLOWING SOURCES:
 - Equity 1.4 billion USD
 - Debt 5.0 billion USD
 - Revenue generated from Phase I and II A 0.9 billion USD



History of Financial Close

- 2013 2.8 billion USD Financing for Phase I
 - > 1.4 billion USD Debt
 - ➤ 1.4 billion USD Equity
- 2014 0.6 billion USD Financing for Phase II A
 - ➤ 100% Debt
- 2015 Secured Financing for TOTAL PROJECT (Phases I, II A, II B)
 - ➤ Refinancing of existing 2.0 billion USD Debt
 - ➤ Additional 3.0 billion USD Debt: TOTAL DEBT = 5.0 billion USD
 - > No additional equity obligation apart from original 1.4 billion USD.
 - ➤ Grace period to 2019, maturity to 2030.



Pricing, Revenue Guarantee

- Pricing is in TL, however derived from:
 - ➤ 35 USD for bridge, 0.05 USD per km. for motorway (in 2008 USD)
 - Central Bank FX rate on Jan. 02 used for that calender year
 - Price adjusted yearly to US CPI
- Revenue Guarantee
 - ➤ Project divided into 4 sections.
 - ➤ When a section is completed, relevant guarantee for that section begins.
 - ➤ Total yearly guarantee amount in 2008 USD ~ 680 mUSD
 - >If actual revenue exceeds guarantee, no payment
 - ➤If actual revenue is less than guarantee, difference is paid by April of the next year



Debt Assumption – Turkish Treasury

- If default occurs, Turkish Treasury assumes 100% of loan
- Allows Lenders to price loan as if it were a quasi government bond with additional risk pricing for construction of Project
- Increases attractiveness of debt instrument to international Lenders
- Allows for longer maturities and lower margins.



Debt Facility

- Limited Recourse Project Finance
 - Currently 12 Lenders 8 Turkish, 4 International
 - Each Turkish Lender holds 1/9 of Loan, International Lenders together hold the remaining 1/9
- Grace Period to 2019
- Debt repayment period 2019 to 2030
- Hedging:
 - Interest Rates 50% of outstanding loan covered thru Interest Rate Swaps
 - FX Rate 80% of finance payment for the relevant period covered thru FX Swaps set on Jan. 02 of each calendar year



Where are we – May 2016

- Secured external funding for 6.4 billion USD for construction of overall project:
 - ➤ Over 400 km of motorway,
 - ➤ İzmit Bay Suspension Bridge,
 - ➤ Southern Approach Viaduct and
 - ➤ Samanlı Tunnel.
- Spent 3.8 billion USD 96% complete for Phase I, 75% for Phase IIA and 55% for overall project. (as of end of April 2016)
- EXTERNAL FINANCING NEEDS FOR OVERALL PROJECT COVERED 100%.
- On track to complete Phase I construction by H1-2016, Phase IIA construction by Q1-2017 and Phase IIB construction by H1-2019.

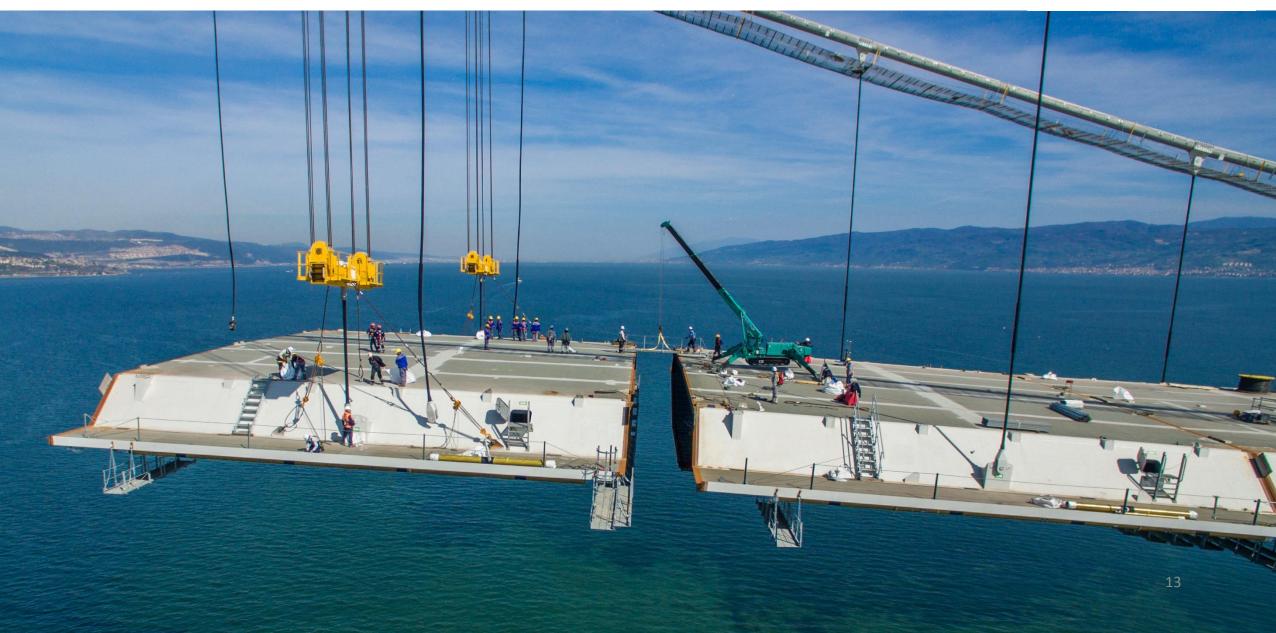


Where are we – May 2016 Suspension Bridge

- 95% Complete
- Deck Erection Completed on April 21
- Open to traffic June 2016

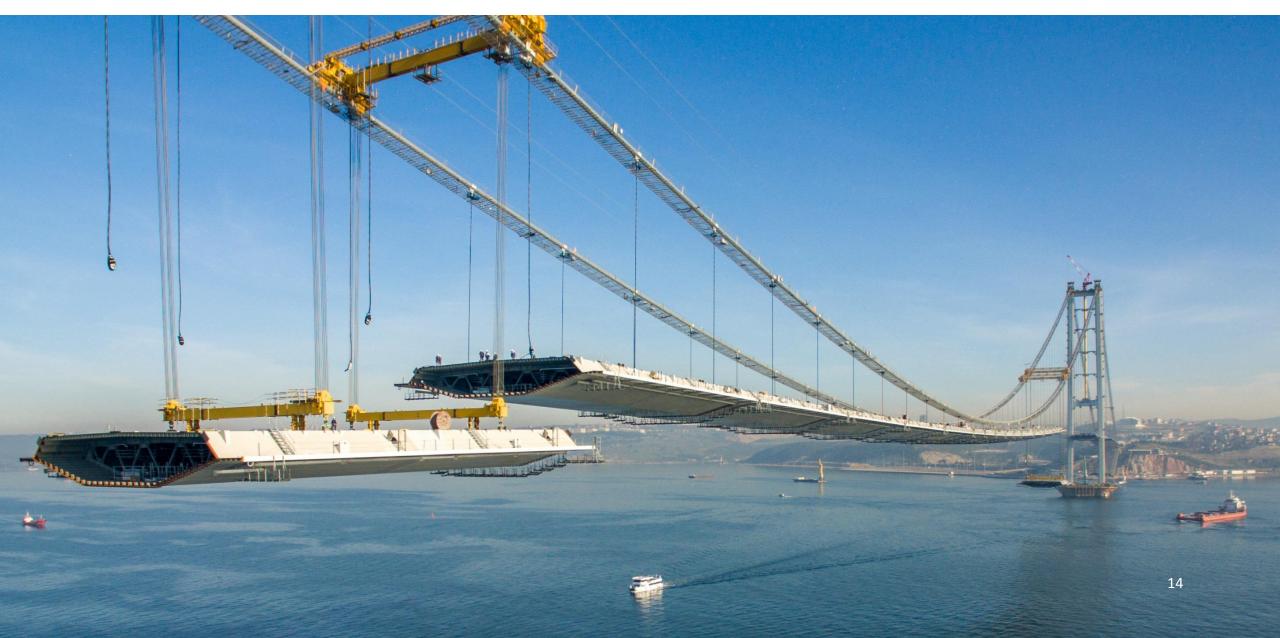
Suspension Bridge, contd.





Suspension Bridge, contd.









• 100% Complete





- 100% Complete
- 40 km opened to traffic on April 21, 2016!







• 100% complete

Where are we – May 2016





- 19% complete
- 20 km.
 İzmir
 section
 planned
 to be
 opened
 to traffic
 in Q1
 2017



Lot of work done, more to do— Targets to achieve in 2016

- Revenue, Revenue!
 - ➤ Open to traffic Suspension Bridge in June 2016, thereby triggering Section 01 Revenue Guarantee
- Continue construction activities for Phase II A and Phase II B

Complete construction of Phase II A and 20 km section of Phase II B.

Be on track to complete overall construction by 2019.



Thank you for your attention.