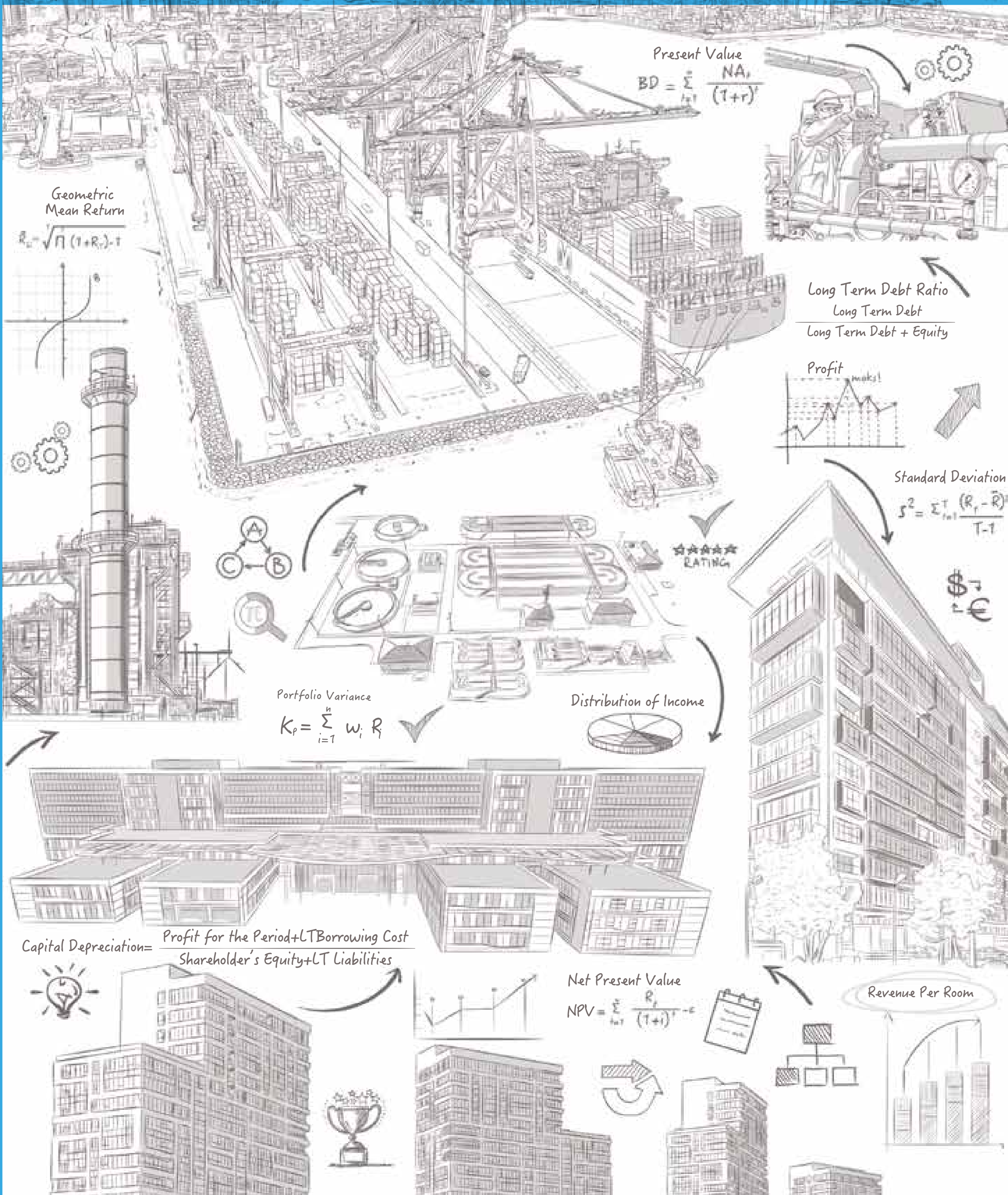

AKFEN INFRASTRUCTURE HOLDING

Annual Report 2018

akfen infra

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SUCCESS
action
plan
GOALS
ideas
ROE
PRESENT VALUE
Current Ratio
Current Assets
HEALTH
QUALITY

At Akfen 'math' works differently!

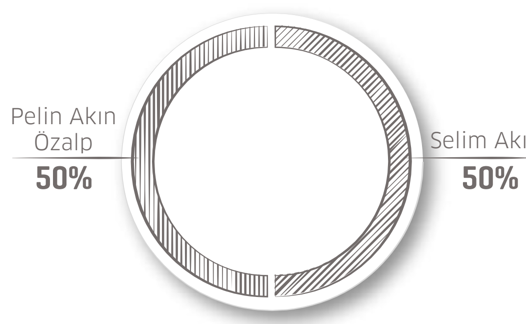
- To see companies as living organisms, to keep them alive, to help them grow, to find investors when the time is right, it is necessary to prove that that company is profitable, efficient and most importantly, valuable. In the 21st century, when the wind of competition is fierce, the way to meet these conditions is to use information, to renew oneself, to be open to change and to be a pioneer.
- Achievements in the 21st century can be explained by mathematics. The success of Akfen Group can also be explained by a few figures and mathematical examples.
- For example, synergy defined as **“sometimes the whole is more than the sum of its parts"** and this statement has an important place in Akfen's growth policy. This is because every investment in Akfen does not only benefit the company but also the investors and the country. Each company, acquired or established, after passing through its infancy, is rapidly expanded by establishing partnerships with international companies that are experts in their fields.
- Another benefit is the accumulation of knowledge... Following the transfer of the Atatürk Airport operations to Akfen, TAV Airports has become one of the leading airline companies in the world and this is one of the best examples of why accumulated knowledge is so important. While the company was in the growth stage, partnerships were established with international investors and growth was achieved through mergers. Additionally, TAV Airports have become a **"sought-after"** operation in the world thanks to the company's accumulated knowledge. Moreover, TAV Construction has acquired a unique experience with the construction of Atatürk Airport, and has now become a company that constructs airports in many countries around the world, a company that is sought-after in bids.
- One of the formulas working at Akfen is 5-1 = 7! The best definition of this formula is the motto of Hamdi Akın, Akfen Group Founding President: **"The resource created from work is used to finance new works”**. If we define the company that leaves the group as -1, the resource provided from this company is used for much larger returns in different sectors. This ensures that the group does not shrink with sales but grows.
- For example, after the sale of shares of Mersin International Port in 2017, investments were made for the key sectors of Turkey's near future, such as PPP city hospital projects and projects in renewable energy. In short, when Akfen Group sells shares in certain sectors that have reached required maturity, these are replaced by new and promising sectors and thus "more" is created.
- As in the past 41 years, in 2018 Akfen Group continued its journey as a community in which energetic and rational decisions were made.

About Akfen Infrastructure Holding

AKFEN INFRASTRUCTURE HOLDING BECAME THE UMBRELLA COMPANY FOR AKFEN GROUP COMPANIES

- Akfen Group, ever since the first company was founded in 1976, has undersigned Turkey's most important projects in infrastructure, construction, real estate and many similar areas. Since its establishment the group has adopted a "continuous growth strategy". As a requirement of this strategy, all created resources were used as equity for the creation of new assets. The year 1997 was an important turning point for Akfen Holding. On this date, the tender for the Istanbul Atatürk Airport International Terminal, to be built by the Build-Operate-Transfer (BOT) method, was won and this increased Akfen's tendency towards long-term infrastructure works.
- The accumulation of knowledge and experience that began in that period has made Akfen Group a sought-after company for airport operations, port management, energy, maritime transport, water and waste water management not only in Turkey but also in many countries around the world.
- Akfen Group's operations include construction, energy, sea port management, maritime transport, real estate, mining, insurance and reinsurance brokerage, and water/wastewater and solid waste management services. The group works with strong partners and financial institutions that are experienced in their sectors. Akfen Group companies' partnerships include nationally and internationally acclaimed enterprises and financial institutions such as Tepe Construction and Production Inc, PSA International, IFM Investors, EBRD, IFC, Accor, Souter Investments, LLP and Kardan N.V.

Akfen Infrastructure Holding Shareholding Structure



- In addition to Akfen Holding and Akfen Construction, the group companies include Akınısı Machinery (the first company of Hamdi Akın, the founder of Akfen Group), Akfen Merter, Akfen Consulting and Project Development, Travelex, Akfen Real Estate Portfolio Management and Tepe Akfen Reformer.
- 2018 was the year of restructuring for Akfen Group. The restructuring steps in the new period established under Akfen Infrastructure Holding were as follows:
  - **MARCH 2018:** 37% IBS Insurance shares owned by Akfen Infrastructure Holding were transferred to Akfen Holding.
  - **MAY 2018:** 100% of the shares owned by Selim

Akın in Masanda Tourism was transferred to Akfen Infrastructure Holding.

- **MAY 2018:** The title of Akfen Infrastructure Consultancy was changed to "Akfen Infrastructure Holding Inc."
- **August 6, 2018:** After a series of share transfer transactions within Akfen Holding, Akfen Infrastructure Holding acquired 99.36% of Akfen Holding's capital.

The group regards it vital to create new business areas

After the restructuring, Akfen Group will continue its "Continuous Growth Strategy". The Group places great importance on creating new business areas in line with its growth plans. For the company, which has a deep experience in asset trading, the resources generated through sales is critical for entry into new business areas and for raising funds for ongoing investments.

The Group companies continue to grow organically and inorganically and support their investments by using advanced financing tools efficiently. This is one of the most important reasons for high profitability; in the coming period, with this vision, Akfen Group aims to continue making new investments by developing new businesses in order to increase employment, contribute to the development of the national economy and to create value for its shareholders.

AKFEN INFRASTRUCTURE HOLDING

Shareholders: Selim Akın **50%** / Pelin Akın Özalp **50%**

AKFEN HOLDING*

Shareholders: Akfen Infrastructure Holding **99.36%** / Other Group Comp.: **0.64%**

Mersin International Port
10%

Akfen Renewable Energy**
66.67%

TAV Investment
21.68%

İstanbul Sea Buses
30%

Akfen REIT***
56.88%

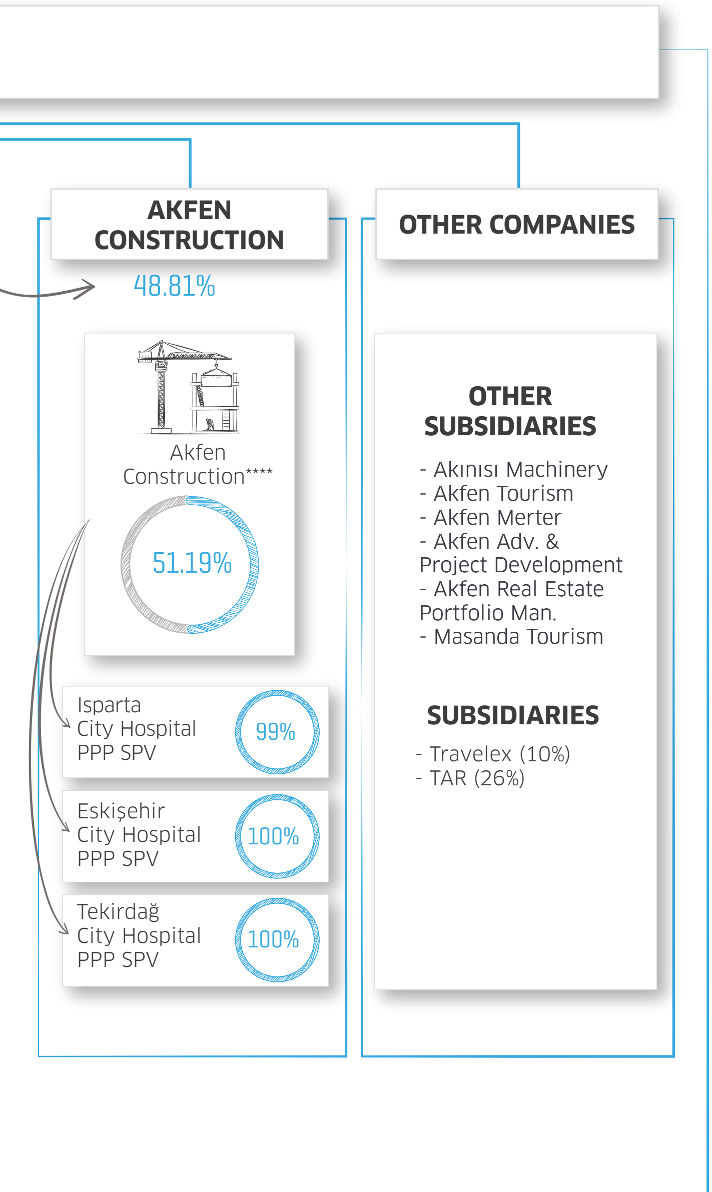
Akfen Environment & Water
50%

IBS Insurance & Reinsurance Brokerage
38%

Akfen Energy G./ Mersin CCGT
99%

Acacia Mining
30%

* Akfen Holding's shareholder structure as of 6 March 2019; Akfen Infrastructure Holding 89.5%, Akfen Holding 9.9% and other group companies 0.6%.
** EBRD and IFC will both become shareholders of Akfen Renewable Energy by acquiring 16.667% of the shares and Akfen Holding's share will decrease to 66.67%.
*** Traded on Istanbul Stock Exchange.
**** Following the capital increase of Akfen Construction on 30 May 2018, Akfen Infrastructure Holding's share decreased to 51.19% while Akfen Holding acquired the remaining 48.81% stake in the company



Akfen Infrastructure Holding Group Structure

FOR AKFEN INFRASTRUCTURE HOLDING 2018 WAS THE YEAR OF RESTRUCTURING

- Akfen Infrastructure Holding was established in 2008 as Akfen Infrastructure Consultancy to provide infrastructure investment services. Founded as the umbrella company for infrastructure companies belonging to the Akfen Group, Akfen Infrastructure is one of the leading companies of Turkey with its activities in construction, energy and real estate sectors.
- In 2015, following the transfer of Akfen Construction to Akfen Infrastructure Holding, the company had the opportunity to reinforce its past experience in construction and infrastructure sectors with giant real estate projects, city hospitals realized with PPP, dormitory and hotel projects.

Creating funding for entry into new projects

- Akfen Group, by partnering with foreign capital investment companies, helps foreign investment flow into Turkey through block equity issue. From this point of view, it acts as an 'Equity House'. Resources for new investments are created with the exited assets. Aegean Port Operations, which was invested in in 2003, created funds for new businesses through share transfers with a return on equity of 4.5 in 2005; likewise TUVTÜRK, which was invested in between 2005 and 2008, created funds for new businesses through share transfers with a return on equity of 3.6 in 2009. It has continued with the share transfer of TAV Airport and MIP in the recent period.
- There are a number of other companies under Akfen Infrastructure Holding besides Akfen Construction. These include; Akınısı Machinery (the first company of Hamdi Akın, founder of Akfen Group), Akfen Tourism (which manages commercial areas in İncek and Bulvar Lofts), Akfen Merter, Akfen Consulting and Project Development (which manages the development and sale operations of İncek and Bulvar Lofts), Akfen Real Estate Portfolio Management, Masanda Tourism (Bodrum Loft), Travelex and Tepe Akfen Reformer.
- Following the restructuring of the group in 2018, as a result of a series of share transfer transactions on 6 August 2018 within Akfen Holding, Akfen Infrastructure Holding acquired 99.36% of Akfen Holding's capital.

MILESTONES

1976

- The foundations of Akfen were laid by the establishment of Akınısı Makina by Hamdi Akın.

1977

- The first company of Hamdi Akın, Akfen Engineering Consultancy Contracting and Distributorship, was founded.

1980

- Akfen won the first state tender with Bank of Provinces' "Forged Parts and Molds Manufacturing Project".

1986

- Akfen Construction was founded.

1990

- As the first project with DHMI, the Antalya Airport Terminal Building renovation agreement was signed.

1992

- DHMİ Isparta Airport apron and runway construction started.

1993

- Akfen Construction entered the housing sector with the construction of Ankara Oran Çarşı dwelling project.

1997

- TAV Istanbul was established and the foundations of TAV Airports were laid when the Istanbul Airport International Terminal BOT tender was won.

1999

- With the establishment of Akfen Holding, all companies affiliated with Akfen were restructured under the holding company.
- TİKAV was founded.

2000

- TAV Airports began operating the Istanbul Atatürk Airport International Terminal.

2003

- TAV Construction was founded.
- With Royal Caribbean Kuşadası cruise port privatization tender was won.

2004

- Akfen Holding's share in Kuşadası cruise port was sold to other partners.
- TAV Construction won the Cairo Airport project in Egypt.

2005

- The tender for the privatization of vehicle inspection stations was won, and TÜVTÜRK was established in equal partnership with Doğuş Group and TÜV SÜD.
- PSA-Akfen Joint Venture won the privatization tender of Mersin Port.
- Construction and operation rights of İzmir Adnan Menderes International Terminal was transferred to TAV Airports.
- TAV Airports won the Tbilisi and Batumi International airports tender in Georgia.
- The framework agreement on cooperation between Akfen Holding and Accor was signed.

2006

- İzmir Adnan Menderes Airport International Terminal and Esenboğa Airport Domestic and International Terminals started operation.
- Akfen Water won the tender for the Güllük Municipality Water and Wastewater Concession Project and the plant was put into operation.
- Aksel Tourism Investments and Management became Akfen Real Estate Investment Partnership.
- TAV Construction won the Doha Airport project in Qatar.

Breakeven Point: The point where a company can afford its expenses

$$\text{Breakeven Point} = \frac{\text{Fixed Expenses}}{(\text{Unit Price} - \text{Unit Variable Expense})}$$

2007

- Public offering of TAV Airports was completed.
- Batumi International Airport started operation.
- TAV Airports won the tender for the Monastir and Enfidha airports in Tunisia.
- TAV Airports won the tender for the operation of Antalya Gazipaşa Airport.
- Akfen's 100% subsidiary Akfenhes Investments and Energy Production Inc. was founded.
- Mersin Port was taken over from TCDD.
- Akfen REIT's 4 hotels started operations.

2008

- Dilovası Industrial Park Wastewater Treatment BOT project tender was won.
- TÜVTURK İstanbul Vehicle Inspection Stations Management Inc. started operation.
- In order to build a natural gas-based power plant in Mersin province, an application was made to EMRA for production license.
- TAV Airports took over the operation of Monastir Airport in Tunisia.
- TAV Airports won the tender and signed the concession agreement for the operation of Skopje and Ohrid airports in Macedonia and the construction of the Shtip Cargo Airport, which it had the options for.
- A hotel of Akfen REIT started operation.

2009

- Akfen Holding sold its shares in TÜVTÜRK to Bridgepoint Capital Limited.
- Akfen launched its first renewable HEPP project.
- TAV Gazipaşa was put into operation at Antalya Gazipaşa Airport.
- TAV Construction won the Muscat Airport MC1 package tender with a partner.

2010

- 28.3% of Akfen Holding shares were offered to public.
- Akfen Holding made its first bond issue in the amount of TL 100 million and this was the first and largest real sector bond issue of Turkey.
- Pirinçlik HEPP, which belonged to Akfen's HEPP Group and has a capacity of 22.5 MW, was sold.
- TAV Airports took over the operations of Skopje and Ohrid airports.
- HAVAŞ acquired 50% of North Hub Services, a ground services company operating in Latvia Riga International Airport.
- Akfen Water started Dilovası Industrial Park wastewater treatment operations.
- 5 hotels of Akfen REIT started operations.
- TAV Construction won the tender for the New Doha Airport.

2011

- Akfen Holding won the tender for the privatization of IDO in a joint venture with Tepe Construction, Souter and Sera.
- 29.41% of Akfen REIT was offered to public.
- Four HEPPs and a hotel started operation.
- 80 million TL worth of Akfen Holding bond was offered to public.

2012

- The sale of Akfen Holding's 18% share in TAV Airports, 20.325% share in TAV Investments, and Akfen Construction's %0.5 share in TAV Investments to ADP Group was completed.
- Akfen Holding completed the sale of 40% of the shares in 5 power plants in Karasular to Aquila.
- TAV Airports took over the operation of Medina Airport, in which it has 50% share.
- The joint venture, in which TAV Construction takes part, won the tender for the Midfield terminal in Abu Dhabi.
- Akfen Holding made a TL 200 million public offering.
- 2 HEPPs and two hotels started operation.

2013

- MIP exported USD 450 million Eurobond to investors qualified abroad.
- Akfen Construction won the tender for Isparta City Hospital.
- Akfen Construction started working on İncek Loft project.
- The license change for power plant capacity (1,150 MW) for Mersin NGCCPP was approved.
- Akfen Holding sold 60% of its shares in Ideal Inc which has 5 power plants in Karasular, to Aquila.
- Akfen Thermal Energy bought 50% of Adana İpekyolu.
- TAV Construction won the tender for the Riyadh Airport terminal.
- The contract for "Damac Towers by Paramount" project in Dubai was signed.
- The consortium, in which TAV Airports takes part, took over the operation of Zagreb Airport.
- Two HEPPs and three hotels started operation.

2014

- MIP started expansion project.
- TAV Construction, New Doha Int. Airport opened.
- İncek Loft press launch.
- 75% of Artı Foreign Exchange sold to Travelex.
- Contract signed for Isparta City Hospital.
- MIP started $170 million investment in new berths and deepening.
- TGS, 50% subsidiary of HAVAŞ, won the ground services tender for Turkish Airline's 8 airports.
- A HEPP and a hotel started operation.
- TAV Airports took over Milas-Bodrum Airport Domestic Terminal.
- Akfen Holding made the public offering of a total of 400 million TL and completed its share buyback program in April 2014.
- İzmir Adnan Menderes Domestic Terminal opened.
- Akfen Construction made the best offer in the Eskişehir City Hospital tender and acquired 45% share in the guesthouse project which will serve in Hacettepe University campus.
- Engineering News Records magazine chose TAV Construction as the "World's Largest Airport Construction Company".

2015

- When Hamdi Akın and the partners acting together became the controlling shareholders, the process of using the right of sale of investors started in 23 December 2015 - 22 March 2016.
- TAV Airports, in a consortium with ADP and Metro Pacific Investments, was pre-qualified for the PPP tender for 5 regional airports in the Philippines.
- ATÜ won the right to operate duty free shops located in George Bush Airport, Houston.
- A USD 100 million partnership agreement was signed with EBRD for 20% share of Akfen Renewable Energy.
- ENR chose TAV Construction as the "World's Largest Airport Construction Company" for the second year in a row.
- A HEPP and a hotel started operation.
- The best offer for Tekirdağ City Hospital was from Akfen.
- Contract signed with Bank of Provinces for Istanbul Ataşehir Office.
- Eskişehir City Hospital ground-breaking ceremony
- Akten Holding, transferred 98.85% of Akfen Construction to Akfen Infrastructure.

Stock Valuation: When the present value of future cash flow is summed up, the stock price is found.

$$V_{cs} = \sum_{t=1}^{\infty} \frac{CF_t}{(1+k)^t}$$

2016

- The transfer of assets other than MIP, TAV Airports and Akfen Renewable Energy to Akfen Engineering was decided. The split was completed in February 2017.
- With the approval of the CMB, Akfen Holding board was closed on 29 April 2016 and as of 12 May 2016 the company shares were released from the Stock Exchange.
- TAV Airports subsidiary BTA Inc won the tender for the management of food and beverage areas in New Muscat International Airport in Oman. (15 February)
- Novotel Istanbul Bosphorus started operation. (16 February)
- TAV Construction and its partner Arabtec, on 25 January 2016, won the tender for the new terminal building and related projects of Bahrain International Airport amounting to USD 1.1 billion (TAV Construction share: 40%)
- In June 2016, Akfen Holding, EBRD and IFC decided to acquire 16.667% of Akfen Renewable Energy by paying USD 100 million each. With the capital increase of 12 July, in the first stage EBRD and IFC each transferred US $ 44.4 million for 5% share.
- In the second half of the year, IDO presented novel services such as free open buffet and children's play areas in an all-inclusive service on Eskihisar-Topçular car ferries.
- Akfen Water started service in solid waste management at Mersin International Port, too.
- MIP completed the first stage of the port expansion project as of 8 August 2016.
- Solentegre SPP with a licensed capacity of 8 MW was put into operation in October.
- Tekirdağ City Hospital signing ceremony.

2017

- The principal of the 140 million TL bond issued in 2014 was repaid. The bond issue with 9 January beginning date, 3 year maturity, a nominal value of 300 million TL was realized.
- The division of Akfen Holding was completed. With the division; subsidiaries other than TAV Airports, Akfen Renewable Energy, MIP and PSA Port were transferred to Akfen Engineering.
- The principal of the 200 million TL bonds issued in 2014 was repaid. Bond issue with a 23 March beginning date, 3 year maturity, a nominal value of 150.360.000 TL was realized.
- An agreement was signed for the transfer of 8.119% stake at TAV Airports to Tank ÖWA Alpha GmbH for USD 160 million (June 9). The share transfer was completed on July 7.
- As of June 9, Akfen Renewable Energy's capital was increased from TL 705 million to TL 793 million with premium. In this context, EBRD and IFC transferred USD 55.5 million to the company. After the transfer, EBRD and IFC's shares increased to 19.99% and Akfen Holding's share in the company became 80.01%.
- An agreement was signed for the sale of 40% of Akfen Holding's shares in MIP to Global InfraCo SP NEUM SLU for USD 869 million. (July 28). Share transfer was completed on 27 October.
- A HEPP with an installed capacity of 8.8 MW and 18 SPPs with a total installed capacity of 15.94 MW started operations.
- On June 13, the acquisition of three wind projects in Çanakkale and one wind project in Denizli with 242 MW license and not in operation was completed.
- Akfen Construction's Bulvar Loft Project in Ankara was added to Akfen REIT's portfolio in November.
- Akfen Water began providing solid waste services to Yozgat City Hospital, Mersin Integrated Health Campus and Isparta City Hospital.

DEVELOPMENTS IN 2018

AKFEN INFRASTRUCTURE HOLDING

IBS INSURANCE SHARES TRANSFERRED TO AKFEN HOLDING

17 March 2018 268,250 Group A IBS Insurance shares (37% of the company shares) owned by Akfen Infrastructure Holding were transferred to Akfen Holding.

MASANDA TOURISM SHARES TRANSFERRED TO AKFEN INFRASTRUCTURE

10 May 2018: 100% of Masanda Tourism shares belonging to Selim Akın were transferred to Akfen Infrastructure Holding.

AKFEN INFRASTRUCTURE'S TITLE CHANGED

24 May 2018: The process of changing the title of Akfen Infrastructure Consultancy to "Akfen Infrastructure Holding Inc." was completed.

AKFEN HOLDING SHARE TRANSFERS WERE COMPLETED

6 August 2018: With the share transfer transaction within Akfen Holding realized on August 6th, 572,450,967 shares of Hamdi Akın who owned 85.80% of the Akfen Holding shares with a nominal value of TL 667,180,686; all of the shares of Selim Akın who owned 3.47%; and half of the shares of Akfen Tourism which owned 0.43%, were transferred to Akfen Infrastructure Holding Inc. After the share transfers, Akfen Infrastructure Holding acquired 99.36% of Akfen Holding's capital with a nominal value of TL 662,895,383.

TİKAV REACHED 1,500 WOMEN SAYING "HEALTH FIRST"

First aid and health education was provided to 1,500 women through the "Health First" project, which was realized under the sponsorship of Akfen Renewable Energy and coordinated by TİKAV.

AKFEN HOLDING

AKFEN HOLDING AND AKFEN ENGINEERING MERGED

28 February 2018: The merger of Akfen Holding and Akfen Engineering Inc. was completed. As a result of this merger, Acacia Mining and Akfen Energy Distribution companies were transferred to Akfen Holding together with the companies subjected to partial division on 16 February 2017.

AKFEN INTERNATIONAL WAS ESTABLISHED

13 March 2018: Akfen International was established in Amsterdam/Netherlands as a 100% subsidiary of Akfen Holding.

2017 ORDINARY GENERAL ASSEMBLY WAS HELD

9-10 August 2018: Akfen Holding's 2017 Regular General Assembly was held on August 9th. A total of TL 948 million was distributed as dividend on 9 and 10 August.

ENERGY GROUP MERGERS

30 November 2018: Akfen Holding completed the merger with Akfen Thermal Energy and Akfen Energy Distribution through take overs.

AKFEN HOLDING'S 'TR AAA' CREDIT NOTE WAS CONFIRMED

13 December 2018: Turkrating confirmed Akfen Holding's Long-Term National Credit Rating as TR AAA, Short-Term National Credit Rating as TR A1 and outlook as stable.

DEVELOPMENTS IN SUBSIDIARIES (2018)

AKFEN CONSTRUCTION

30 May 2018: Registration of Akfen Construction's capital increase has been completed. The company's capital increased to TL 520,266,750 and Akfen Holding's share in the company (following its participation in the capital increase with the transfer of the preferential rights from Akfen Infrastructure Holding) became 48.81%. The share of Akfen Infrastructure Holding, which was 100%, decreased to 51.19%.

27 October 2018: Eskişehir City Hospital was opened.

AKFEN RENEWABLE ENERGY

March and 26 June 2018: Akfen Renewable Energy increased its capital. After the increase, the shares of EBRD and IFC increased to 15.982% and Akfen Holding's share decreased to 68.036%.

4 May 2018: The two units of Çalıkobası HEPP, with a total installed capacity of 8.9 MW, started generation.

20-21-27 September 2018: OmicronEngil 208 SPP (12.1 MW) started operations on 20 September, Omicron Erciş SPP (12.1 MW) started operations on 21 September. Yaysun SPP (12.1 MW), MT Natural SPP (12.1 MW) and Me-Se SPP (12.1 MW) started generation on 27 September.

MIP

29 March 2018: The Company paid a total of USD 45.2 million dividend from its 2017 profit. MIP also paid an advance dividend of USD 10.8 million on 22 June 2018.

AKFEN REIT

16 January 2018: "Convertible Bonds" amounting to TL 170 million with a maturity of 3 years were issued.

3 August 2018: Akfen Holding's 1,000 Group A and 1,000 Group D preferred shares of Akfen REIT were transferred to Hamdi Akın.

AKFEN ENVIRONMENT & WATER

27 October 2018: Eskişehir City Hospital was opened and the waste management services for the hospital started.

TAV CONSTRUCTION

12 April 2018: TAV Construction and Ballast Nedam (Rönesans Holding subsidiary) partnership won the tender for the construction of the additional terminal for 240 million Euro at Amsterdam Schiphol Airport (TAVC share: 50%).

In 2018, TAV Construction won the tender for the Çukurova Airport superstructure works and Tokat Airport PAT Fields project.

TAV Construction ranked 70th in the 2018 ranking of ENR ("The Top 250 International Contractors"). (2017: 76). It ranked as first in the airport construction category.

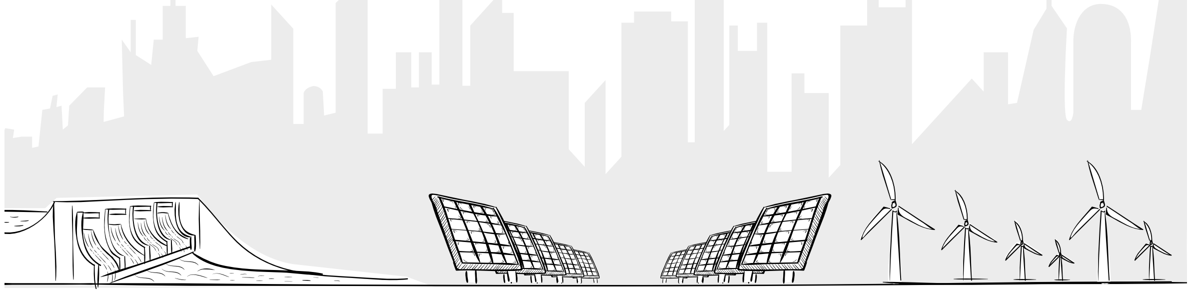
IBS INSURANCE & REINSURANCE BROKERAGE

17 March 2018: 268,250 Group A IBS Insurance shares (37% of the company's shares) owned by Akfen Infrastructure Consultancy were transferred to Akfen Holding.

10 July 2018: Total gross dividend distributed by IBS Insurance from 2016 and 2017 profits is TL 23 million.

Gordon Growth Model: $\text{Share Price} = \dfrac{\text{Expected dividend}}{(\text{Expected annual return} - \text{Expected dividend growth})}$

FIELDS OF ACTIVITY



CONSTRUCTION

Akfen Construction

Participation Share	100%*
Turnover	USD 272 mn
Adjusted EBITDA	USD 123 mn
Total Assets	USD 1,240 mn
Number of Employees	98

**Total of direct + indirect shares*

In 2018, Akfen Construction's total contract value for city hospitals, real estate, hotel and dormitory investment projects is USD 737 million and its ongoing business volume is USD 225 million.

TAV Investment Holding

Participation Share	21.68%
Turnover	USD 654 mn
EBITDA	USD 29 mn
Total Assets	USD 962 mn
Number of Employees	2,853
Partner	Tepe İnşaat, Sera, Sens

As of the end of September 2018, TAV Investment's backlog amounted to USD 1.5 billion. TAV Construction, which has undertaken approximately USD 22 billion in contracts, has been ranked first in the Engineering News Record magazine's 2018 ranking for "Airport Construction" category and was among the top 3 companies in the world over the last six years.

ENERGY GROUP

Akfen Renewable Energy

Participation Share	68%
Turnover	USD 51 mn
EBITDA	USD 33 mn
Total Assets	USD 562 mn
Number of Employees	206
Partner	EBRD, IFC

Akfen Renewable Energy, which has one of Turkey's largest renewable energy portfolio, has continued its activities in 2018 with 12 hydroelectric and 33 solar power plants with a total installed power capacity of 324 MW.

Akfen Energy Generation*

Participation Share	99%

** Merged with Akfen Thermal Energy, a subsidiary of Akfen Holding, on 30 November 2018 through a takeover. Following the takeover, Akfen Energy Generation became a subsidiary of Akfen Holding.*

Adana İpekyolu Energy

Participation Share	90%

MINING

Acacia Mining

Participation Share	30%
Number of Employees	189
Partner	İlbak, İzbir

Asia Mining Enterprises Inc. was established in 2007. In 2011 the company established a partnership with Ilbak Holding and then in 2016 Akfen Group became a partner. The company completed the Gökırmak Copper Mine project in the Hanönü District of Kastamonu and commenced operation in March 2019.

The financial data and number of employees in this section are as of the end of 2018.

PORT MANAGEMENT

Mersin International Port

Participation Share	10%
Turnover	USD 302 mn
EBITDA	USD 209 mn
Total Assets	USD 1,096 mn
Number of Employees	1,897
Partner	PSA, IFM Investors

PSA Akfen Port Management

MIP's container volume handled in 2018 increased by 8% from previous year to approximately 1.7 million TEU. MIP was the largest port in Turkey in 2018.

MARITIME TRANSPORT

IDO

Participation Share	30%
Turnover	USD 112 mn
EBITDA	USD 9 mn
Total Assets	USD 390 mn
Number of Employees	1,381
Partner	Tepe Cons., Souter, Sera

The number of passengers carried by IDO in 2018 was 33.4 million. The number of vehicles reached approximately 6.5 million.

REAL ESTATE INVESTMENTS

Akfen REIT

Participation Share	56.88%
Turnover	USD 20 mn
EBITDA	USD 15 mn
Total Assets	USD 463 mn
Number of Employees	21

Akfen REIT reached 3,628 room capacity with 20 hotels, and continued to be one of the major players in the economical hotel sector in 2018. The average occupancy rate of the hotel portfolio in 2018 reached 65% with a 4% increase.

INSURANCE AND REINSURANCE BROKERAGE

IBS Insurance and Reinsurance Brokerage

Participation Share	37%
Turnover	USD 12.6 mn
EBITDA	USD 6.7 mn
Total Assets	USD 44 mn
Number of Employees	88
Partner	UIB, Natural persons

Turkey's 3rd largest insurance brokerage company IBS Insurance's earned premiums reached TL 454 million with an increase of 49% in 2018.

ENVIRONMENT AND WATER CONCESSIONS

Akfen Environment and Water

Participation Share	50%
Turnover	USD 9 mn
Adjusted EBITDA	USD 5 mn
Total Assets	USD 35 mn
Number of Employees	48
Partner	Kardan

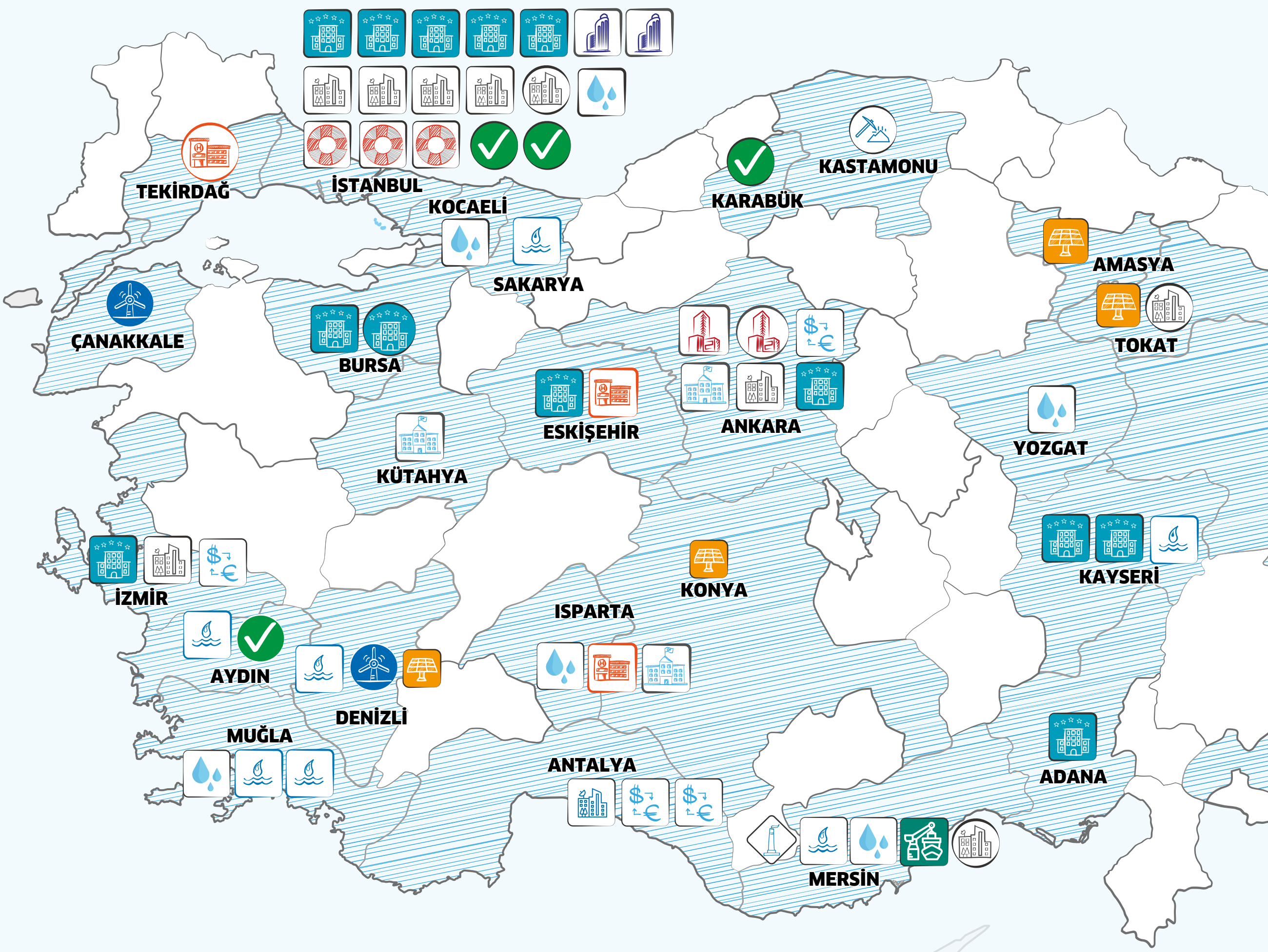
In 2018, Akfen Water increased the number of its subscribers in Güllük by 6% to 8,036, while the amount of water billed increased by 7% to 661,921 m3. In 2018, the amount of wastewater treated at Akfen Water Dilovası was 1.2 million m^3. The amount of waste collected increased by 32% to 5,305 tons.

OTHER

Travelex

Participation Share	10%
Partner	Travelex, Tepe İnşaat, Sera

Travelex, which opened its first store in London in 1976, is the world's leading independent foreign exchange trading company. It operates in eight locations in Turkey.



City Hospital
(Completed)
- Isparta City Hospital
- Eskişehir City Hospital

City Hospital
(Construction Ongoing)
- Tekirdağ City Hospital

Housing Projects
(Completed)
- İncek Loft

Housing Projects
(Construction Ongoing)
- Bulvar Loft

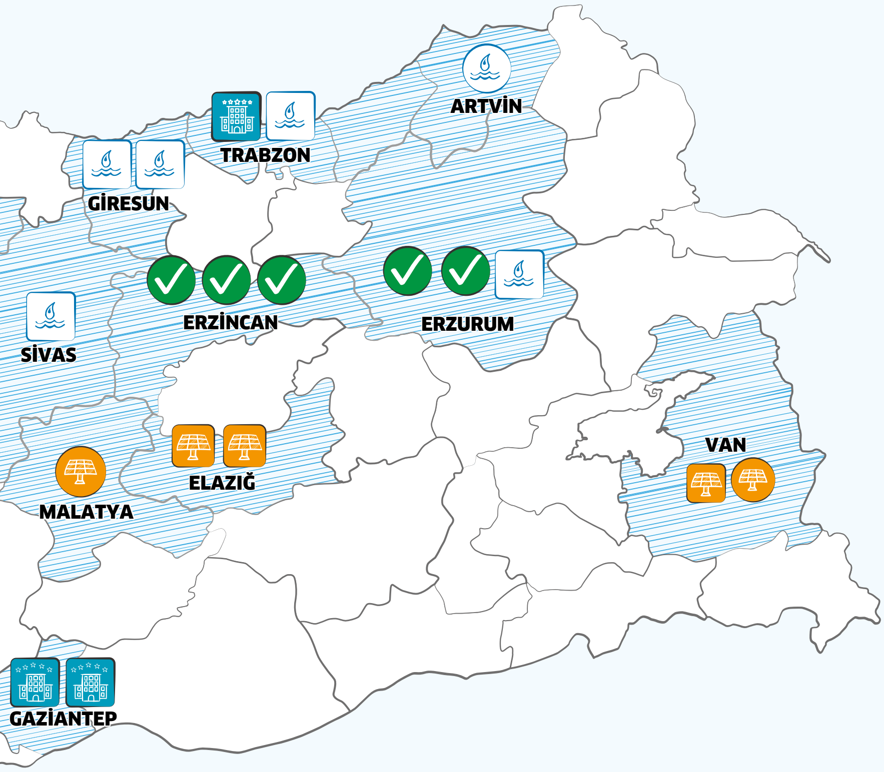
Office/ House
(Completed)
- Levent Loft
- Levent Bahçe

Contracting Projects (TAV Construction) (Completed)
- Ankara Esenboğa Airport Domestic and International Terminals / Ankara
- İstanbul Atatürk Airport Terminal Building and Multi-storey Parking Lot Project / İstanbul
- İstanbul Atatürk Airport Renovation Project / İstanbul
- İzmir Adnan Menderes Airport International Terminal Building Project / İzmir
- İzmir Adnan Menderes Domestic Terminal (Additional Works) Project / İzmir
- İstanbul Atatürk Airport Expansion and Development Project / İstanbul
- İstanbul Atatürk Airport 2010-2011 Investments / İstanbul
- Alanya Gazipaşa Airport / Antalya
- İstanbul Atatürk Airport Expansion Project Stage-3 / İstanbul

Contracting Projects (TAV Construction) (Construction Ongoing)
- Emaar Square North Region Structural Works
- Emaar Stage 3
- Çukurova Airport Superstructure Works
- Tokat Airport Runway, Apron and Taxiway (PAT)

Dormitories
(Completed)
- Hacettepe Guest House
- Isparta Dormitory
- Kütahya Dormitory

Other (Travelex)
(In Operation)
- Antalya: 3 exchange points
- İzmir: 2 exchange points
- Ankara: 2 exchange points
- Alanya: 1 exchange point



HEPP Investments (In Operation)

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

HEPP Investments
(Construction Ongoing)

- Çiçekli I-II HEPP / Artvin

WPP investments
(Preparing for Construction)*

- Çanakkale Projects
- Denizli Projects

SPP Projects (In Operation)

- Denizli SPP Projects (7 SPP Projects)
- Yaysun SPP / Konya
- Solentegre SPP / Elazığ
- Karine SPP / Elazığ
- Amasya SPP
- Tokat Projects
- Omicron Engil SPP / Van
- Omicron Erciş SPP / Van
- Konya Projects

SPP Projects
(Construction in Preparation / Development Phase)

- PSI SPP / Van
- IOTA SPP / Malatya

Port Concessions (MIP)
(In Operation)

- Mersin International Port/ Mersin

Hotel Investments (Akfen REIT)
(In Operation)

- Novotel Zeytinburnu / İstanbul
- Novotel İstanbul Bosphorus
- Novotel Trabzon
- Novotel Gaziantep
- Novotel Kayseri
- İbis Hotel Zeytinburnu / İstanbul
- İbis Hotel Esenyurt / İstanbul
- İbis Hotel Eskişehir
- İbis Hotel Gaziantep
- İbis Hotel İzmir
- İbis Hotel Kayseri
- İbis Hotel Bursa
- İbis Hotel Adana
- İbis Hotel Esenboğa / Ankara
- İbis Hotel Tuzla / İstanbul

Hotel Investments
(Construction Ongoing)

- Uludağ Loft
- Bodrum Loft

Maritime Passenger Transportation (İDO)

- European Side: 9 Terminals
- Anatolian Side: 12 Terminals
- Marmara Region: 14 Terminals

Water and Wastewater Projects (Akfen Water) (In Operation)

- Güllük Municipality Fresh Water and Waste Water Concession Project / Muğla
- Dilovası Industrial Park Waste Water BOT Project / Kocaeli
- İDO Solid Waste Management Services / İstanbul
- MIP Solid Waste M. Services / Mersin
- Yozgat City Hospital Solid Waste M. Ser.
- Mersin Int. Health Campus Solid Waste M. Ser.
- Isparta City Hospital Solid Waste M. Ser.
- Ankara Bilkent City Hospital Solid Waste Ser.***

Thermal Power Plant Investments
(Under Development)

- Mersin Natural Gas Combined Cycle Power Plant / Mersin

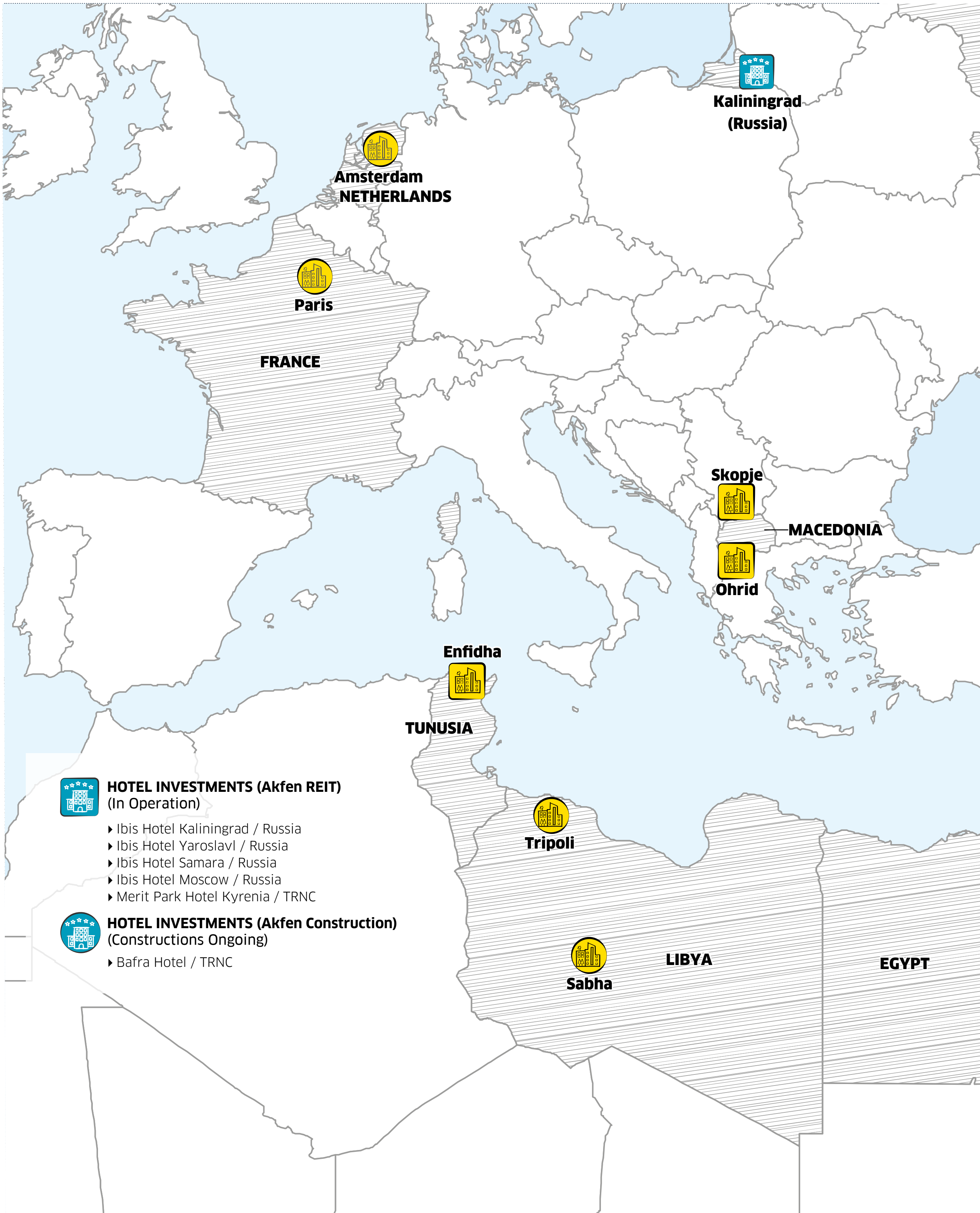
Mining (Acacia Mining)**
(Construction Ongoing)

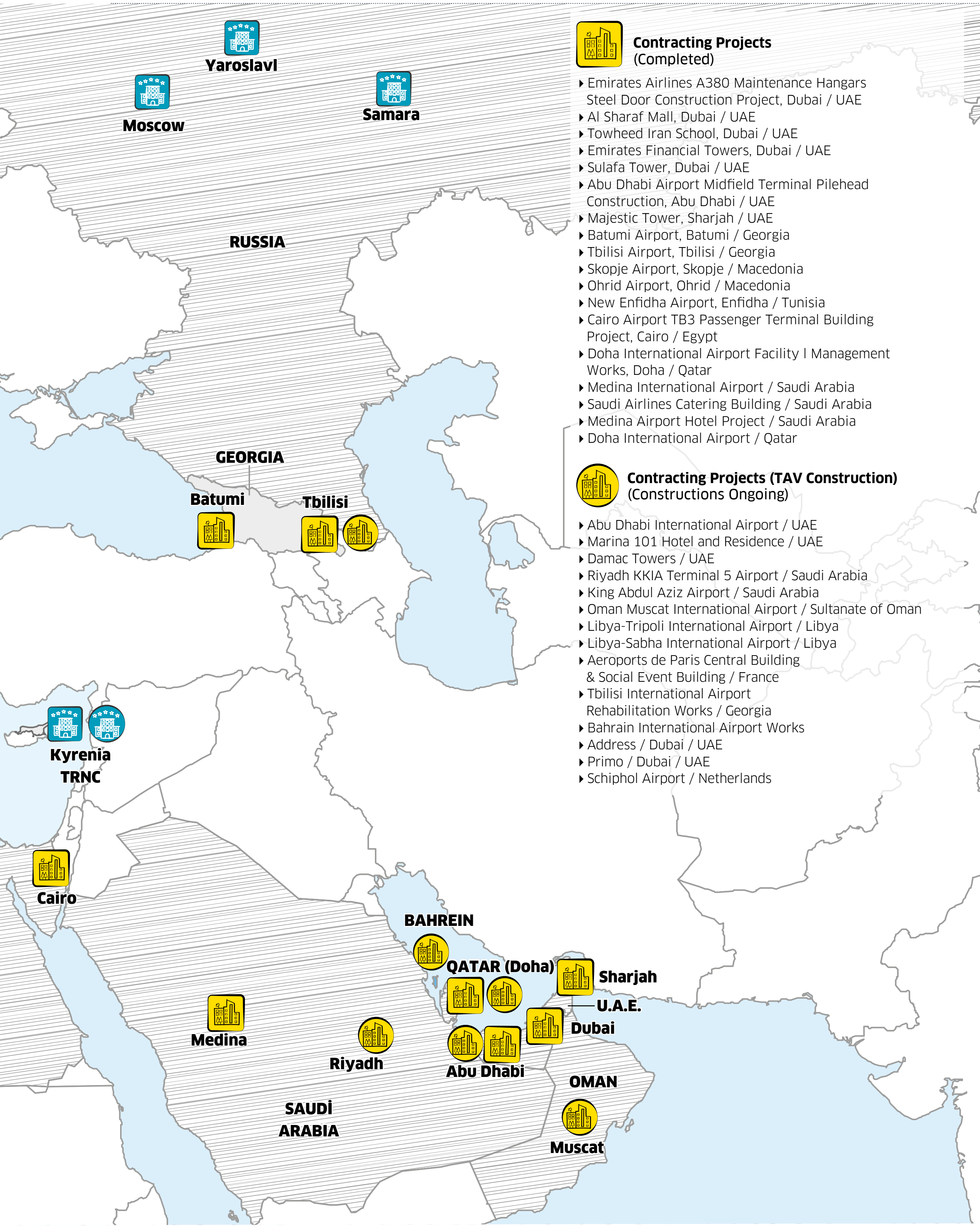
- Gökırmak Copper Mine Project / Kastamonu

Exited Investments

- TAV Airports
- TUV Turk Vehicle Inspection Stations
- Kuşadası Cruise Port / Aydın
- Karasu-1 HEPP / Erzurum
- Karasu-2 HEPP / Erzurum
- Karasu-4.2 HEPP / Erzincan
- Karasu-4.3 HEPP / Erzincan
- Karasu-5 HEPP / Erzincan
- Pirinçlik HEPP / Karabük

** Kocalar WPP started operations in March 2019.*
*** Acacia Mining started operations in March 2019.*
**** Ankara Bilkent City Hospital (3,804 beds) started accepting patients in February 2019, and waste management services were also started.*


Kalingrad
(Russia)
Amsterdam
NETHERLANDS
Paris
FRANCE
Skopje
MACEDONIA
Ohrid
Enfidha
TUNUSIA
Tripoli
Sabha
LIBYA
EGYPT
HOTEL INVESTMENTS (Akfen REIT)
(In Operation)
Ibis Hotel Kaliningrad / Russia
Ibis Hotel Yaroslavl / Russia
Ibis Hotel Samara / Russia
Ibis Hotel Moscow / Russia
Merit Park Hotel Kyrenia / TRNC
HOTEL INVESTMENTS (Akfen Construction)
(Constructions Ongoing)
Bafra Hotel / TRNC



Contracting Projects
(Completed)

- Emirates Airlines A380 Maintenance Hangars Steel Door Construction Project, Dubai / UAE
- Al Sharaf Mall, Dubai / UAE
- Towheed Iran School, Dubai / UAE
- Emirates Financial Towers, Dubai / UAE
- Sulafa Tower, Dubai / UAE
- Abu Dhabi Airport Midfield Terminal Pilehead Construction, Abu Dhabi / UAE
- Majestic Tower, Sharjah / UAE
- Batumi Airport, Batumi / Georgia
- Tbilisi Airport, Tbilisi / Georgia
- Skopje Airport, Skopje / Macedonia
- Ohrid Airport, Ohrid / Macedonia
- New Enfidha Airport, Enfidha / Tunisia
- Cairo Airport TB3 Passenger Terminal Building Project, Cairo / Egypt
- Doha International Airport Facility I Management Works, Doha / Qatar
- Medina International Airport / Saudi Arabia
- Saudi Airlines Catering Building / Saudi Arabia
- Medina Airport Hotel Project / Saudi Arabia
- Doha International Airport / Qatar

Contracting Projects (TAV Construction)
(Constructions Ongoing)

- Abu Dhabi International Airport / UAE
- Marina 101 Hotel and Residence / UAE
- Damac Towers / UAE
- Riyadh KKIA Terminal 5 Airport / Saudi Arabia
- King Abdul Aziz Airport / Saudi Arabia
- Oman Muscat International Airport / Sultanate of Oman
- Libya-Tripoli International Airport / Libya
- Libya-Sabha International Airport / Libya
- Aeroports de Paris Central Building & Social Event Building / France
- Tbilisi International Airport Rehabilitation Works / Georgia
- Bahrain International Airport Works
- Address / Dubai / UAE
- Primo / Dubai / UAE
- Schiphol Airport / Netherlands

SOUTER INVESTMENTS

The main business line of the company, which has investments in many areas such as environment, health, financial services and energy, is the transportation sector and operates the buses throughout the UK with the Stagecoach Group that it established in 1980. Additionally, the company undertakes train operations in certain regions in the UK. Also, it has investments in transportation services in many countries.

UIB

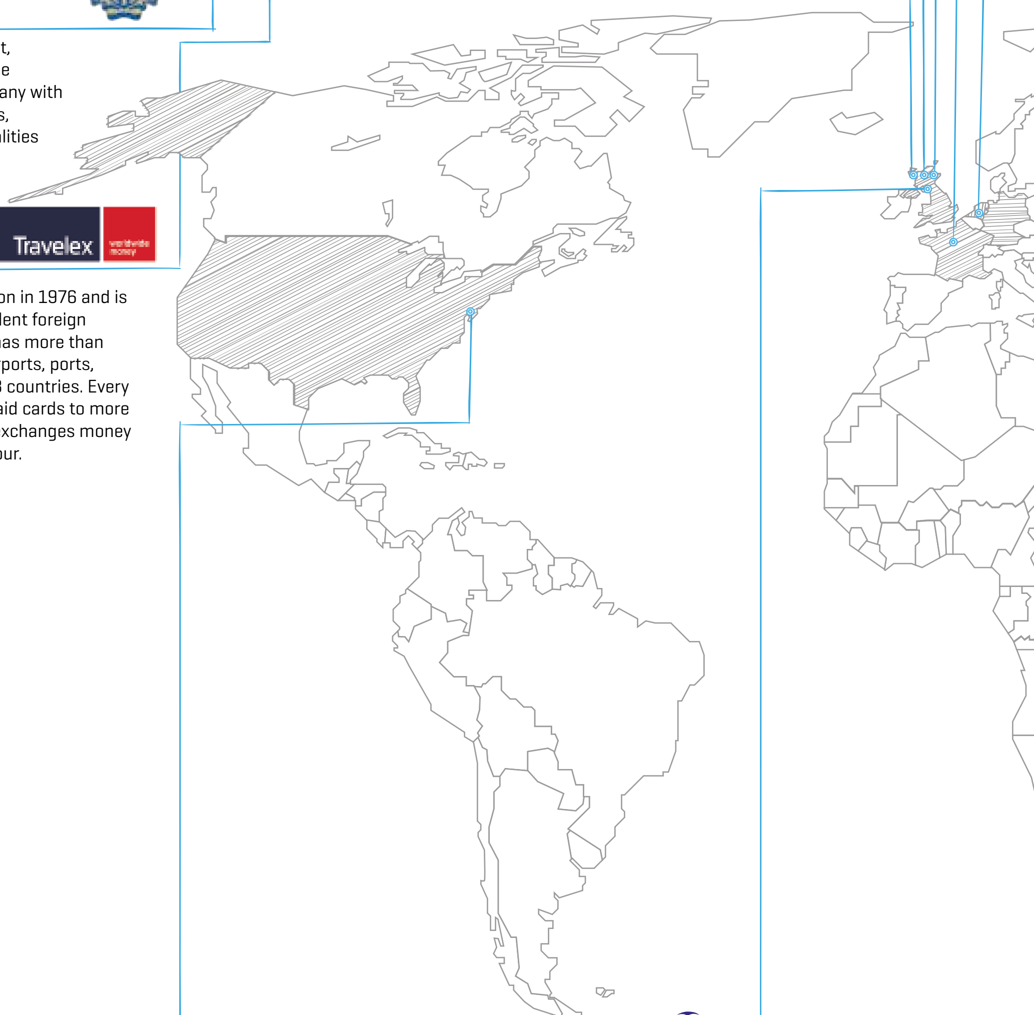
Founded in 1987, UIB is an independent, international insurance and reinsurance company. UIB is an international company with expertise in all major insurance classes, employing 300 people from 20 nationalities speaking 16 different languages.

TRAVELEX

Travelex opened its first store in London in 1976 and is currently the world's leading independent foreign exchange trading company. Travelex has more than 1,500 shops and 1,250 ATMs in key airports, ports, railways and tourist destinations in 28 countries. Every year, Travelex provides cash and prepaid cards to more than 39 million retail customers and exchanges money for more than 1,000 customers per hour.

ACCOR

Founded in 1967, the Accor Group, based in France, has 4,800 hotels in 100 countries, including economic, medium, luxury and top classes.



IFC

The International Finance Corporation was established in 1956 as the private sector arm of the World Bank Group. Headquartered in Washington. The corporation provides investment, consultancy and asset management services to encourage the progress of the private sector in developing countries; in order to reduce poverty, it aims to produce projects that increase employment and life standards by enabling the private sector to create new jobs.

EBRD

The European Bank for Reconstruction and Development, based in London, is an international financial institution founded in 1991. The EBRD was established to support the creation of a new era in the post-cold war period in Central and Eastern Europe. At present, it operates in more than 30 countries in the Southern and Eastern Mediterranean region, and in a vast area from Central Europe to Central Asia.

KARDAN N.V.

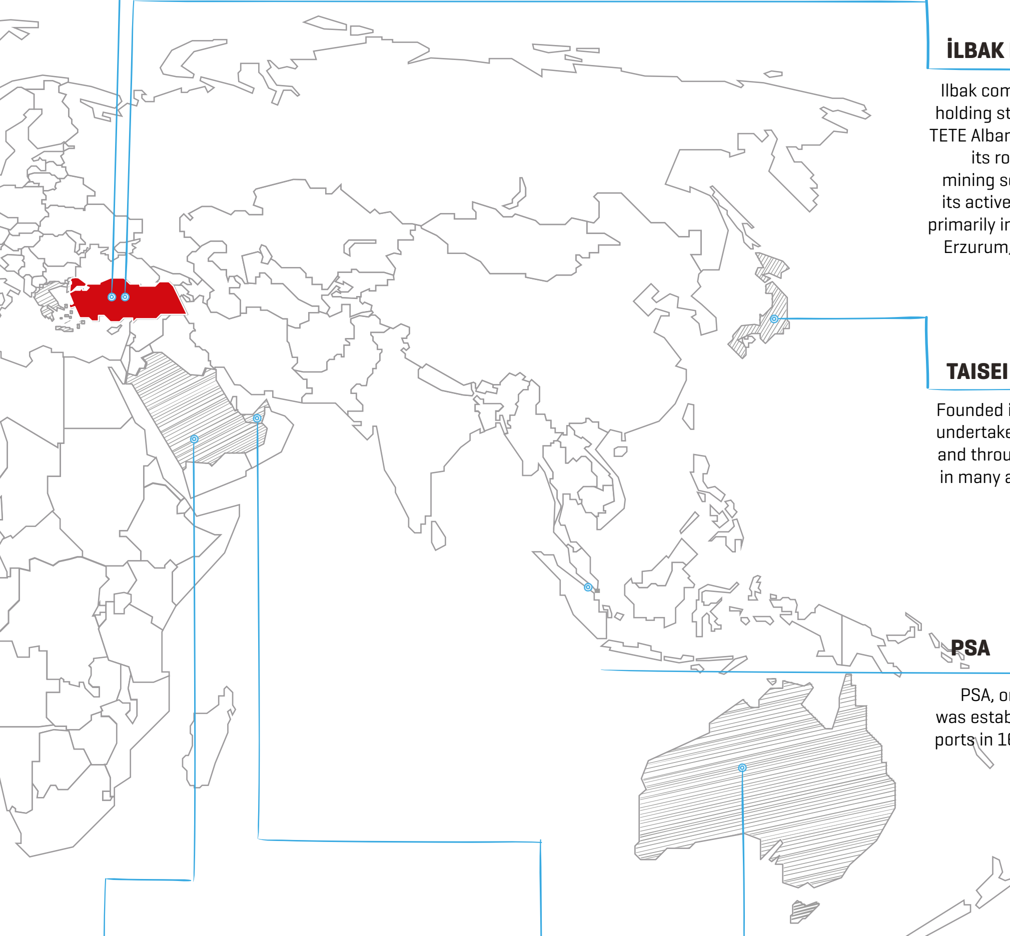
In addition to the real estate projects developed in Southeastern Europe, Kardan entered the Chinese market in 2005 and provides housing and shopping center development and management services. The company has also been providing services globally in the field of water and wastewater since 1952. Also, the company provides financial services and products in Bulgaria, Romania and Ukraine.

TEPE CONSTRUCTION

Tepe Construction was founded by the Hacettepe University Foundation in Ankara in 1969. The restructuring process was completed in 1986 and the company continued its activities as a part of Bilkent Holding. Tepe Construction touches all aspects of life with the residential building, shopping center, hospital, educational building, industrial facility and infrastructure projects that it has constructed since the day it was founded.

İLBAK HOLDING

Ilbak companies came together in 2010 under a holding structure. Ilbak Holding, with Ilan Marble, TETE Albania and Acacia Mining companies under its roof, aims to be a prominent brand in the mining sector. Ilbak Holding currently continues its active mining and exploration work in Turkey, primarily in Rize, Trabzon, Ordu, Giresun, Erzincan, Erzurum, Burdur, Kastamonu, Konya and Mersin provinces, and also in Albania.



TAISEI

Founded in 1873, the Japan-based company has undertaken major construction projects in Japan and throughout the world. The company is active in many areas such as airports, highways, power plants and residential buildings.

PSA

PSA, one of the world's largest port operators, was established in 1972 in Singapore. Serving 40 ports in 16 countries, PSA handled 81 million TEU containers in 2018 in all ports globally.

CCC

CCC was established in 1952 and is one of the largest construction companies in the Middle East. In 2013, it became one of the 25 largest companies in the world. It has undertaken important projects in more than 40 countries worldwide.

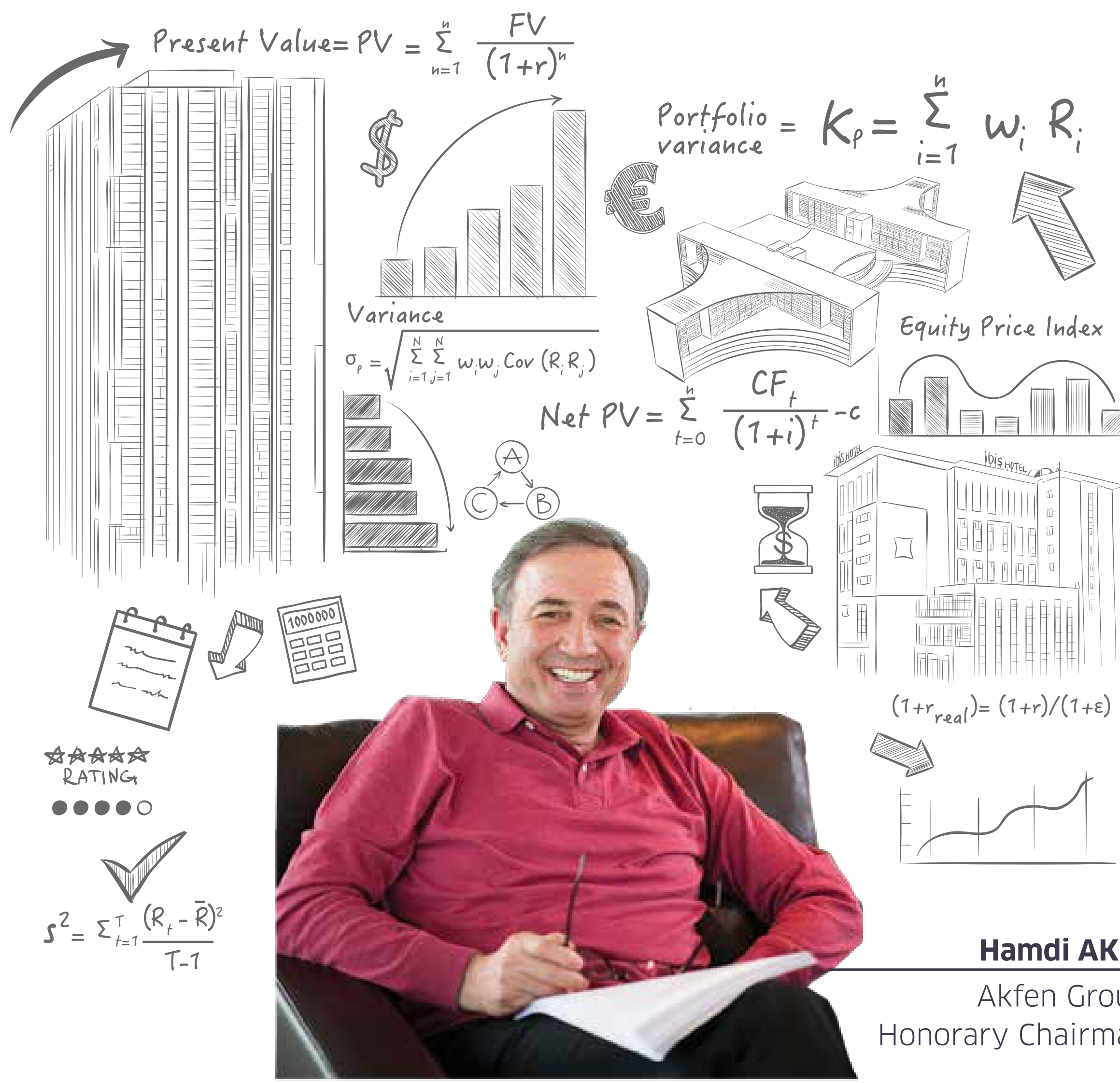
ALRAJHI

The company provides services in industrial areas, infrastructure and housing projects in UAE, and in Middle Eastern and North African countries.

IFM

For more than 20 years IFM Investors, a fund management company serving more than 15 million fund members and more than 280 institutional investors worldwide, has managed approximately AUD 105 billion in funds.

> It is time to invest in Turkey and I believe that investments will return many fold. Turkey continues to offer significant opportunities in all areas. Therefore, our investments as Akfen will not stop



Hamdi AKIN

Akfen Group
Honorary Chairman

Dear Shareholders,

- The world spent 2018 seeking answers to questions about whether the US Federal Reserve (FED) will raise interest rates, what the outcome of the trade war between China and the US will be, and when the UK will implement the Brexit decision. And the British Prime Minister Teresa May's attempts to postpone the Brexit decision have raised questions about the future of the EU.
- The domestic agenda was the restructuring in the economy management, speculative attacks on the exchange rate, municipal elections held on 31 March 2019 and rising inflation.
- The consumer price index, which has been stable for many years, deteriorated in 2018 and closed the year at 20.3%. On the other hand, the government's Total Campaign Against Inflation program received support from the production sector.
- In light of the decisions taken in 2018 we are more optimistic about 2019. The US Federal Reserve (FED) raised interest rates in 2018 and the expectation is that they will not increase in 2019 again. If the FED does not raise interest rates in 2019 - and it seems more probable that it will not and the interest rates are likely to fall in 2020 even - this situation will be favorable for developing countries like Turkey. These expectations will emerge stronger in the second half of 2019.
- The New Economic Program (NEP) announced by the government in September 2018 is another reason for positive expectations for 2019.
- From an investor's perspective, losses in TL caused relatively lower prices for Turkish assets. This environment creates opportunities for foreign investors.
- Turkey has closed 2018 with 2.6% growth despite adversities. With the improvement trend in economy, purchases by investors will begin in the second half of 2019. It is time to invest in Turkey and the return on investments will be many fold. 2019 will be the year when everybody needs to make their calculations well. We will see good opportunities and returns in Turkey.
- In 2018, as Akfen Group, we continued our investments in our renewable energy platform and our city hospital and new copper mine projects. In 2019, we will continue to make investments in Turkish infrastructure sector assets with the same enthusiasm.
- Turkey continues to offer significant opportunities in all areas. In 2019, we fully believe that our country will be a safe and secure haven for investors who want to take advantage of these opportunities.

With Regards

Selim AKIN

Chairman of the Board

Pelin AKIN ÖZALP

Vice Chairman of the Board

"2018 was a difficult year for the whole world. But as Akfen Group we completed this year with an investment of TL 5.2 billion. 2019 is a period in which uncertainties begin to disappear. 2019 will be a period in which we work with more hope and enthusiasm."

Net Present Value: The proportion of the cash flow to the expected earnings of the operation

$$BD = \sum_{t=1}^{n} \frac{NA_t}{(1+r)^t}$$

Dear Stakeholders,

- In 2017 Akfen Group, within the scope of its strategy, realized three major share transfers. 33 percent of Akfen Renewable Energy company shares was transferred to EBRD and IFC, the remaining 8.1 percent of TAV Airports Holding management shares was transferred to the France-based Aéroports de Paris and finally 40 percent of the Mersin International Port shares was transferred to the Australian infrastructure fund management company IFM Investors.
- With these three share transfers, just in 2017, we have provided Turkey with a foreign investment (FDI) amount of USD 1 billion 229 million dollars.
- During 2018, which was a challenging year for the whole world, with the capital we obtained from these three major share transfers, we continued with our planned investments of a total value of 5.2 billion TL. We continued to create value for our country.
- 2018 was a difficult year for the whole world. But we did not stop our investments in this period. In 2018, as Akfen Group we invested TL 5.2 billion. We provided employment to 4,000 thousand people. 2019 will be a period in which uncertainties begin to disappear.

Opportunities and threats

- For Akfen Group 2019 will be the year of ongoing investments and the start of operation in existing investments. Our copper mine started operation. Energy growth targets continue unabated. Our portfolio is focused on and will continue to be focused on renewable energy. Among our investments in 2018, in addition to renewable energy power plants, there were city hospitals built with Public Private Partnership model, a copper mine as an example of a new sector we entered, and Bodrum Loft. As Akfen, we will look at opportunities, too. There are great opportunities right now and we will make our own way with these opportunities.

As Akfen, our investments do not stop

- As Akfen, our investments never stopped and will never stop. As a result of Akfen Renewable Energy's partnership with EBRD and IFC, the capital increase was completed as of June 2018 and the two companies became partners with 15.982% share each. We aim to increase our installed capacity in renewable energy from the current 640 megawatts to 1,000 MW with EBRD-IFC. The goal is to build Turkey's largest renewable energy platform. We are also planning a public offering in this area by the end of 2020.
- Investments in city hospitals continue. Eskişehir and Isparta city hospitals opened. We will open Tekirdağ City Hospital, too, by the end of 2019.
- Our investments in the tourism sector continue. Bodrum Loft is an important project. We have good cooperation and we plan to implement many different methods in the marketing of this project. We are planning to start the operation in Bodrum Loft by the end of 2019, where we will bring the long term rental system to tourism. We will try a model called "long lease service apartments" to market 62 boutique units abroad.
- Our mining investments continue. We will start operations in Turkey's largest copper mine with 26 million tons of reserves. In addition to our 50% equity capital, we secured project financing of USD 150 million from the three leading European banks, Societe Generale, BNP Paribas and ING. This was the first project financing extended to a Turkish company for mining. As long as we continue to utilize these financial resources, we believe that Turkey can come to incredible places in mining.
- The social responsibility projects we conduct through Turkish Human Resources Education and Health Foundation (TİKAV) play an important role for children in Eastern and Southeastern Regions. By helping children in these regions, we strive to change their disadvantaged situations. Our goal is to make them reach the opportunities present in big cities.
- On the other hand, we also have an international project that enables young people to explore their own talents. The Duke of Edinburgh International Award Program is open to anyone aged 14-24. It is an international project for everyone, from street children to students of private schools, from the disabled to the most privileged. The program aims to reach 20 thousand young people in Turkey by 2020.
- We believe that 2019 will be a year free of uncertainties, when the momentum in the economy remains high, when everyone is happy and in unity.

With Regards...

Current Ratio: Measures the capacity of enterprises to meet their short-term liabilities and assets that can be converted into cash in a year. The ideal ratio is expected to be 2.

$$C.R. = \frac{\text{Short Term Assets}}{\text{Short Term Liabilities}}$$

Akfen Infrastructure Holding 2018 Financial Results

- The main changes in the portfolio of Akfen Infrastructure Holding, which significantly affected the financial results of 2018, are summarized below:
  - On 6 August 2018, Akfen Infrastructure Holding acquired 99.36% of Akfen Holding's capital.
  - On 30 May 2018, Akfen Holding acquired a 48.81% stake in Akfen Construction by participating in the capital increase. Thus, the direct share of Akfen Infrastructure Holding, which was previously 100%, has decreased to 51.19%.
  - On 10 May 2018, 100% shares of Selim Akın in Masanda Tourism were transferred to Akfen Infrastructure Holding.
  - On 17 March 2018, 37% IBS Insurance shares owned by Akfen Infrastructure Holding were transferred to Akfen Holding.
- Akfen Infrastructure Holding's 2017 financial statements were restarted in accordance with the changes in the subsidiary portfolio summarized above.

BALANCE SHEET

Consolidated Assets: In 2018, Akfen Infrastructure Holding's consolidated assets totaled TL 14.5 billion, with a 32% increase with respect to 2017.

Consolidated Equity: At the end of 2018, Akfen Infrastructure Holding's consolidated shareholders' equity decreased by 25% TL 4.3 billion with respect to the previous year. The main reason for this decrease was the minus TL1.96 billion (2017: TL1.53 billion) accounted as "the effect of mergers involving ventures or operations subject to joint control" arising from business mergers and subsidiary share sales.

Consolidated Financial Debt: Akfen Infrastructure Holding's consolidated financial debt totaled TL 7.3 billion in 2018, up from TL 4.4 billion in 2017. On the other hand, the company's net financial debt, which was TL 2.1 billion in 2017, was TL 4.35 billion in 2018. *

INCOME STATEMENT

Revenues: Akfen Infrastructure Holding's 2018 revenue increased by 10% to TL 1.4 billion with respect to the previous year.

Gross and Operating Profit: Gross profit increased by 85% to TL 539 million in 2018, while gross profit margin increased by 15 points to 38%. The main reason for the increase was the increase in the profitability of Akfen Construction's hospital PPP projects. The operating profit of Akfen Infrastructure Holding, which was TL 366 million in 2017, reached TL 1.7 billion in 2018. In addition to the improvement in gross profit, the significant increase in other operating income (the increase in the value of investment properties originating from Akfen REIT's hotel portfolio and the service concession revenues from hospital PPPs of Akfen Construction) played a role in the increase.

Profit for the Period: The net profit for the period was TL 1.1 billion in 2018, which was TL 3.9 billion in 2017. Other developments that significantly affected net profit in 2018 are summarized below:

Income from Investment Activities: Income generated by Akfen Holding's TL 3.9 billion investment activities, mainly stemming from the sale of shares in TAV Airports and MIP in 2017, amounted to TL 0.2 million in 2018.

Net Financing Expenses: In 2018, net financing expense increased by 30% to TL 686 million.

** Financial debt excludes the convertible bonds issued by Akfen REIT, all of which was acquired by Akfen Holding.*

Liquidity (Acid-Test) Ratio: Indicates how many liras of current assets, except inventories, exist for a short-term debt of 1 lira.

$$\text{Acid Test Ratio} = \frac{\text{Current Assets-Inventories}}{\text{Short Term Liabilities}}$$

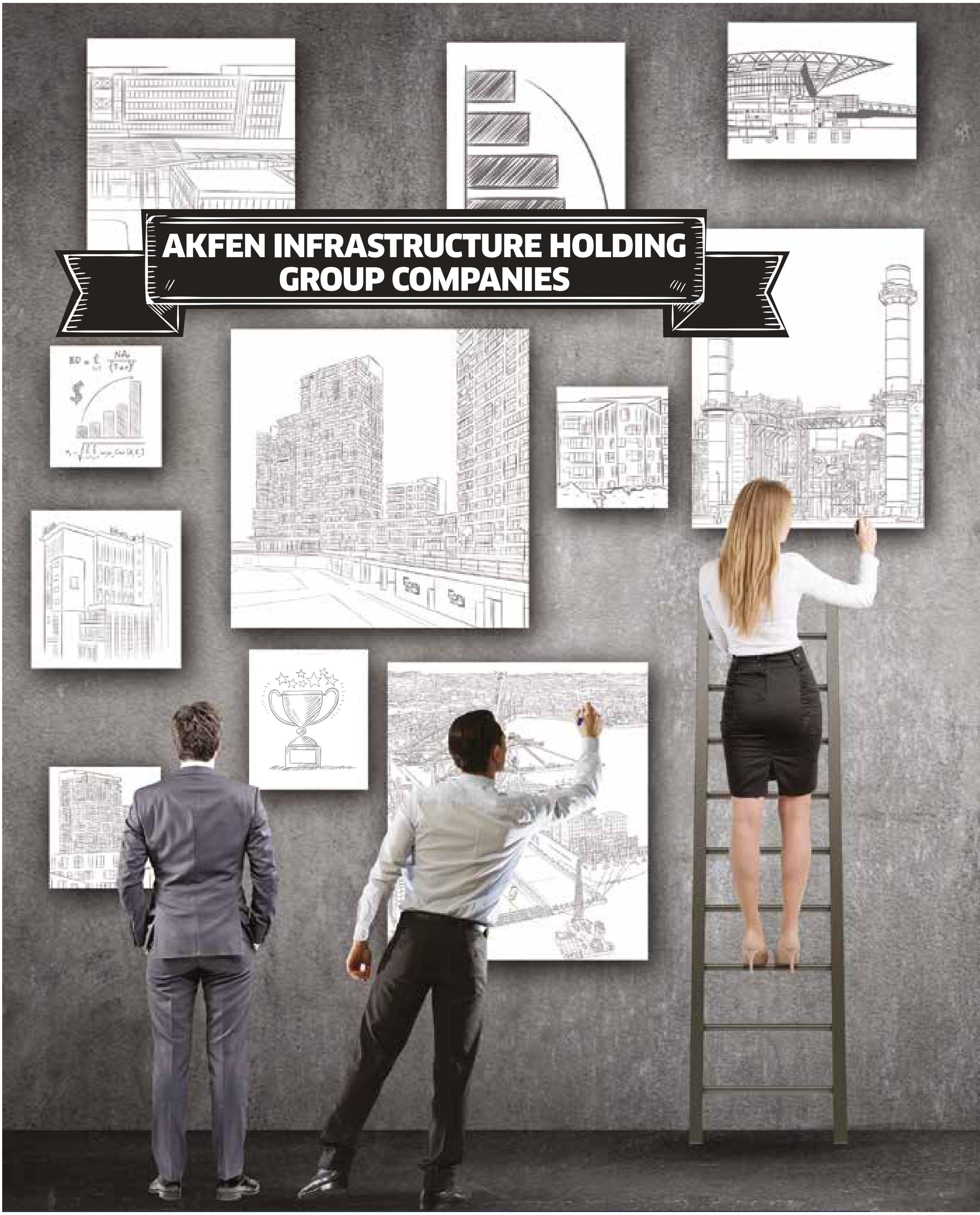
Summary Financial Results (million TL)

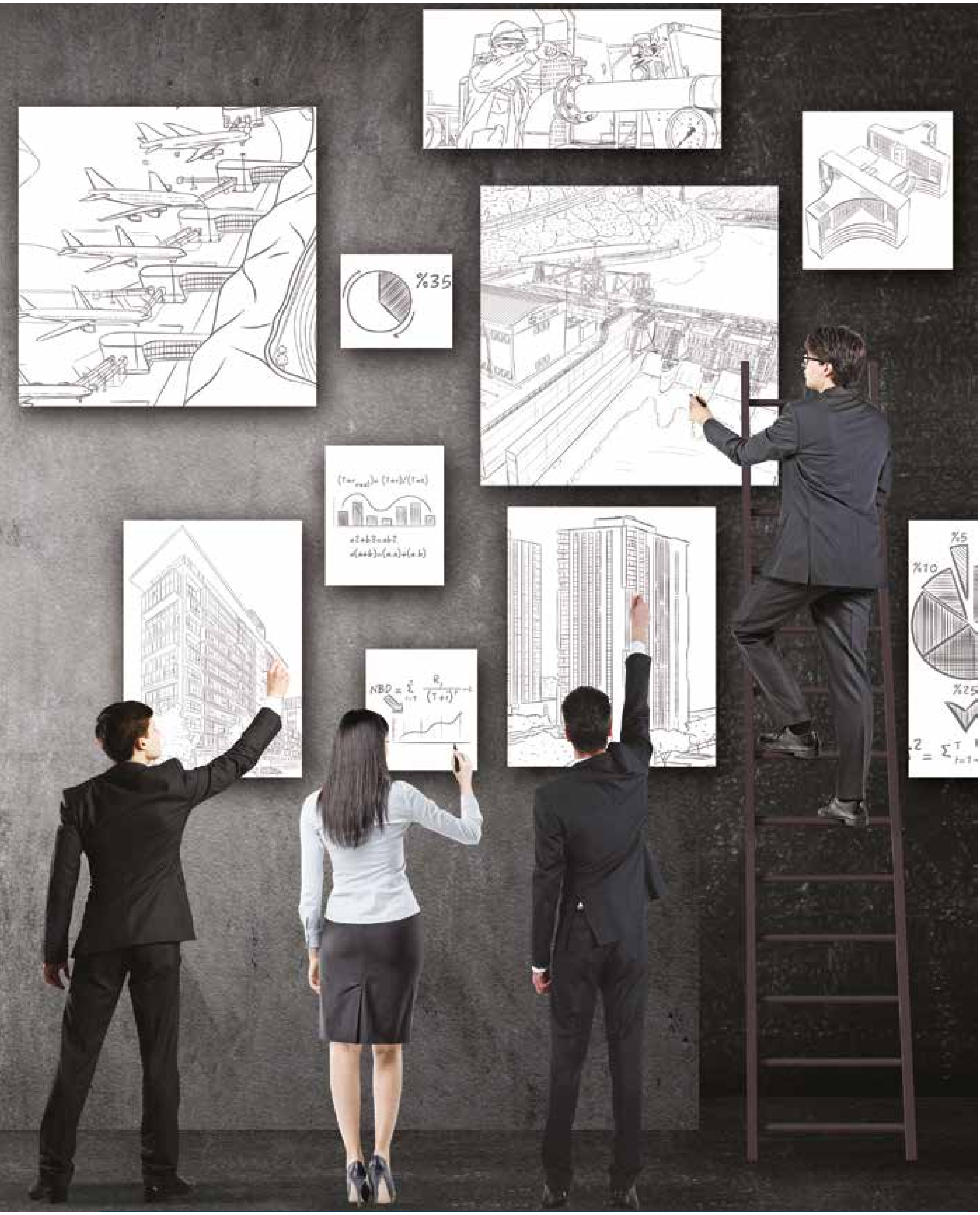
Summary Balance Sheet	2018	2017	Change
Total Current Assets	**3,282**	**3,433**	**-4%**
Cash and Cash Equivalents	2,032	2,310	-12%
Financial Investments	240	3	8,726%
Financial Assets Related to Concession Agreements	378	97	290%
Receivables from Ongoing Construction, or Service Contracts	0	135	n.m.
Other Receivables	18	294	-94%
Stocks	331	289	15%
Other Current Assets	282	306	-8%
Total Fixed Assets	**11,222**	**7,544**	**49%**
Financial Investments	1,940	885	119%
Financial Assets Related to Concession Agreements	3,814	1,076	254%
Receivables from Ongoing Construction, or Service Contracts	154	1,158	-87%
Other Receivables	493	473	4%
Investments Accounting Using the Equity Method	1,068	1,070	0%
Tangible Fixed Assets	111	124	-10%
Intangible Fixed Assets	102	106	-4%
Investment Properties	2,815	2,071	36%
Deferred Tax Assets	555	325	71%
Other Non-Current Assets	171	255	-33%
Total Assets	**14,504**	**10,978**	**32%**
Financial Liabilities	7,447	4,433	68%
Trade Payables	1,907	208	816%
Other Liabilities	850	626	36%
Total Liabilities	**10,205**	**5,267**	**94%**
Equity Att. to Equity Holders of the Parent	4,241	5,673	-25%
Non-Controlling Interests	58	38	52%
Shareholders' Equity	**4,299**	**5,711**	**-25%**
Total Equity	**14,504**	**10,978**	**32%**

Summary Income Statement			
Revenues	1,416	1,292	10%
Gross Profit	539	292	85%
Operating Profit	1,706	3 66	366%
Income / Expenses from Investment Activities, Net	112	3,942	-97%
Financing Income / Expenses, Net	-686	-528	n.m.
Profit before Tax	1,132	3,780	-70%
Net Profit for the Period	1,085	3,868	-72%
Non-Controlling Interests	23	6	279%
Equity Holders of the Parent	1,062	3,862	-72%

Summary Cash Flow Statement			
Cash Flows from Operating Activities	301	-1,080	n.m.
Cash Flows from Investment Activities	-2,353	3,837	n.m.
Cash Flows from Financing Activities	1,774	-601	n.m.
Net (Decrease) / Increase in Cash and Cash Equivalents	-278	2,155	n.m.
Cash and Cash Equivalents at the Beginning of the Period	2,310	155	1,387%
Cash and Cash Equivalents at the End of the Period	2,032	2,310	-12%

Financial Indicators			
Current Ratio	1.15	2.17	-1.02
Liquidity Ratio	1.04	1.99	-0.95
Total Financial Debt / Equity	1.73	0.78	0.96
Financial Leverage	1.22	0.88	0.33


AKFEN INFRASTRUCTURE HOLDING GROUP COMPANIES


%35
%5
%10
%25

Return on Investment (ROI): It is the data that shows the return of the investment to the firm. A score of over 100 is considered successful.

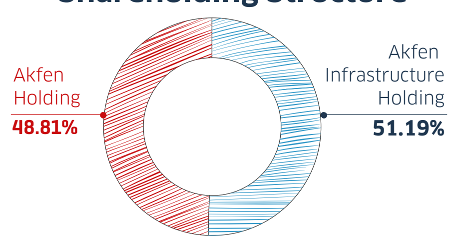
$$ROI = \frac{\text{Revenues from Investment} - \text{Investment Cost}}{\text{Investment Cost}}$$

AKFEN CONSTRUCTION

- Akfen Construction, the flagship of Akfen Infrastructure, has been carrying its tradition of being a player in the infrastructure construction sector to a higher level with its investments in the real estate sector, and Public Private Partnership (PPP) and dormitory projects since 2013.
- Akfen Construction has been expanding its know-how with specialized buildings such as hospitals, in addition to the completed and ongoing hydroelectric power plant, hotel and housing projects. Having successfully completed and delivered Isparta and Eskişehir, from among the rising city hospitals in Isparta, Eskişehir and Tekirdağ, Akfen Construction reinforced its role as an active player in the housing sector with Bulvar Loft, through the Bank of Provinces Kızılcaşar Tender.

AKFEN INFRASTRUCTURE'S FLAGSHIP AKFEN CONSTRUCTION UNDERSIGNED CONSTRUCTION PROJECTS ABOVE USD 3.2 BILLION IN OVER 35 YEARS

Akfen Construction Shareholding Structure

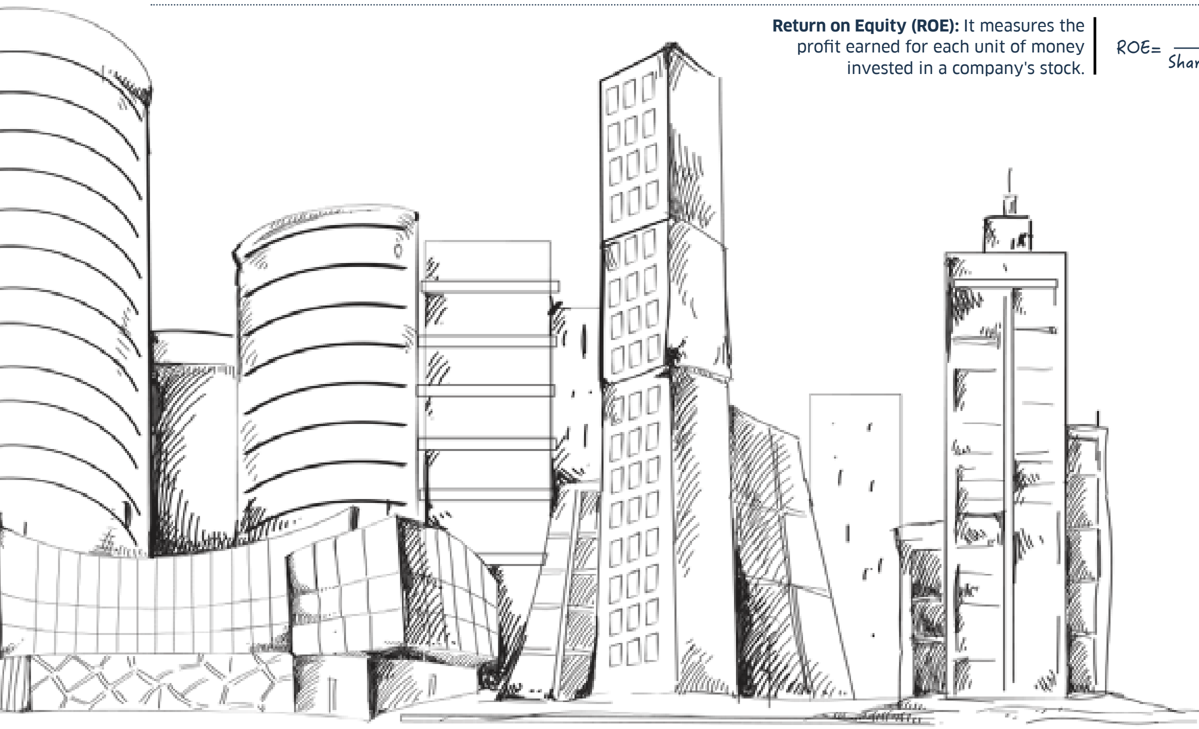


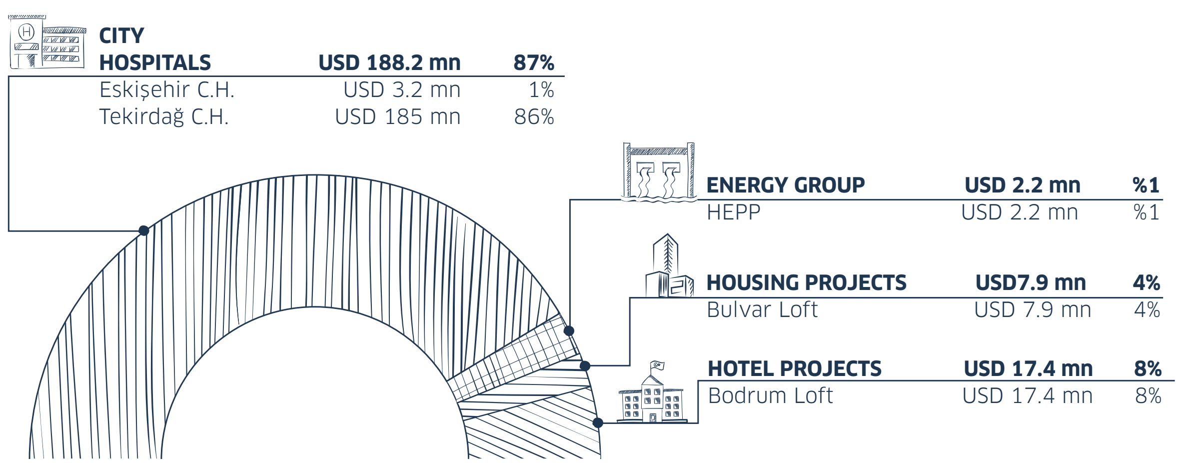
TL 1.3 billion operational income in 2018

- The company has successfully completed many superstructure construction projects such as hospitals, dormitories, schools and mixed-type real estate projects as well as different infrastructure constructions such as airport terminals and related infrastructure projects, hydroelectric power plants, water distribution, sewage systems and wastewater treatment projects. Over the course of 35 years, it has completed construction projects worth USD 3.2 billion.
- As of 31 December 2018, the total contract amount of the ongoing projects is USD 737 million, cumulative progress payment is USD 512 million and the backlog amount is USD 225 million.
- The experience of Akfen Construction, while contributing significantly to group activities, has played an important role as a driving force for the growing Turkish economy.
- Akfen continues to create a strong network of relationships with partners who have a strong presence in all areas globally. The partners in these construction projects are national or regional governments or major local industrial groups that strengthen Akfen's reputation at home and abroad.

Return on Equity (ROE): It measures the profit earned for each unit of money invested in a company's stock.

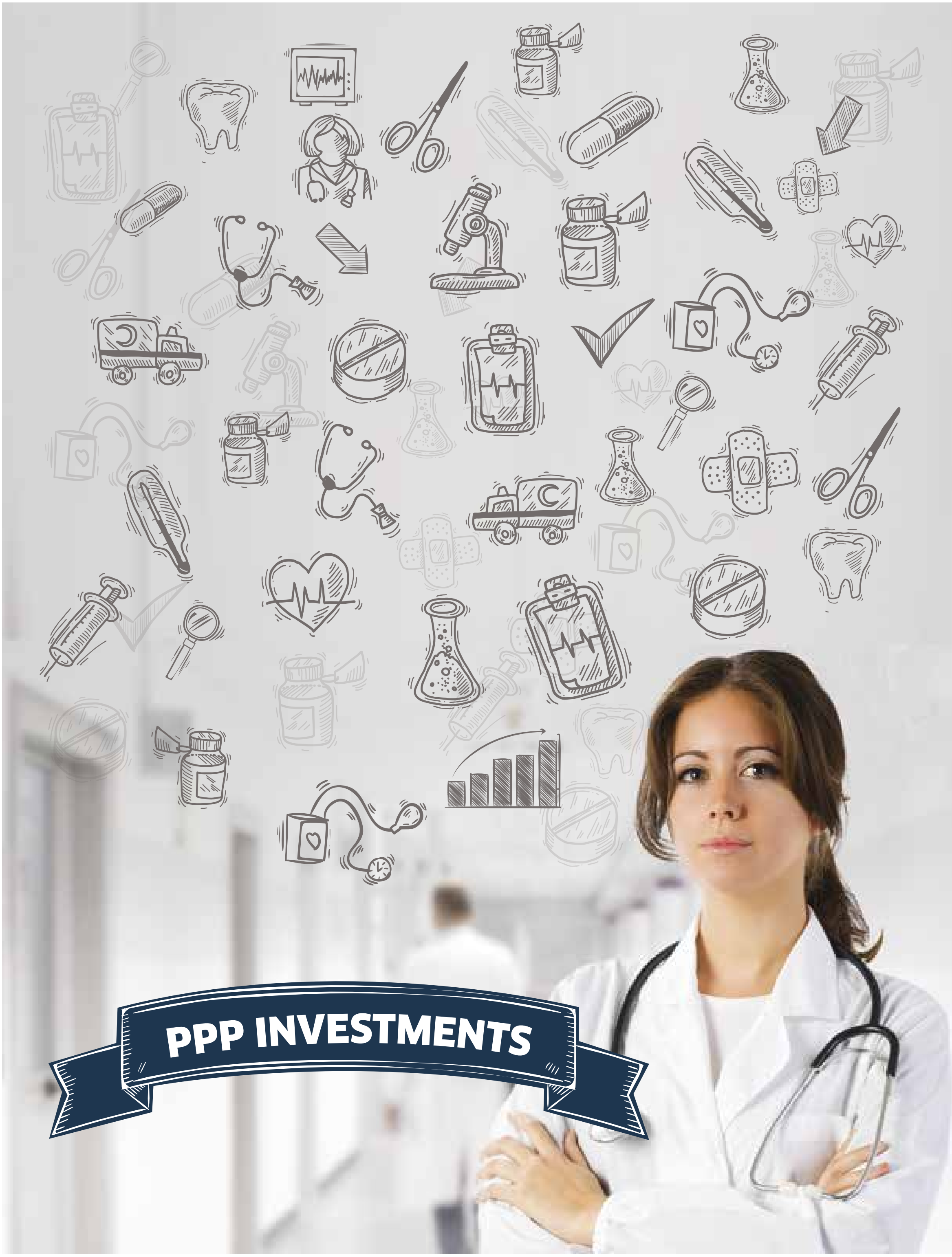
$$ROE = \frac{\text{Net Income}}{\text{Shareholders' Equity}}$$



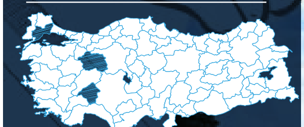


AKFEN CONSTRUCTION ONGOING PROJECTS (31.12.2018)

Project	Akfen Construction Share	Contract Amount (USD)	Physical Progress (31 December 2018)	Backlog (USD)
Çiçekli HEPP (Engineering Works)	100%	15,337,810	85.1%	2,232,617
Bulvar Loft Project	100%	25,198,918	94.4%	7,897,565
Eskişehir City Hospital	100%	433,138,650	100.0%	3,233,210
Tekirdağ City Hospital	100%	235,480,300	4.7%	185,008,942
Bodrum Loft Project	100%	18,366,437	18.5%	17,448,115
Grand Total		**727,522,115**		**215, 820,450**


PPP INVESTMENTS

AT A GLANCE



NUMBER OF HOSPITALS **03**

SERVICE DURATION **25** YEARS

INVESTMENT AMOUNT **1.1** BILLION USD

NUMBER OF BEDS **2,316**

CONSTRUCTION AREA **714** THOUSAND M²

OPERATING ROOMS **68**

Akfen Construction's City Hospital Investments

- Akfen Group undertook three of the 31 health complexes, completed and planned, for which a PPP model is applied. Isparta City Hospital, the first of these three city hospitals, was completed within a short period of 1.5 years and a total investment of USD 1.1 billion. The hospital was transferred to the Ministry of Health with a ceremony held on 24 March 2017.
- Eskişehir City Hospital was opened for service on 27 October 2018 and Tekirdağ City Hospital is planned to be completed and opened for service in 2020. The three hospitals will have a total bed capacity of 2,316, 68 operating rooms and 559 polyclinics.
- In these hospitals, with a total construction area of 713,981 square meters, the newest devices of modern medicine are used. The Ministry of Health has declared that Isparta City Hospital is accepted as the golden standard in terms of construction and hospital equipment for many hospital investments.
- Like in the completed Isparta and Eskişehir City Hospitals, seismic isolators to increase strength against earthquakes, were used in the construction of Tekirdağ City Hospital, which will be in service soon. This was a technology not used in city hospitals before.

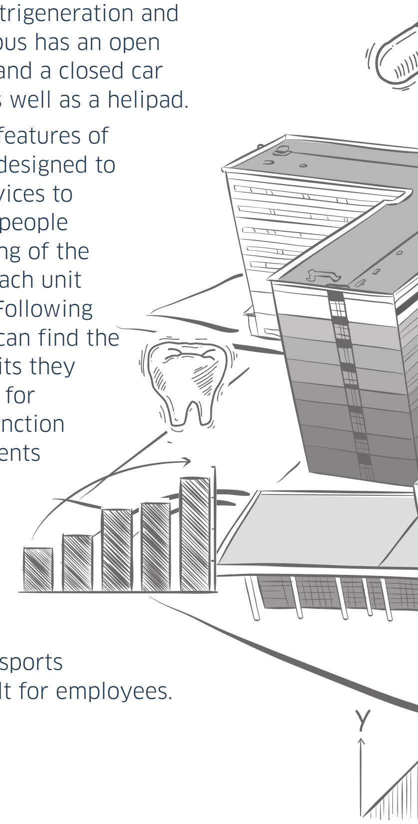
Financial Leverage Ratio: Indicates what percentage of assets used for the company are financed by outside sources.

$$\text{Financial Leverage} = \frac{\text{Short or Long Term Liabilities}}{\text{Total Assets}}$$

ISPARTA CITY HOSPITAL

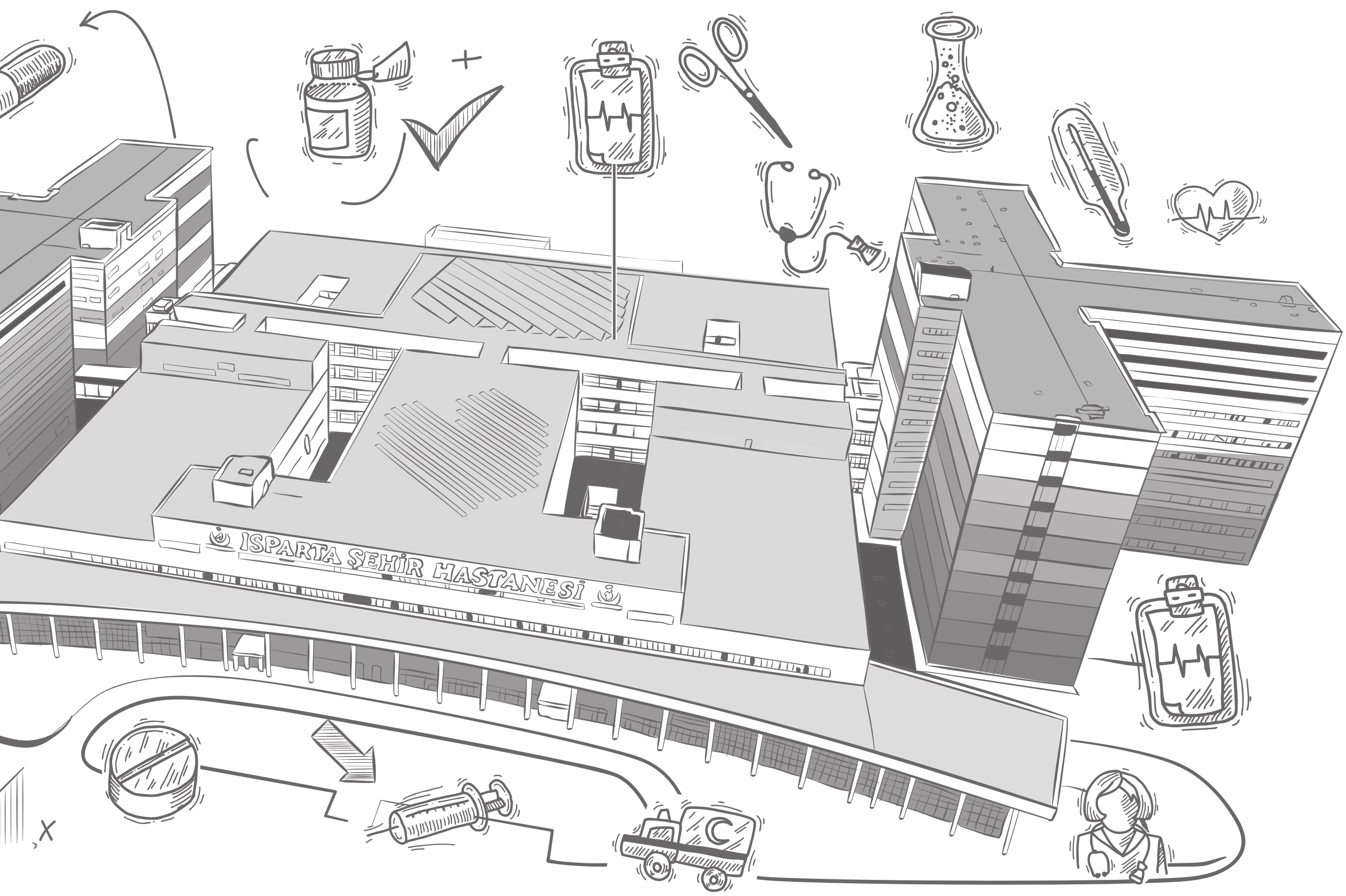
ISPARTA CITY HOSPITAL WITH 221,000 SQM CONSTRUCTION AREA COMPLETED IN A RECORD BREAKING TIME OF 12 MONTHS AND 12 DAYS

- This is the first city hospital of the Akfen Group. Isparta City Hospital, established on an area of 178 thousand square meters, has begun to accept its first patients after the ceremony held on 24 March 2017. On the first day of the hospital with 755 bed capacity, a total of 2,733 polyclinic services were provided, including 300 outpatient emergency services.
- Isparta City Hospital will provide free health services to citizens as a public hospital and the Ministry of Health will be a tenant for 25 years in the complex. In the system, while the responsibility of medical services remains in the public domain, the employment regime of health personnel will not change. The total number of employees is 1,528, including 940 new positions. All services such as data processing, security, cleaning, cafeteria and parking facilities are provided by Akfen, who undertakes the construction and operation of the hospital.
- Isparta City Hospital's construction period (12 months and 12 days) was completed in a record short time. Built with a smart building concept, Isparta City Hospital produces 35 percent of its electricity through its trigeneration and solar panels. The campus has an open car park for 297 cars and a closed car park for 1,607 cars, as well as a helipad.
- One of the most striking features of the hospital, which is designed to provide polyclinic services to an average of 10,000 people each day, is the marking of the hospital corridors of each unit with different colors. Following these colors, patients can find the outpatient clinic or units they seek easily. The “hotel for mothers” is another function of the hospital for parents of the sick babies coming from other cities.
- The annex building, covering 1,000 square meters of nursery and 150 square meters of sports center, is specially built for employees.



INVESTMENT AMOUNT	OPENING DATE	OPERATING DURATION
328 MILLION USD	2017 MARCH	25 YEARS

TOTAL AREA	CONSTRUCTION AREA	INTENSIVE CARE UNIT	POLYCLINIC
178,651 m²	221,353 m²	131 units	167 units
TOTAL BEDS	**DOUBLE ROOMS**	**SINGLE ROOMS**	**OPERATING ROOMS**
755 beds	150 rooms	324 rooms	20 units



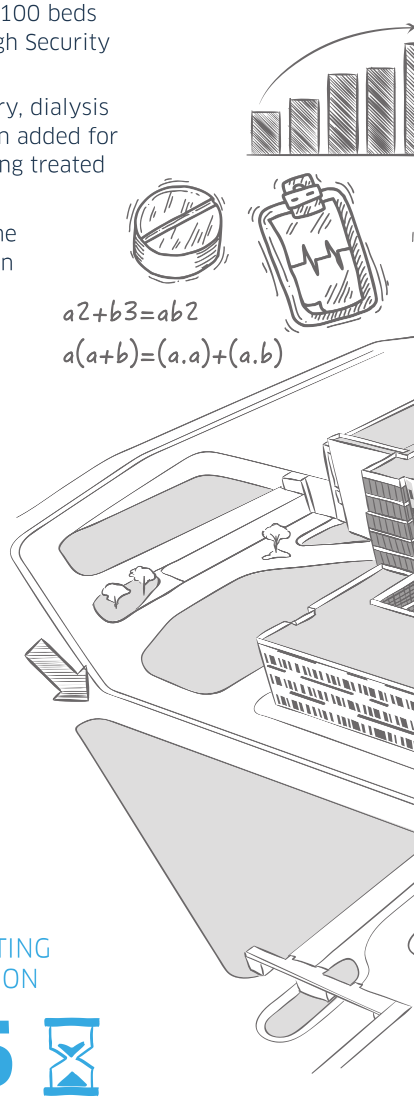
IT IS THE FOURTH WORLDWIDE WITH ITS EARTHQUAKE INSULATOR

The city hospital in Isparta has made history as a hospital of "firsts". The hospital applied, for the first time in Turkey in a health care facility, base isolation method, which minimizes the effects of earthquakes on buildings. With this feature, Isparta City Hospital is shown as one of the best seismic isolation structures in the world in the list prepared by ENR, one of the most reputable construction publications.

ESKİŞEHİR CITY HOSPITAL

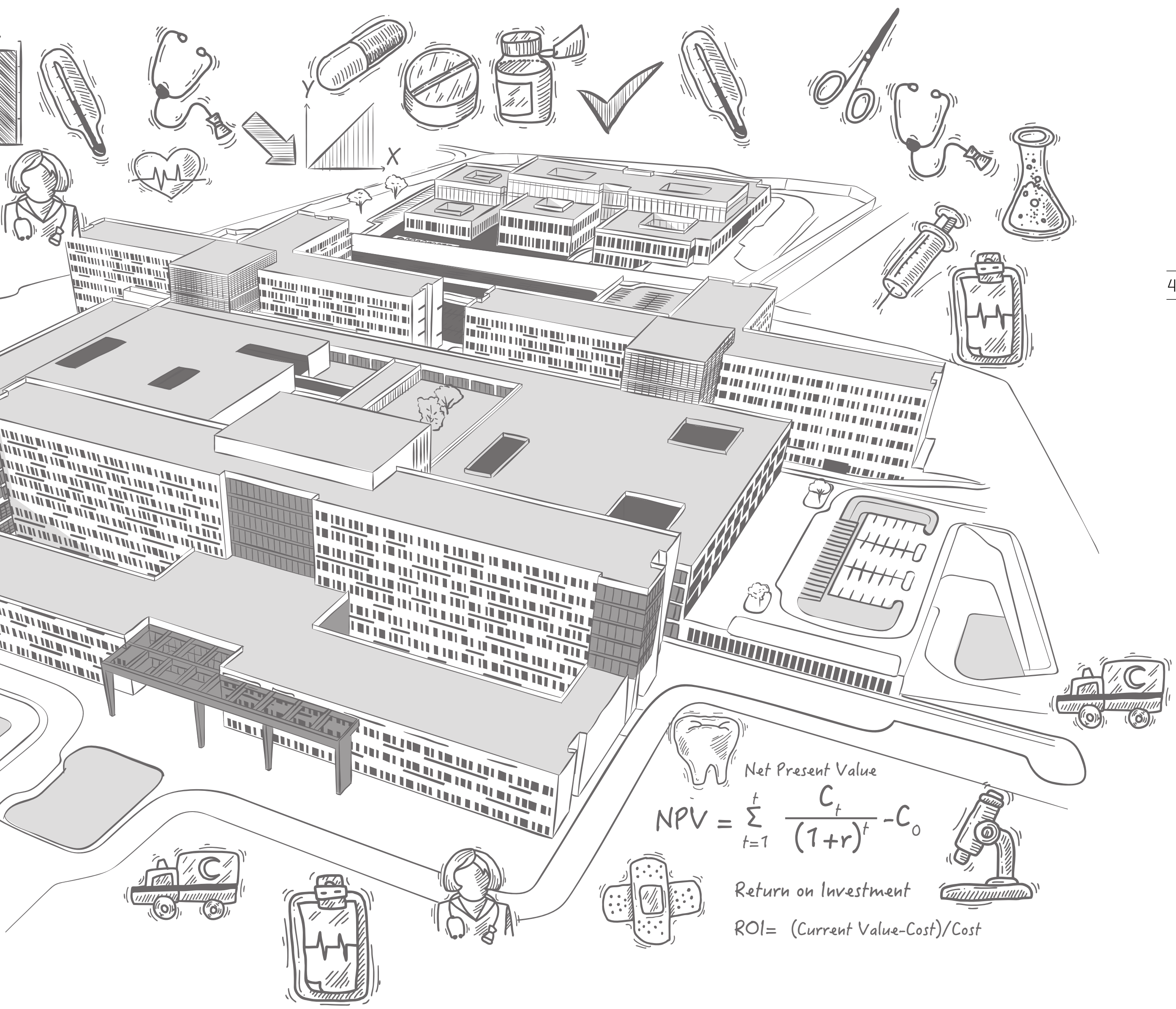
ESKİŞEHİR CITY HOSPITAL, WHICH AKFEN CONSTRUCTION HAS BUILT, STARTED TO SERVE PATIENTS IN OCTOBER 2018 WITH 1,081 BED CAPACITY

- Eskişehir City Hospital, the second city hospital of Akfen Group after Isparta, is established on an area of 188 thousand square meters. The hospital, which was opened on 27 October 2018 with a total bed capacity of 1,081, was the largest of the three projects undertaken by the Akfen Group.
- A total of 4,865 examinations including emergencies and 53 operations were performed on the first day.
- In addition, a total of 484,959 examinations and 10,332 operations were performed from the opening day until 31 January 2019. Hybrid operating rooms are included in the number of operating rooms.
- The occupancy rates in the hospital, which satisfies an important need in the region, are also quite high. According to the data, the average occupancy rate was 92% between 27 October and 14 February.
- The total bed capacity of the hospital was designed as 1,081 and 12 beds were added for the burn unit. 721 beds were allocated to general health units, 122 beds were allocated to the oncology unit, 138 beds were allocated to the cardiovascular unit, and 100 beds were allocated to the High Security Forensic Psychiatry unit.
- Special areas such as nursery, dialysis and burn units have been added for the children who are being treated in the hospital.
- Eskişehir City Hospital is one of the leading hospitals in the region with its 264 polyclinics and world-class advanced medical equipment. With 37 operating rooms, it provides services not only to Eskişehir, but also to patients from neighboring provinces.
- The hospital serves on an area of 333 thousand square meters.



INVESTMENT AMOUNT	OPENING DATE	OPERATING DURATION
512 MILLION USD	2018 OCTOBER	25 YEARS

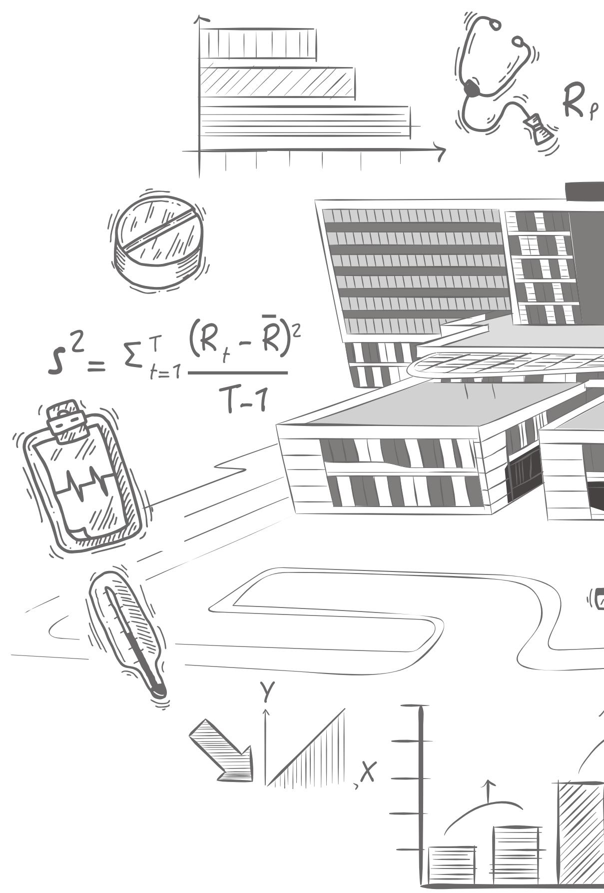
TOTAL AREA **188,835** m²	CONSTRUCTION AREA **333,303** m²	INTENSIVE CARE UNIT **156** units	POLYCLINIC **254** units
TOTAL BEDS **1,081** beds	DOUBLE ROOMS **193** rooms	SINGLE ROOMS **695** rooms	OPERATING ROOMS **36** units



TEKİRDAĞ CITY HOSPITAL

- A contract has been signed with the Ministry of Health on 12.08.2016 for Tekirdağ Health Campus with a total capacity of 480 beds. Established on an area of 114 thousand square meters, the campus stands out as the largest hospital in the region.
- There will be 128 polyclinics in Tekirdağ Health Hospital, which is designed to have a capacity of 480 beds. The hospital also has 16 operating rooms, 96 beds for intensive care units and 20 beds for dialysis units. The hospital will also have a neonatal intensive care unit, 8 high security forensic psychiatry units, 2 burn units and a delivery room.
- Tekirdağ City Hospital is designed as a smart hospital like the other two hospitals. It will be equipped with earthquake isolators and new technology equipment in accordance with the requirements of the Ministry of Health.
- When Tekirdağ City Hospital is opened, it will have a closed parking area of 50 thousand square meters with a capacity of 1,367 vehicles.
- Tekirdağ City Hospital's investment amount is expected to reach USD 260 million. It is planned to be opened in April 2020.
- The selection of contractors for the Tekirdağ City Hospital has been completed and loans has been found.
- As of the end of 2018, the physical progress rate was 5%.

TEKİRDAĞ CITY HOSPITAL WITH TOTAL 480 BED CAPACITY IS PLANNED TO BE OPENED IN 2020



INVESTMENT AMOUNT
259
MILLION USD

OPENING DATE
2020

OPERATING DURATION
25
YEARS

TOTAL AREA
114,313 m²

CONSTRUCTION AREA
159,325 m²

INTENSIVE CARE UNIT
96 units

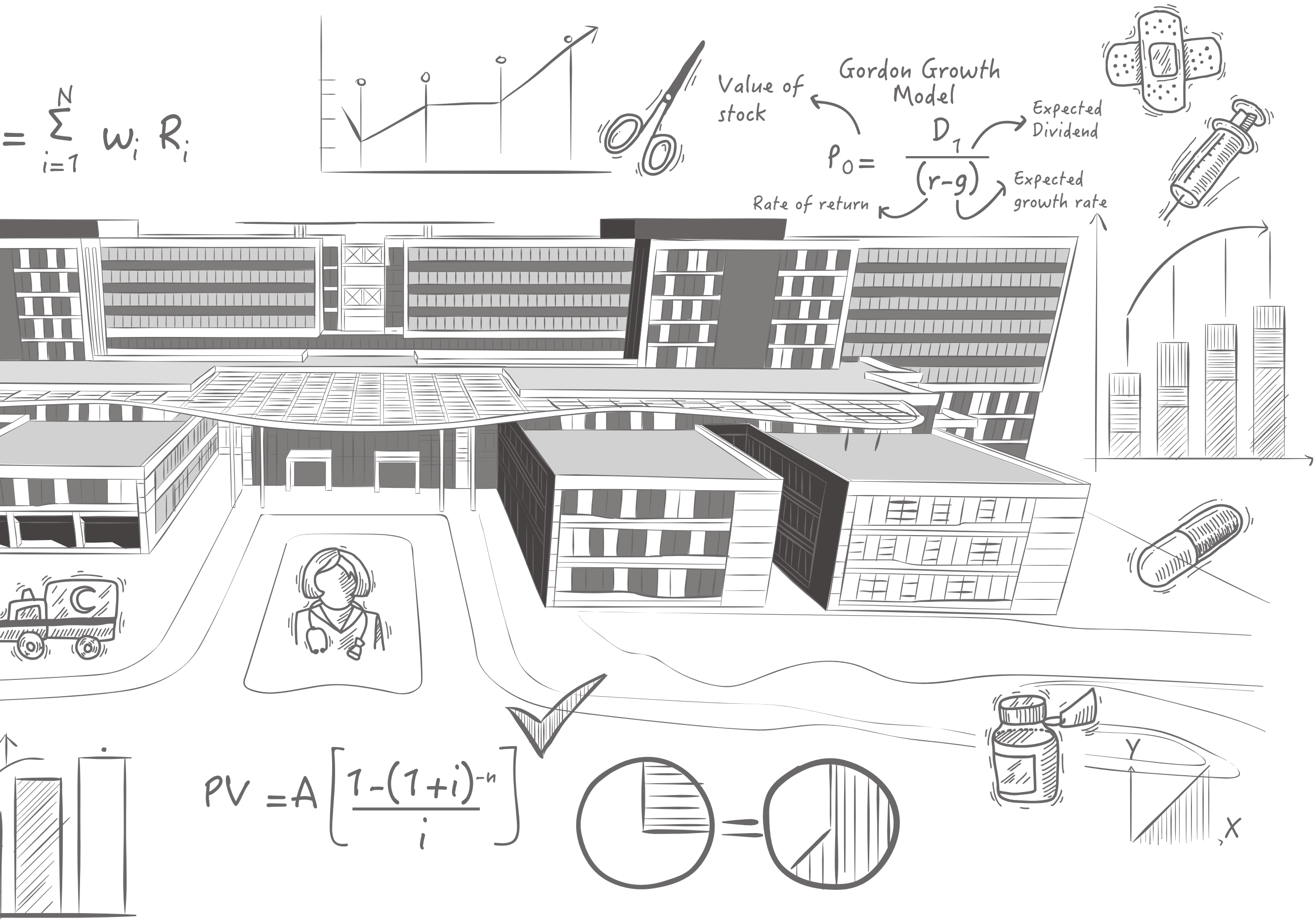
POLYCLINIC
128 units

TOTAL BEDS
480 beds

DOUBLE ROOMS
100 rooms

SINGLE ROOMS
172 rooms

OPERATING ROOMS
16 units



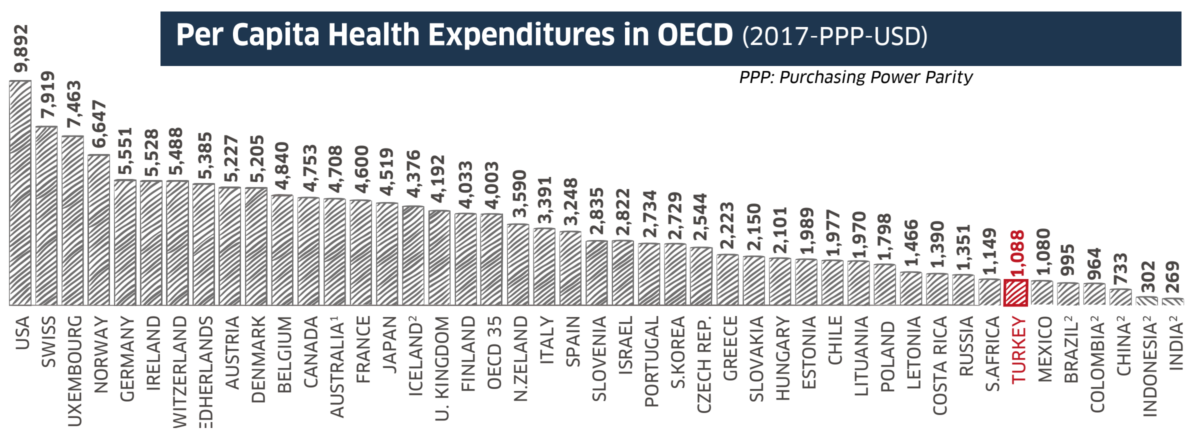
Awards

The joint Garanti Bank-İşbank 344 million Euro project financing with a term of 18 years for Eskişehir City hospital received two awards from Europe. The project was selected as the 'Best Health Project' in the '**EMEA Finance Project Finance Awards 2016**' by EMEA Finance which is one of the leading financial publications of Europe, Middle East and Africa.

PPP Sector in Turkey

HEALTH EXPENDITURE IN 2017 WAS TL 140.6 BILLION. ANNUAL GROWTH OF 17.5% WAS THE HIGHEST SINCE 2006

- Investment and expenditure in the health sector cause the eyes of the world to turn to Turkey. With a double-digit growth in the OECD despite having one of the lowest health spending, Turkey has caught up with advanced countries in quality.
- According to the latest data released by TurkStat, health expenditures in the year 2017 showed 17.5 percent growth.
- This was the fastest growth recorded since 2006. 78 percent of the expenditures were made by the public sector and the amount exceeded 100 billion TL for the first time in history. The private health sector has grown by 20 percent. For the first time, private health expenditures exceeded 30 billion TL in 2017.
- Turkey, in terms of health spending, has continued to be among the lowest ranking OECD countries. According the purchasing power parity calculations, health expenditure per capita in Turkey rose to USD 1,088.
- In 2014 Turkey was the lowest spending (USD 990) and in 2015 spending exceeded the USD 1000 limit for the first time (USD 1,064) and surpassed Mexico. Expenditure increased to USD 1,088 in 2017.
- Health care investments made in recent years in Turkey with the PPP method is expected to rapidly rise. As 31 hospitals that will be put into service will end long queues, demand and hence health expenditure is expected to rise, thereby help Turkey catch up with other countries.



Expenditure excludes investments, unless otherwise stated.
1. Australian expenditure estimates exclude all expenditure for residential aged care facilities in welfare (social) services.
2. Includes investments.
Source: OECD Health Statistics 2017, WHO Global Health Expenditure Database.

CITY HOSPITALS AT A GLANCE...

31	**09**	**11**	**08**	**03**
TOTAL NUMBER OF HOSPITALS	IN OPERATIONS	CONSTRUCTION ONGOING	PROJECTS IN THE TENDER PROCESS	PROJECTS PENDING FOR THE DECISION OF HIGH PLANNING BOARD

City Hospitals

- City hospitals were put into practice to meet the demand for quality and modern health care in Turkey. The first of the projects implemented with PPP was put into service in January 2017.
- The system is based on the private sector building the hospitals and undertaking all of the main services in return for a certain rent from the public sector. In this model, which is managed by the Public Private Partnership Department of the Ministry of Health, the goal is to increase the quality of public health care with lower expenditure.
- The construction and completion process of the project covers a total of 29 years including 1 year of preparation, 3 years of investment and 25 years of operation. It is planned that at the end of the contract period the hospitals constructed will be transferred to the public administration.
- According to the current information on the website of the Ministry of Health, General Directorate of Health Investments, with 32 PPP projects an investment for a total bed capacity of 44,777 will be offered to the Turkish people.
- A contract was signed for 21 of these projects and transfers to the ministry started. Mersin (1,300), Yozgat (475) and Isparta (755), Adana (1,550), Kayseri (1,607), Elazig (1,038), Eskisehir (1,081), Manisa (558) and Ankara Bilkent (3,804) were the first hospitals to admit patients. hospitals. Thus, 27% of the planned bed capacity was put into service.

City Hospitals Built With PPP Model

Project name	Bed Capacity	Opening/ Targeted Finish Date
PROJECTS WITH CONTRACTS SIGNED		
Mersin City Hospital	1,300	January 2017
Yozgat City Hospital	475	January 2017
Isparta City Hospital	**755**	**March 2017**
Adana City Hospital	1,550	Sept. 2017
Kayseri City Hospital	1,607	May 2018
Elazığ City Hospital	1,038	Aug. 2018
Eskişehir City Hospital	**1,081**	**Oct. 2018**
Manisa City Hospital	558	Oct. 2018
Ankara Bilkent City Hospital	3,804	May 2019
Ankara Etlik City Hospital	3,577	2019
Bursa City Hospital	1,355	2019
FTR & YGAP & PH Package	2,400	2019
Konya Karatay City Hospital	1,250	2019
Gaziantep City Hospital	1,875	2019
Tekirdağ City Hospital	**480**	**2020**
Kocaeli City Hospital	1,180	2019
Kütahya City Hospital	600	2020
Campus of Turkish Public Health Agency & Medecine and Medical Devices Agency	-	2021
İzmir Bayrakli City Hospital	2,060	2020
İstanbul İkitelli City Hospital	2,682	2020
Şanliurfa Health Campus	1,700	2021
PROJECTS IN TENDER / PLANNING PROCESS		
Samsun City Hospital	900	-
Denizli City Hospital	1,000	-
Diyarbakir City Hospital	750	-
Aydin City Hospital	800	-
Antalya City Hospital	1,000	-
Ordu City Hospital	900	-
Trabzon City Hospital	900	-
İstanbul Sancaktepe City Hospital	4,200	-
Rize City Hospital	800	-
Sakarya City Hospital	1,000	-
İzmir Tinaztepe City Hospital	1,200	-

** The construction of Konya Karatay City Hospital with 838 bed capacity and 277,774 m^2 closed area has started and the bed capacity is planned to be increased to 1,250.*


HOUSING INVESTMENTS
LOFT İNCEK
LOFT İNCEK

İNCEK LOFT

In 2014 the foundations of İncek Loft, the first real estate project of Akfen Construction in Ankara's "golden triangle", were laid. Looking at the general skyline of Ankara, İncek Loft is by far the most beautiful project. The project offers significant opportunities to real estate investors in terms of price performance, product segment used and visual quality. At İncek Loft, Akfen Construction worked with Tabanlıoğlu Architecture company, which also built Levent Loft and Loft Bahçe, two of Istanbul's iconic projects, and created buildings in İncek Loft that meet different housing needs and investment demands.

Residential areas

One of the most important features of İncek Loft is that 68% of the project consists of landscaping and social areas in respect to urban values and natural resources. The garden, terraces and all residences are designed to benefit from daylight and the scenery optimally.

Commercial areas

In the project, the shopping area which is organized as open, semi-open and closed areas called “Loft Street" open to pedestrian access at street level, is designed to serve the people coming from outside also. İncek Loft has 43 commercial areas spread over 8,027 square meters. Restaurants such as Big Chefs and Ters Köşe were opened and Akfen Tourism was established to operate these commercial areas.

Shopping and promenade valley

The area called "Loft Street" which is open to pedestrian access from street level, is organized as open, semi-open and closed areas and aims to be a center with an inviting atmosphere. This area, where natural streets are created with a canyon form, is shaped as a sheltered urban meeting center which encourages liveliness and social gatherings with its cafes and restaurants. İncek Loft has indoor parking for each apartment. The site has a parking area for 2,065 cars and a guest car park of 186 cars at the entrance of the site.

4-7 STOREYS	6-9 STOREYS	20-30 STOREYS	TYPE OF APARTMENTS
11	7	6	71-562 m²

İncek Loft, which is built on 108,326 m², has 1 + 1 to 6.5 + 1 apartment options.

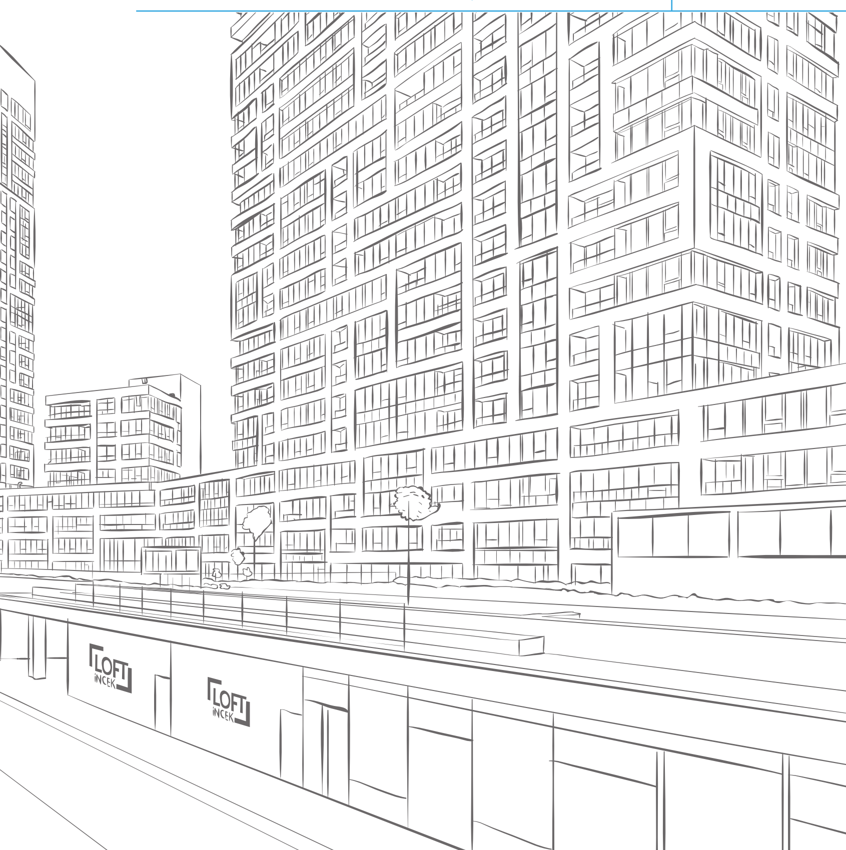
INCEK LOFT, WHICH IS BUILT IN ANKARA'S "GOLDEN TRIANGLE", IS BY FAR THE MOST BEAUTIFUL REAL ESTATE PROJECT OF THE CITY WITH ITS GENERAL SILOUETTE

Life started in 2016

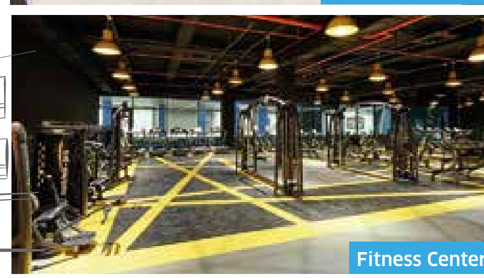
İncek Loft was launched on 25.04.2014 and İncek life started in 2016 with 300 families. Currently, the number of families has increased to 930. İncek Loft, which is offered for sale at very attractive prices since it is the first project in İncek Hacılar Neighborhood, is expected to achieve higher profits after the projects in the surrounding area are completed. Within four years, prices in the region have increased from 3,000 TL/gross square meters to 5,000 TL/gross square meters.

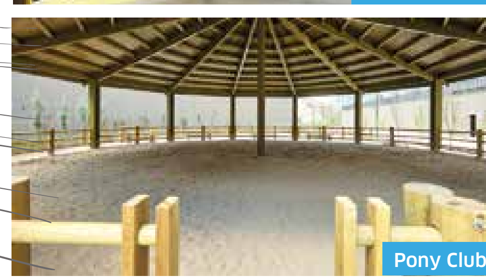
INCEK LOFT IN NUMBERS

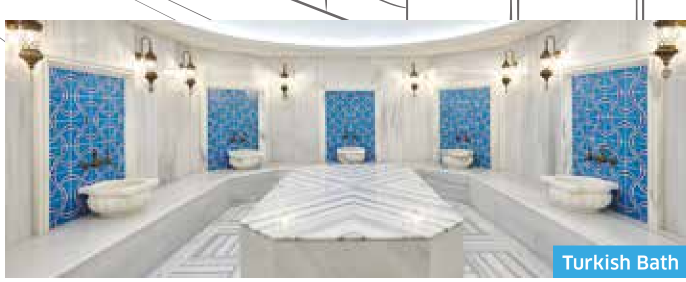
OPENING DATE **2016** April	LAND AREA **108,326** m^2	CONSTRUCTION AREA **296,850** m^2
NUMBER OF HOUSES **1,199**	NUMBER OF COMMERCIAL AREAS **43**	SOCIAL FACILITIES AND LANDSCAPE AREA **68%**

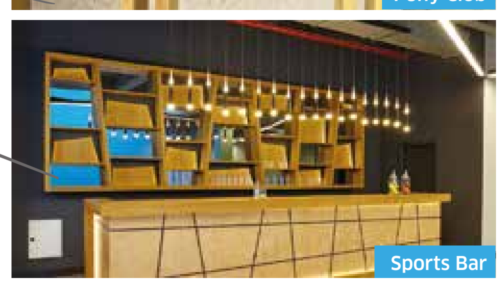



Basketball Court


Fitness Center

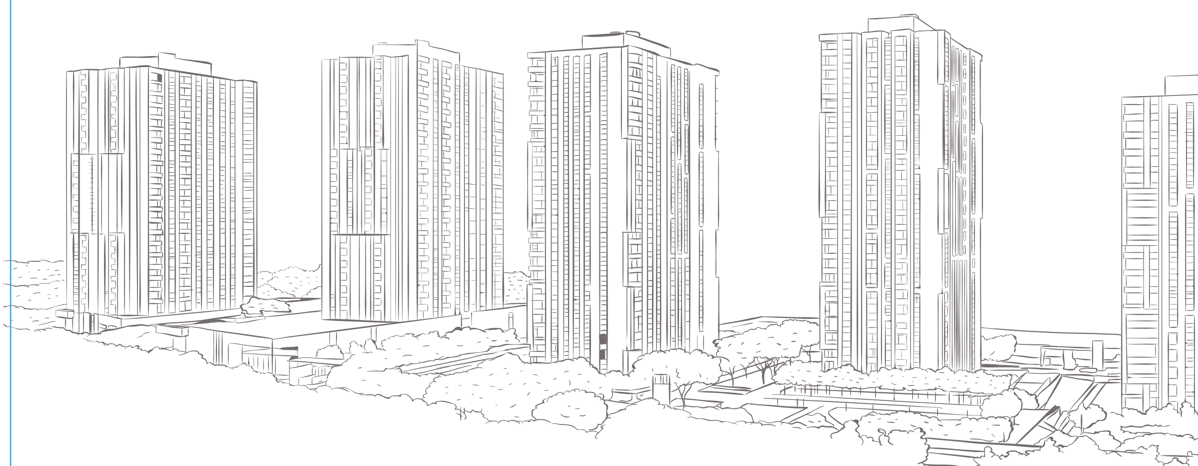

Pony Club


Turkish Bath


Sports Bar

BULVAR LOFT

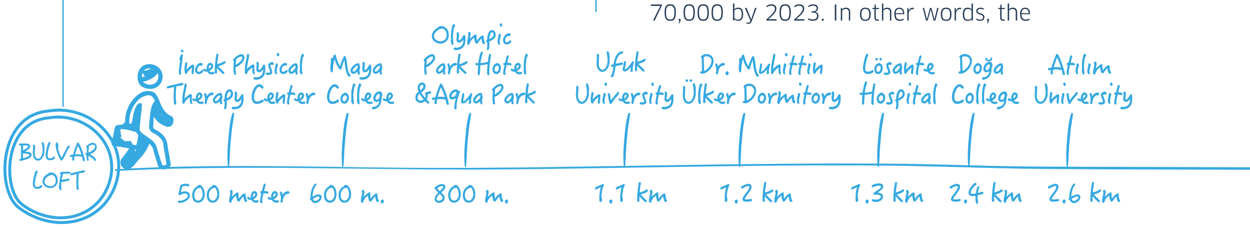
IN JUNE 2019, THE RESIDENTS WILL START TO LIVE IN BULVAR LOFT, AN AMBITIOUS RESIDENCE PROJECT THAT ADDS VALUE IN ANKARA



- Bulvar Loft, the second residential project Akfen Construction completed in Ankara, is located in the southwest of the capital, just like the first project.
- The project is located at the intersection of Yavuz Sultan Selim Boulevard which connects the northern settlements such as Etimesgut, Çayyolu and Beysukent to the south and İncek Boulevard that connects Oran, Mamak and İncek settlements in the east-west direction.

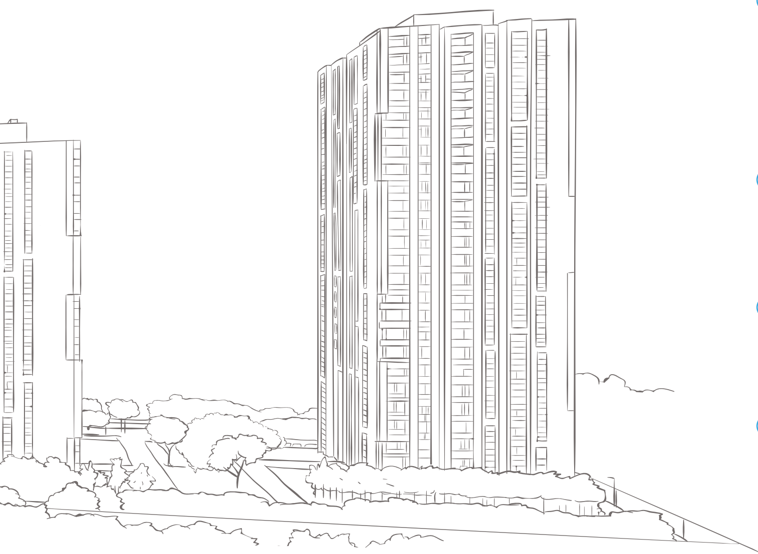
PROXIMITY TO EDUCATION CENTERS

- Bulvar Loft stands out with its proximity to educational institutes. There are 11 primary schools, 10 high schools and 7 universities within a distance of 10 kilometers. According to a survey, as of 2016 13,500 people lived within a circle of 3-kilometer diameter with Bulvar Loft at the center. It is estimated that the population in the same area increased to 23,500 today and will reach more than 70,000 by 2023. In other words, the



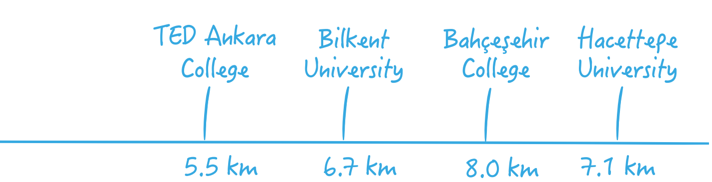
BULVAR LOFT IN NUMBERS

OPENING DATE	**2018** December
LAND AREA	**36,947** m²
CONSTRUCTION AREA	**169,750** m²
NUMBER OF HOUSES	**822** *(6 Blocks)*
NUMBER OF COMMERCIAL AREAS	**31**
SOCIAL FACILITIES AND LANDSCAPE AREA	**69**%



population will increase 5-fold in 7 years in Bulvar Loft and the nearby settlements.

- When the southwest axis is evaluated together with the previous settlements, the area where modern housing projects continue and the areas planned as villas, the population reaches more than 230 thousand. In addition to this, it is pointed out that the development of the region will accelerate with 13 thousand people who do not live in the region but who work within the region due to the schools.

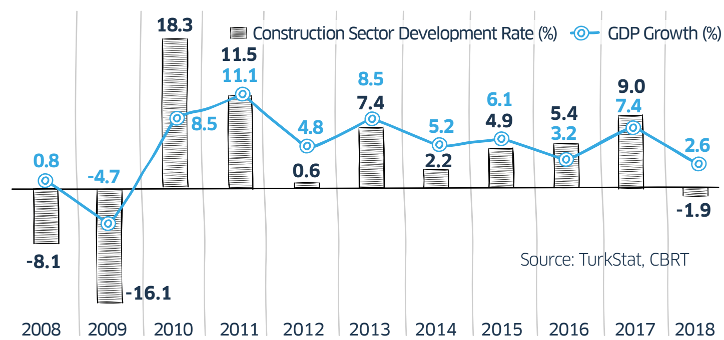


- Bulvar Loft, which has the signature of A Tasarım, the largest architectural office of the capital, which has designed many major projects in Ankara, focuses on living spaces as opposed to İncek Loft. The project was developed to address middle/upper socio-economic groups.
- Bulvar Loft, which is planned with a construction area of 169.750 square meters on a land of 36.947 square meters, is designed to have 822 apartments in 6 blocks.
- The project has a choice of apartments ranging from 66 to 350 square meters, from 1 + 1 to 5 + 1 rooms, and a commercial area of 7,080 square meters will be built.
- The most striking part of the commercial area of Bulvar Loft, where a total of 31 separate commercial areas are planned, is the activity courtyard of approximately 600 m² and the gourmet restaurants on the right and left sides of the street facing this courtyard.
- The sports center within the project is planned to be free of charge and better equipped than many sports centers that work with membership system. Boccia, chess, basketball courts and children's playgrounds will make a difference in the project.
- The activity courtyard will host concerts, shows, mobile playgrounds and other activities throughout the year.
- Located 20 kilometers from the city center, Bulvar Loft attracts attention with its proximity to other important educational institutions (METU, Bilkent, Ufuk and Atılım Universities, Bahçeşehir High School, TED Ankara College and Doğa College). This provides significant comfort for families with children.

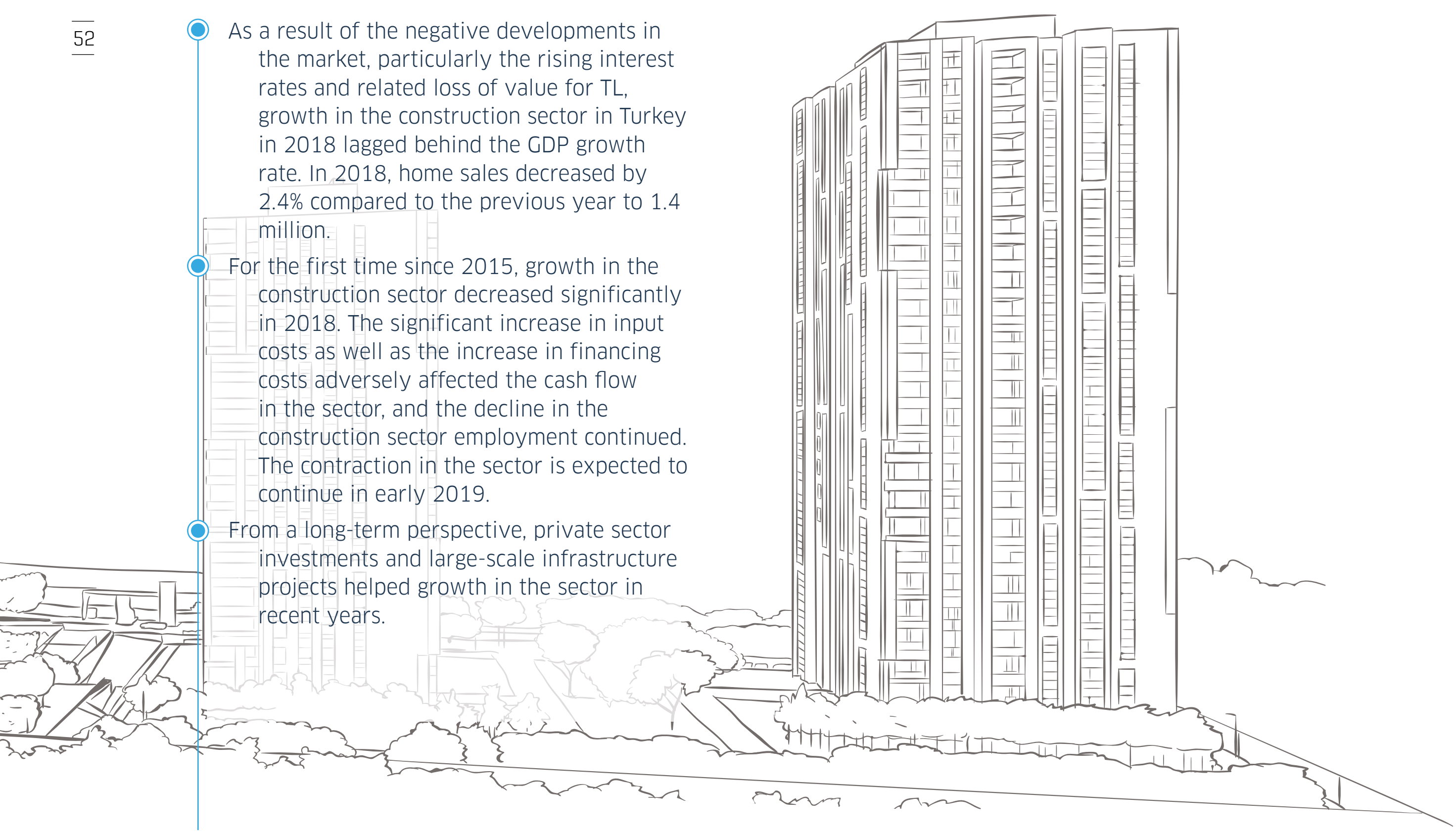
Construction Sector in Turkey

PRIVATE SECTOR INVESTMENTS AND LARGE SCALE INFRASTRUCTURE PROJECTS HELPED THE SECTOR GROW IN RECENT YEARS

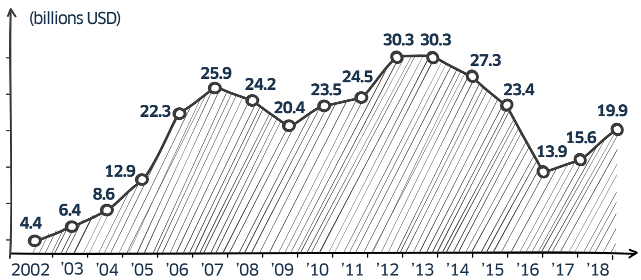
Turkey's Construction Sector Development



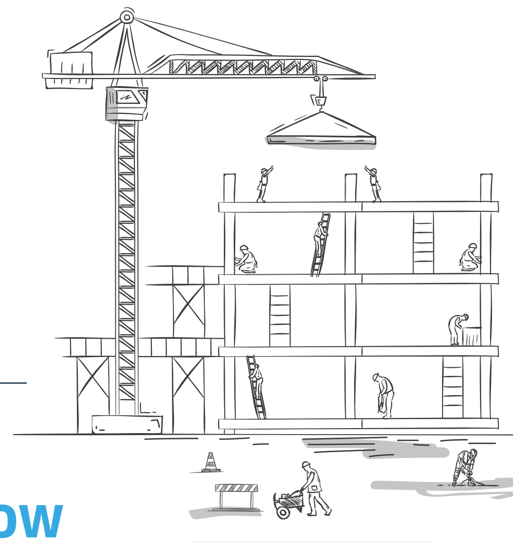
- As a result of the negative developments in the market, particularly the rising interest rates and related loss of value for TL, growth in the construction sector in Turkey in 2018 lagged behind the GDP growth rate. In 2018, home sales decreased by 2.4% compared to the previous year to 1.4 million.
- For the first time since 2015, growth in the construction sector decreased significantly in 2018. The significant increase in input costs as well as the increase in financing costs adversely affected the cash flow in the sector, and the decline in the construction sector employment continued. The contraction in the sector is expected to continue in early 2019.
- From a long-term perspective, private sector investments and large-scale infrastructure projects helped growth in the sector in recent years.



Turkish Foreign Contracting Services

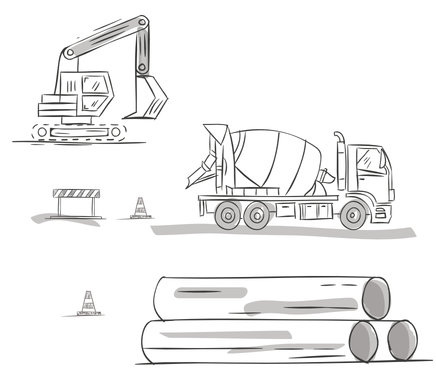


Source: Ministry of Economy



Foreign Contracting Services Continue to Grow

- The total amount of projects undertaken by Turkish contractors abroad in 2018 reached USD 19.9 billion. This means an increase of 27.6% compared to the previous year. The top five countries where Turkish contractors undertook projects were Russia (20%), Saudi Arabia (15.5%), Qatar (10.4%), Sudan (8.6%) and Poland (8%).
- Following the normalization of relations, Russia has returned to its place as the market leader in our foreign contracting services this year. It is foreseen that, in Russia, it will be possible to reach the potential project amount of 5-6 billion USD/ year of 2012-2015.
- Turkish contracting companies have undertaken 9,600 projects corresponding to USD 380 billion in 123 countries in the international market to date.
- Looking at the performance of firms abroad in past years, it is seen that the highest levels have been reached with USD 25-30 billion annually in the 2012-2015 period. However, as a result of the political and economic developments in the world, the decline in oil prices and the crisis with Russia, this figure decreased to USD 14-15 billion/year in the 2016-2017 period. In 2018, it is observed that we moved back to the USD 20-30 billion level.
- Our contractors have been closely monitoring potential markets such as Sub-Saharan Africa, India, ASEAN Region and Latin America for new opportunities. There is a wide range of project opportunities in Africa, which is the focus of many countries, and the positive view of our companies in the region puts Turkish contracting companies in advantage.



ANKARA AT A GLANCE

POPULATION OF ANKARA (2017)

5,445,026

NUMBER OF PEOPLE PER KM² (2017)

222

GDP OF ANKARA (2017)

281 BILLIONS TL

INCOME PER PERSON (2017)

USD **14,253**

NUMBER OF HOUSES SOLD* (2018)

131,161

FIRST HAND HOUSING SALES* (2018)

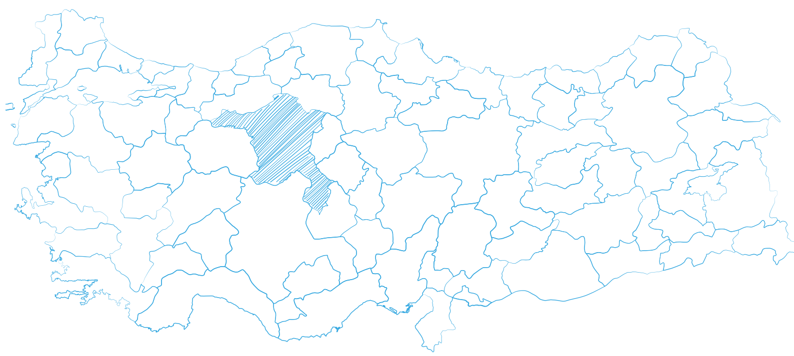
47,945

SECOND HAND HOUSING SALES*(2018)

83,216

** Including mortgaged sales*

General Information About Ankara



ANKARA, WHERE 222 PEOPLE PER KM² LIVE, BECAME THE PROVINCE WITH THE HIGHEST NUMBER OF HOUSE SALES AFTER İSTANBUL

The population density is increasing with each passing day in Ankara, whose provincial land covers 3.19% of Turkey. According to the official data of 2017, 5,000,445 people live in Ankara, and it is the most populous city in Turkey after Istanbul. Population growth rate is 1.4% and it is the eighth in terms of a population density with 222 people per square kilometer.

Generates 9% of National Income

The high-growth attained in the Turkish economy, particularly in the early 2000s, has led to the rapid development of Ankara, which generates 9% of national income. According to the latest figures published by TurkStat, Ankara has produced 281 billion TL of the total 3.1 trillion TL GDP as of the end of 2017. Per capita income in the capital increased to USD 17.338 in 2008, but declined after the 2008 crisis. Income level recovered in 2013 (USD 17,590), but with the increase in the exchange rates and slow economic recovery in the world, it decreased again to USD 14,253 as of 2017. Ankara's income level is 34% higher than Turkey's average per capita income (2017: USD 10 602).

Second Province in House Sale Figures

The increase in income coupled with rising consumption has also boosted the real estate market in Ankara. According to the data of the General Directorate of Land Registers, throughout Turkey 1,375,397 houses were sold in 2018. 17 percent of house sales (234,055 units) occurred in Istanbul. Ankara continues to be in second place with 9.5% (131,161) of total sales.

651,572 houses among 1.4 million sold in Turkey were first-hand,

Glowing Areas of the City

İNCEK

In the past only villas with a large plot and low construction area was allowed in İncek. Construction permits for large-scale housing projects increased interest in the region.

This area was defined as the **"golden triangle"**. It is the flag bearer in the İncek Region on the Kanuni Sultan Süleyman Boulevard and Yavuz Sultan Selim Boulevard line. In addition to being Ankara's new "golden triangle", the area is also seen as the Çukurambarı of the future (the area that has quickly become one of the most popular real estate areas of Ankara with its new housing and office projects). This causes construction companies to turn to residence and large-scale housing projects in İncek.

Mogan Lake, İncek Boulevard's proximity to the city center and to the educational institutions for families with children of all ages, its clean air, trouble-free parking areas and its view of Hacettepe forest adds serious advantages to the region.

ÜMİTKÖY

Ankara residents' search for green space and housing complex life has increased interest in Ümitköy and Çayyolu. The Western shift of modern hospitals, entertainment areas, universities and shopping malls, the increase in metro lines and public transportation services are other factors that add value to the region.

ORAN

The rapidly increasing number of shopping centers and residences, when combined with a forest view, has led to an increase in housing prices rise in the area.

second-hand sales involved 723,826 units. In Istanbul where large construction companies and urban regeneration project areas are more widespread, 47% (111,230 units) of the 234 thousand houses sold were first-hand and in Ankara this figure was 47,945 units (36.6%). According to the General Directorate of Land Registers data, the share of first-hand house sales in Ankara was 38.4% in 2017.

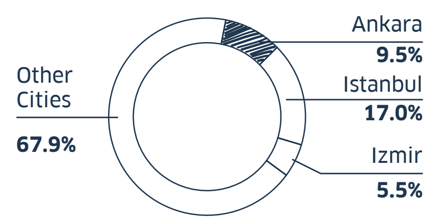
Housing sales in Ankara

The rise in the exchange rates and interest rates in mid-2018 created a lull in house sales as it did in many other sectors. Total housing sales reached 150,000 units in 2017 and in 2018 it declined by 14.8% to 131,000. The decrease was more effective in first-hand house sales by 20.8%, while the decline in mortgage sales by 78% was striking. Mortgage sales in Ankara were recorded as 56,795 units in 2017 and 31,847 in 2018. On the other hand, in the first-hand house sales, the number decreased from 18,716 units to 10,410 units.

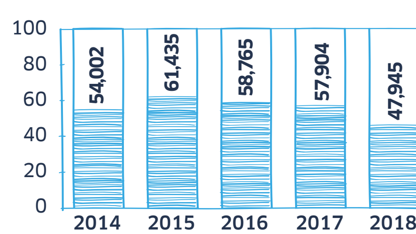
NEP created excitement

With The New Economic Program (NEP) announced by the government in 2018 Turkey's economy has entered a new era. The effects of NEP, which created excitement in the business world, are expected to create a positive atmosphere after the municipal elections of March 2019. This increases the likelihood that in the near future there will be a return to the longed-for levels in housing sales.

Distribution of House Sales



First Hand House Sales



House Sales in 3 Largest Provinces in Turkey

	1. Hand	2. Hand	Total
Ankara	47,945	83,216	**131,161**
İstanbul	111,230	122,825	**234,055**
İzmir	32,872	42,800	**75,672**
Turkey	**651,572**	**723,826**	**1,375,398**

Source: TurkStat

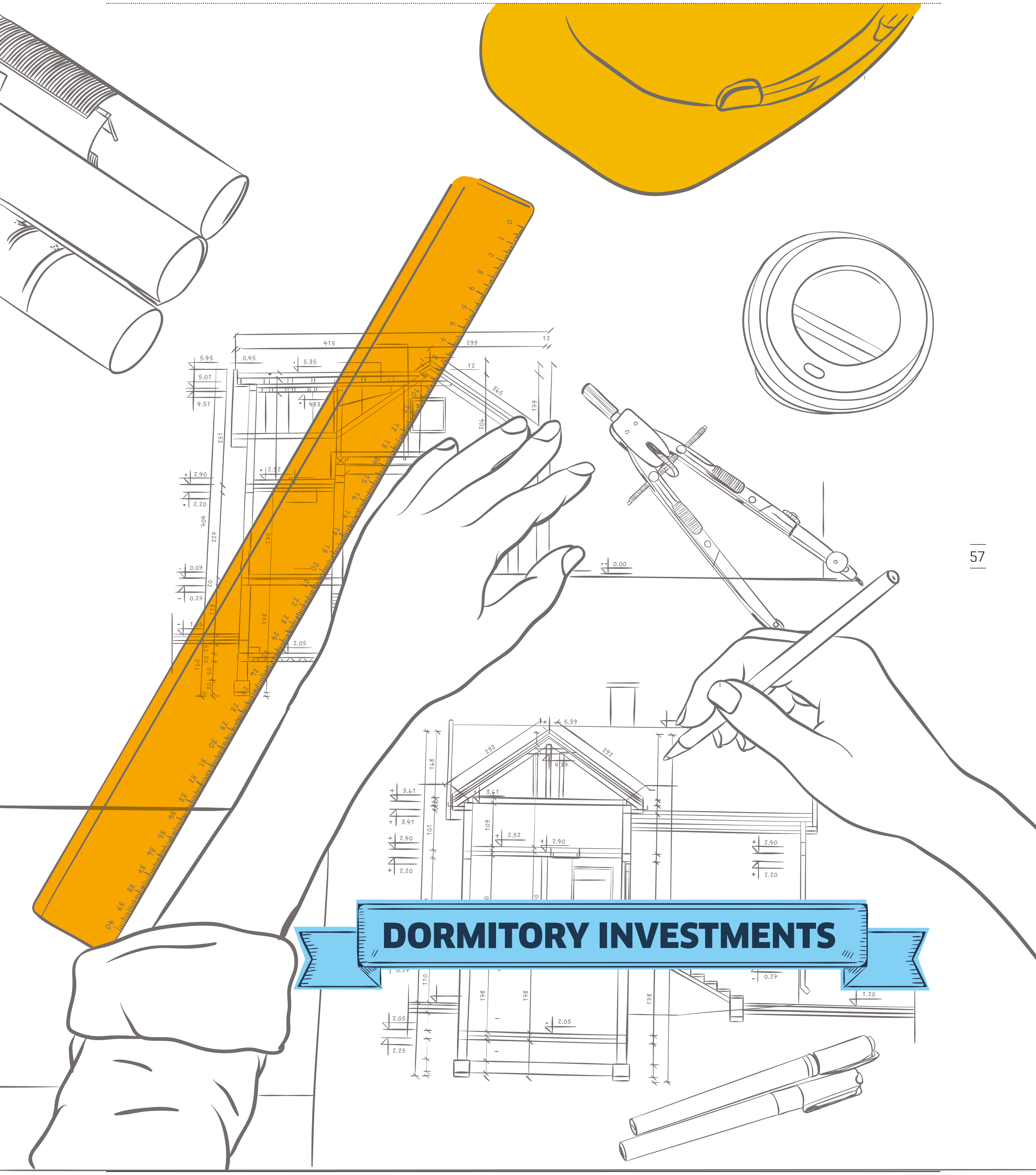
A City Growing in Four Directions: Ankara

THE CITY CENTER HAS ACHIEVED HIGH GROWTH ON THE WESTERN AXIS, BUT GROWTH CONTINUES ON 4 SEPARATE AXES; ERYAMAN, YUVA BAĞLICA, ORAN AND İNCEK ARE FASTEST DEVELOPING AREAS

- Turkey's capital, Ankara, has gained attention as a city where the need for new development areas increased rapidly due to the rising incomes and population, and ongoing migration.
- In the early years of the Republic, the Ulus district, where all the public buildings were located, was accepted as the city center and in time it was replaced by Kızılay when public buildings moved there. As the development of the city shifted towards the West and South, the settlements reached Çankaya, Tunalı Hilmi, Gaziosmanpaşa and Kavaklıdere.
- As the city grew, development continued westward. Eskişehir Road and Istanbul Road emerged as new development axes. These axes have recently emerged as the fastest developing regions of Ankara.

Regions that gained value in the last 10 years

- Increasing population and income level, urban transformation, and opening of credit channels have led to an increase in investments on the existing axes (Istanbul and Eskişehir Road) on the one hand, and significant new investments on Konya Road and Esenboğa Road on the other.
- The housing price increase in Ankara, which developed towards Eskişehir Road, Çukurambar, Bilkent, Ümitköy and Çayyolu over the last 10 years, was higher in these areas compared to other areas. Especially places like Eryaman, Sincan-Yenikent, Susuz and Etimesgut on the western axis besides Bilkent, Ümitköy, Çayyolu, Beysukent, Yaşamkent, gained considerable value.
- On the other hand, as Batıkent and its vicinity rose in value, Çayyolu and the surrounding area have also become one of the favorite districts. Keçiören, with its robust infrastructure, particularly after the ground breaking ceremony for the new metro line, became more valuable. Çukurambar, Ümitköy, Çayyolu, Oran and İncek regions are the prominent areas for investment in Ankara, which has become the second address for real estate companies of Istanbul.
- For example, in Incek, square meter prices have increased from TL 3,000 to TL 4,000-4,200 over the last two years. This means an average increase of 15% per year over a two-year period.
- While Eskişehir Road, Konya Road, Söğütözü, Çukurambar and Balgat regions are being defined as the new business centers of Ankara, İncek, Yaşamkent, Çayyolu, Beysukent, Bağlıca, Eryaman Yuva and Oran stand out for housing projects. The increase in road and rail network is expected to further increase the mobility on these axes.



DORMITORY INVESTMENTS

HACETTEPE GUEST HOUSE

- The Hacettepe Guesthouse Project, which will be developed and operated at Hacettepe University Beytepe Campus in Ankara, started with the transfer of shares of 15 May 2014. Akfen Construction acquired 45% of the shares of Hacettepe Technocity Education and Clinical Research Center Health R&D Consultancy Project Industry and Trade Inc. and took over the project.
- The project was originally planned as 7 blocks with a total capacity of 7,300 beds on a land of 68,000 square meters, and the bed capacity can be increased to 15,000 over time.
- An agreement was reached with TSKB (Industrial Development Bank of Turkey) regarding financing. Two buildings were completed in the first quarter of 2016 and five are under development.

HACETTEPE GUEST HOUSE IN NUMBERS

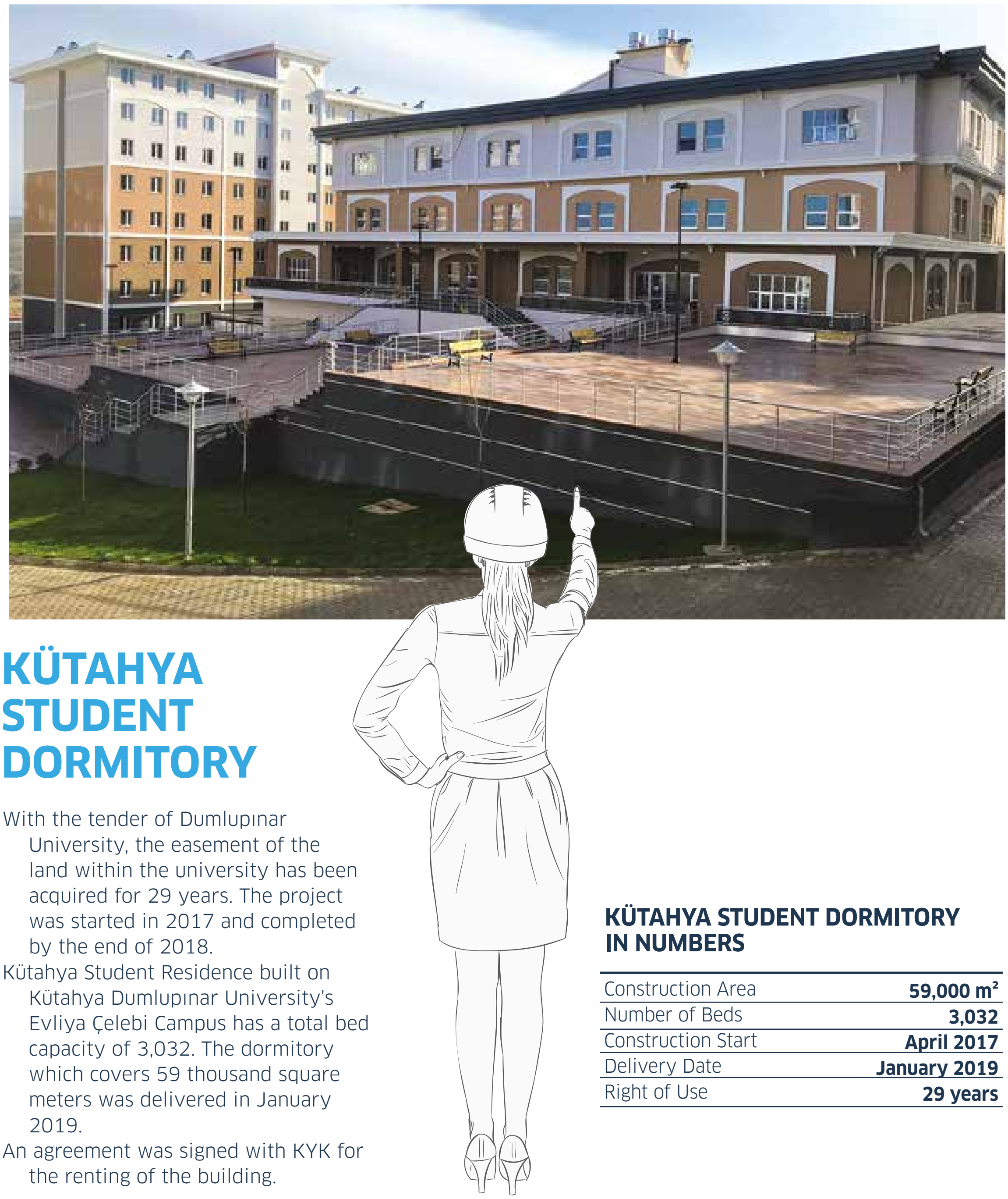
Allocating By	**Hacettepe University**
Construction Area *(1st Stage)*	**27,450 m²** *(2 Block)*
Construction Area *(2nd Stage)*	**83,600 m²** *(5 Block)*
Number of Beds	**2,264 / 5,036**
Starting Date	**2014 2Q**
Delivery Date *(1st Stage)*	**September 2016**

ISPARTA STUDENT DORMITORY

- Another dormitory project of Akfen Construction is the Isparta Dormitory Project, which was built in the commercial area of Isparta City Hospitals opened in March 2017.
- The complex consists of 6 blocks and there are 4 dormitory blocks and 2 social facility blocks. There are 1,016 rooms and 4,032 beds in the dormitory part designed as ground + 7 floors.
- The project was completed in May 2018. An agreement was signed with KYK (Institution of Student Loans and Dormitories) about the leasing of the building. The dormitory became operational and started accepting students.

ISPARTA STUDENT DORMITORY IN NUMBERS

Employer	**Isparta Dormitory Inv. Inc.**
Land Area	**31,848 m²**
Construction Area	**67,000 m²**
Number of Beds	**4,032**
Right of Use	**25 years**
Delivery Date	**May 2018**
Design	**Ediz Architecture**



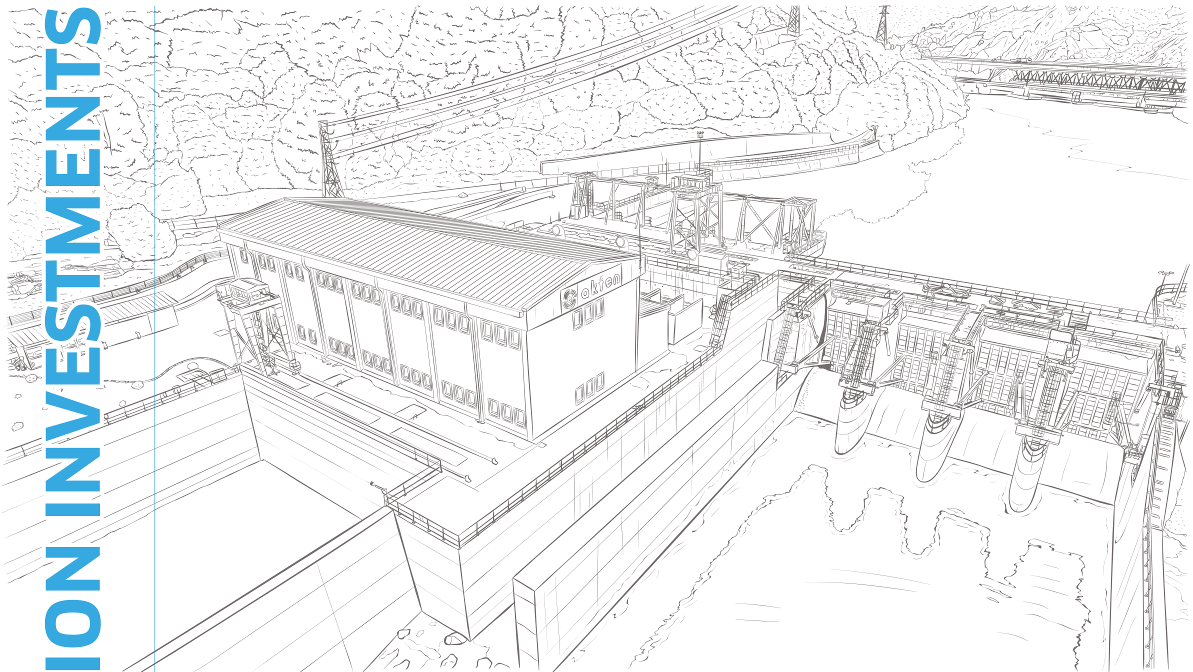
KÜTAHYA STUDENT DORMITORY

- With the tender of Dumlupınar University, the easement of the land within the university has been acquired for 29 years. The project was started in 2017 and completed by the end of 2018.
- Kütahya Student Residence built on Kütahya Dumlupınar University's Evliya Çelebi Campus has a total bed capacity of 3,032. The dormitory which covers 59 thousand square meters was delivered in January 2019.
- An agreement was signed with KYK for the renting of the building.

KÜTAHYA STUDENT DORMITORY IN NUMBERS

Construction Area	**59,000 m²**
Number of Beds	**3,032**
Construction Start	**April 2017**
Delivery Date	**January 2019**
Right of Use	**29 years**

OTHER CONSTRUCTION INVESTMENTS



HEPP CONSTRUCTIONS

TO DATE, AKFEN CONSTRUCTION UNDERTOOK THE CONSTRUCTION OF 14 POWER PLANTS OF AKFEN RENEWABLE ENERGY*

- Another project of Akfen Construction that requires expertise such as hospitals, hotels and airports is the construction of hydroelectric power plants.
- Akfen Construction, a subsidiary of Akfen Infrastructure, undertook the construction of 14 hydroelectric power plants of Akfen Renewable Energy, another company of the Group.

13 HEPPs delivered

- Akfen Construction, which has delivered 13 HEPPs to date, is currently continuing the construction of Çiçekli HEPP in Artvin. The total installed capacity of the HEPPs delivered to date has reached 228.7 MW, and the installed capacity will reach 235.7 MW when Çiçekli HEPP starts production.
- Çiçekli HEPP, which is 85.1 percent completed, is planned to be delivered in the last quarter of 2019.

** Akfen Holding sold Karasu HEPP (total installed capacity 26 MW) to Aquila Group in 2012/2013*

BAFRA HOTEL, TRNC

- The Bafra Hotel Project is located on the Bafra Village Coast of TRNC. The land has been allocated to Akfen Tourism by the TRNC Forest Administration for a period of 49 years. On an area of 224,527 square meters the construction will occupy 85,364 square meters. The construction area of the hotel project, which will consist of two stages, is planned as 50.924 square meters in the first stage and 34.440 square meters in the second stage.
- The first stage consists of 201 rooms and 522 beds, the second stage consists of 202 rooms and 520 beds. Additionally, the project includes 50 villas with a total of 200 beds. When the project is completed, it will serve as a hotel with 453 rooms and 1,242 beds.
- Construction permit for the project was obtained on 03.10.2016. The project is still in the planning stage.

TRNC BAFRA HOTEL IN NUMBERS

Allocating By	**TRNC Forestry Administration**
Land Area	**224,527 m²**
Permitted Floor Area	**78,585 m²**
Construction Area	**85,364 m²**
Number of Rooms / Beds in the Licences Project	**453 rooms / 1,242 beds**
Allotment Period	**49 years** *(30.12.2059)*
Design	**YPU Architecture**

BODRUM LOFT

- In Turkey, one of the world's leading countries in tourism, touristic facility investments continue. Among these, the most prominent place for hotel investments is the favorite holiday resort of Bodrum.
- The hotels opened and planned over the last 3 years in Bodrum, which is in high demand for many local and foreign tourists especially in the summer, attract particular attention. The world famous tourism brands enter the Bodrum tourism market one after the other, and the town is shown by industry representatives as the future of tourism in Turkey.
- In Bodrum, where the world-famous giant hotel chains are flocking to, Akfen Infrastructure Holding has embarked on a project, too. Within this scope, the Bodrum Loft project is a five-star holiday village built on the land allocated by the Ministry of Culture and Tourism, 15 kilometers from the center of Bodrum.
- The project is given to Masanda Tourism Investments Inc. and the allocation period is 49 years. The project land area is 57,000 m² and the floor area is 14,517m².
- The concept and architecture is designed by Tabanlıoğlu Architecture. The project is planned to be completed on 31.12.2019.
- The completion rate of the project is 18.5% as of 31.12.2018.

BODRUM LOFT IN NUMBERS

Allocating By	**Ministry of Culture and Tourism**
Land Area	**57,000 m²**
Construction Area	**22,586 m²**
Allotment Period	**49 years**
Delivery Date	**31.12.2019**
Design	**Tabanlıoğlu Architecture**

NUMBER OF BLOCKS	NUMBER OF VILLAS*	NUMBER OF ROOMS	NUMBER OF BEDS
19	**62**	**128**	**180**

** Consists of 12 units of 1+0, 24 units of 1+1, 12 units of 2+0, 12 units of 2+1 and 2 units of 3+1 houses.*

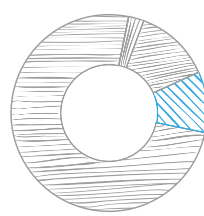
OTHER SUBSIDIARIES

TRAVELEX

- Travelex, which opened its first store in London in 1976, is still the world's leading independent foreign exchange trading company.
- Travelex has more than 1,500 stores and 1,250 ATMs in 28 countries in airports, ports, railways and touristic destinations.
- The Company provides foreign exchange in cash and pre-paid foreign cards to over 39 million retail customers (more than 1,000 per hour) each year.
- As of 31.12.2018 it operates in Istanbul Ataturk*, İzmir Adnan Menderes, Ankara Esenboğa, Antalya and Alanya Gazipaşa Airports.

** As of 6 April 2019, the company's operations at İstanbul Atatürk Airport were closed.*

Travelex Shareholding Structure



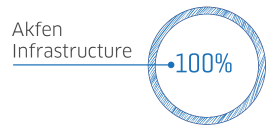
Travelex Group	**75.0%**
Akfen Infrastructure	**10.0%**
Tepe Construction	**12.5%**
Sera Yapı	**2.5%**

TRAVELEX IN NUMBERS

Number of Countries	**26**
Number of Locations	**1,250**
Number of ATMs	**1,500**
Number of Customers Served With Cash or Prepaid Card	**27 million**
Number of Customers Served in Airports	**1,7 billion**
Number of Offices in Turkey	**6**

AKINISI MACHINERY

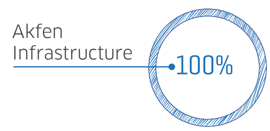
Shareholding Structure



The company was established in 1976 to operate in the industrial heating sector and is now idle and owns a piece of land in Ankara.

AKFEN TOURISM

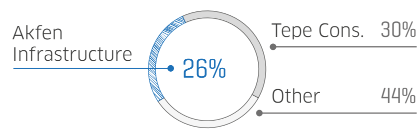
Shareholding Structure



It operates the 56-room, 122-bed Akfen Club hotel in Kuşadası, and also coordinates the company's potential tourism investments.

TEPE AKFEN REFORMER (TAR)

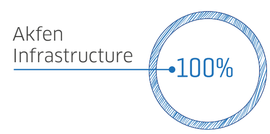
Shareholding Structure



Founded in Poland, the company is a landowner there. The company follows the opportunities for developing a real estate project on this land.

AKFEN REAL ESTATE PORTFOLIO MANAGEMENT

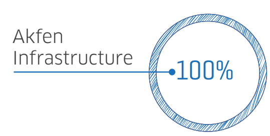
Shareholding Structure



Akfen Real Estate Portfolio Management was established in 2017. The main activity of the company is the establishment and management of real estate investment funds in accordance with the provisions of the Capital Markets Law and related legislation.

AKFEN CONSULTING AND PROJECT DEVELOPMENT

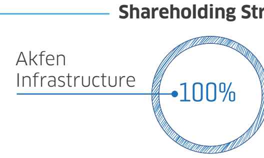
Shareholding Structure



Founded in 2016, the company is responsible for sales of real estate projects such as İncek Loft and Bulvar Loft.

MASANDA TOURISM

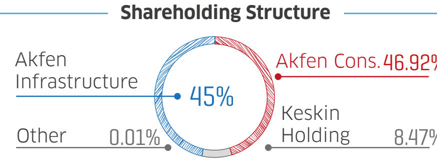
Shareholding Structure



Founded in 2012, the company has a 5-star holiday village project currently under construction in Bodrum ('Bodrum Loft').

AKFEN MERTER

Shareholding Structure



The property is owned by the General Directorate of Foundations of Istanbul. It is located in Zeytinburnu District, Merkezefendi Neighborhood, Çörekçi Nalbant Çukurları Street.

The estate is located in block 3284 parcel 47 and is rented for 30 years with the "Rental Contract with a Construction Condition" dated 21 October 2011 in accordance with Build-Operate-Transfer Model.

Project development continues for a real estate project, office and trade center, fuel-service station on the land.

akfen infra

Akfen Infrastructure Holding

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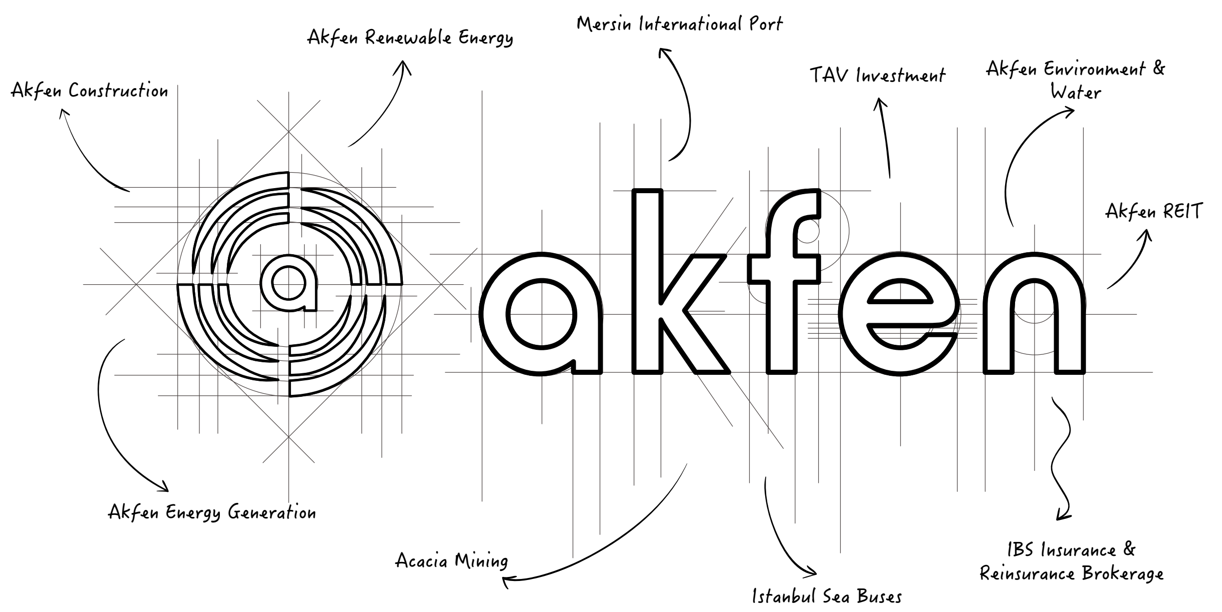

AKFEN HOLDING

Group Companies

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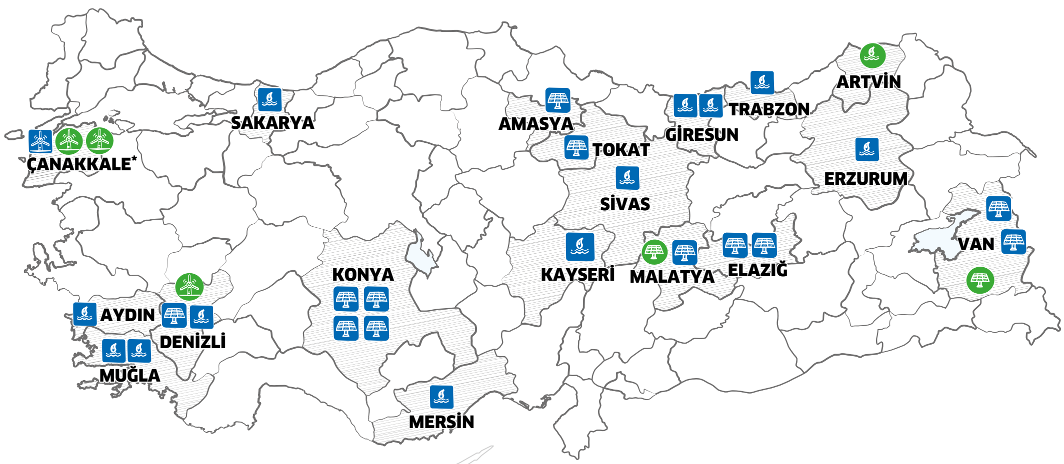
BOOK 2

Akfen Holding Group Companies

68

AKFEN RENEWABLE ENERGY

Akfen Renewable Energy Power Plants



HEPP INSTALLED CAPACITY (MW)	
■ In Operation	228.7
● Under Construction	7.0
TOTAL	235.7

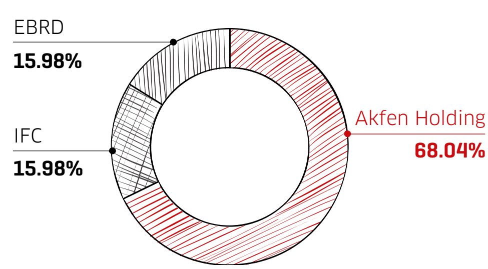
SPP INSTALLED CAPACITY (MW)	
■ In Operation	95.5
● Under Construction	25.0
TOTAL	120.4

WPP INSTALLED CAPACITY (MW)	
■ In Operation*	30.6
● Under Construction	244.8
TOTAL	275.4

TOTAL INSTALLED CAPACITY (MW)	
■ In Operation	354.8
● Under Construction	276.8
TOTAL	631.5

** Kocalar WPP (30.6 MW) commenced operations on 14 March 2019 in Çanakkale.*

Akfen Renewable Energy Shareholding Structure



- Akfen Holding began investing in the energy sector long before interest in the sector increased and has become one of the most important energy producers of Turkey.
- Akfen Energy joined the sector in 2007 with the HEPP Group to satisfy the growing demand for energy that accompanied Turkey's growth, and thus to provide significant contributions to reducing the current account deficit. In 2009, Sırma HEPP became the first HEPP project that started production. Akfen Energy, which so far has undertaken the construction of 18 renewable energy plants, has put 17 plants in operation, sold 5 of them and is operating 12, and thus is contributing to energy production in Turkey.
- The development of SPP projects started in 2013 and the development of RES projects started in 2014 by wind measurements.
- Akfen Holding, after the transfer of its subsidiaries in the energy sector, namely Akfenhes, Akfenres, Akfen Wholesale and Karine SPP to the Holding in December

Geometric Mean Return: Used to calculate the average rate per period on an investment that is compounded over multiple periods.

$$\bar{R}_{Gi} = \sqrt[T]{\prod^{T}(1+R_{iT})}-1$$

AKFEN RENEWABLE ENERGY HAS A TOTAL 632 MW INSTALLED CAPACITY AS OF THE END OF 2018, 324 MW OF WHICH IS OPERATIONAL AND 307 MW UNDER CONSTRUCTION

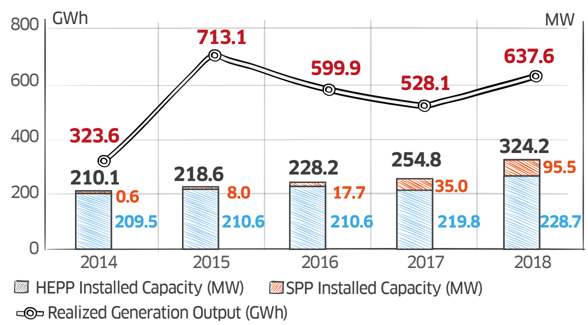
2015, has restructured these companies under the umbrella of Akfen Renewable Energy Inc.

- Akfen Renewable Energy, after the partnership agreements with EBRD and IFC in 2016, and the largest capital investments by these companies in Turkey's energy sector, has become one of the most important players in the renewable energy sector.
- The installed capacity of Akfen Renewable Energy, which aims to utilize natural resources such as wind, water and solar power, is 632 MW, and the capacity will double with the ongoing wind energy investments. Additionally, there is a combined cycle power plant project based on natural gas with an installed capacity of 1.150 MW under development at Akfen Energy Generation.
- As of 31.12.2018, Akfen Renewable Energy's portfolio has an installed capacity of 632 MW, 324 MW of which is operational and 307 MW under construction.

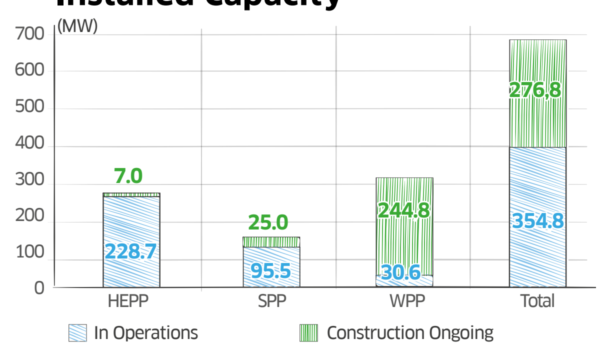
1,000 MW installed capacity by 2021

- Akfen Holding has begun to make investments in the energy sector much before the recent interest in the electricity market in Turkey. The group has been operating in the field of hydroelectric power plant investments through its subsidiaries since January 2007.
- Akfen Renewable Energy's current operational energy portfolio is 355 MW. When 277 MW under construction becomes operational, the total installed power will reach 632 MW. This portfolio consists of HEPP/SPP/WPP projects.
- Akfen Renewable Energy aims to expand its portfolio of 632 MW installed capacity to 1000 MW installed capacity by 2021 using clean energy sources such as wind, solar power and water.

Development of Generation and Installed Capacity



Power Plant Portfolio Total Installed Capacity*



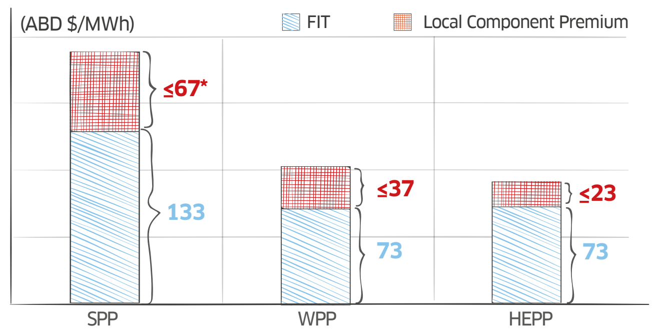
** The total installed capacity of the portfolio is presented as of March 2019.*

- Additionally, within the scope of WPP projects, studies for 10 WPP projects with a total installed capacity of 560 MW are underway with preliminary preparations/measurements with respect to the additional 2,000 MW capacity announced by TEİAŞ in 2016.

US dollar based purchase guarantee

- If they obtain Renewable Energy Resources Certificate and complete their investments by 31 December 2020, HEPP projects have the right to benefit from the state's purchase guarantee of minimum USD 7.3 cents / kWh for 10 years from the date of operation.
- Within the scope of the said support mechanism, if the investments are completed by 31 December 2020, the WPP portfolio can benefit from a purchase guarantee of at least US $ 7.3 cent / kWh and the SPP portfolio at least US $ 13.3 cent / kWh.

Feed-In Tariff



* Photovoltaic

All generation is sold at Feed-In-Tariff

- In 2018, Akfen Renewable Energy sold the generation of all power plants at Feed-In Tariff - FIT (Renewable Energy Resources Support Mechanism) and decided to continue in 2019 in the same way. The FIT price for all HEPPs was US$ 7.3 cents/ kWh, and for all licensed SPPs the price was US$ 13.74 cents/kWh including domestic contribution.

HIGHLIGHTS OF 2018

EBDR and IFC shares increased their shares to 15.982%

As of 26 June 2018, the capital of Akfen Renewable Energy has been increased from TL 864,381 thousand to TL 982,590 thousand with premium. In this context, a total of USD 42,999,975.58 was transferred to Akfen Renewable Energy by EBRD and IFC. Thus, the shares of EBRD and IFC in Akfen Renewable Energy increased to 15.982% and Akfen Holding's share became 68.036%.

Two units of Çalıkobası HEPP started production

The remaining 2 units of Çalıkobası HEPP with an installed capacity of 8.9 MW started production on 4 May 2018.

Five more SPPs commissioned

OmicronEngil 208 SPP (12.1 MW) commenced operations on 20.09.2018 and Omicron Erciş SPP (12.1 MW) commenced operations on 21.09.2018. On 27.09.2018, Yaysun SPP (12.1 MW), MT Doğal SPP (12.1 MW) and Me-Se SPP (12.1 MW) started operations.

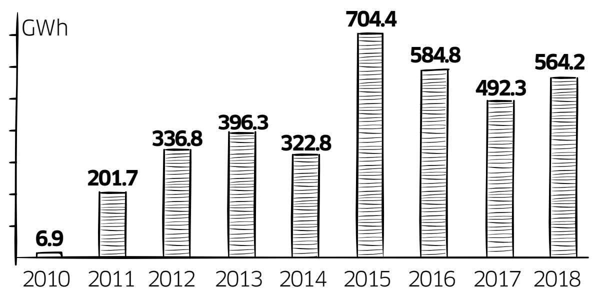
Turkey's largest Green Energy loan

Akfen Renewable Energy which aims to reach 1,000 MW clean installed power by 2020 using only local and renewable energy sources like wind, solar power and hydroelectric received 530 million dollars worth of loans for its solar and wind power projects, which is the largest green energy loan in Turkey so far.

HEPP GROUP

- As of 31 December 2018, 12 HEPPs owned by Akfen Renewable Energy have an installed capacity of 228.7 MW. The annual power generation capacity of these power plants is 894.9 GWh.
- In 2018, total electricity generation increased by 14.6% to 564.2 GWs. 2017 was the driest year in the last 44 years.
- Construction is currently underway at one hydroelectric power plant with an installed capacity of 7.0 MW and an annual electricity generation capacity of 21.9 GWh. With the completion of the power plant, the total installed capacity will increase to 235.7 MW and the electricity generation capacity will increase to 916.8 GWh.

Realized Generation Output*



** As of 30 November 2012, Karasular Energy has been transferred to Aquila Hydropower INVEST Investitions GmbH & CoKG. In June 2013, with the transfer of the remaining 60% to Aquila, 5 power plants with a total installed capacity of 26 MW dropped from the portfolio. The data in the graph excludes Karasular.*

Power Plants in Operation - 2018

Company	HEPP	Installed Capacity (MW)	Generation Capacity (GWh/year)	Commercial Operation Date	Realized Generation Output (GWh) 2018	2017
Beyobası	Otluca	48.8	224.0	April 2011	172.9	170.3
	Sırma	6.7	23.2	June 2009	10.1	11.4
	Sekiyaka II HEPP	3.5	17.1	Jan. 2014- Aug.2015	14.1	12.7
Çamlıca	Çamlıca III	28.5	104.5	April 2011	25.1	25.6
	Saraçbendi	26.3	100.5	May 2011	45.3	41.4
Pak	Demirciler	8.7	34.5	August 2012	17.8	16.4
	Kavakcalı	11.4	44.3	March 2013	26.9	23.6
	Gelinkaya	7.1	25.8	June 2013	13.5	6.5
BT Bordo	Yağmur	9.2	31.5	November 2012	24.4	20.2
Elen	Doğançay	31.6	171.7	Aug.-Sept. 2014	105.7	93.3
Yenidoruk	Doruk	28.9	75.5	September 2014	86.4	67.0
H.H.K. Enerji	Çalıkobası	18.1	42.3	June 2017- May 2018	22.2	4.0
Total		**228.7**	**894.9**		**564.2**	**492.3**

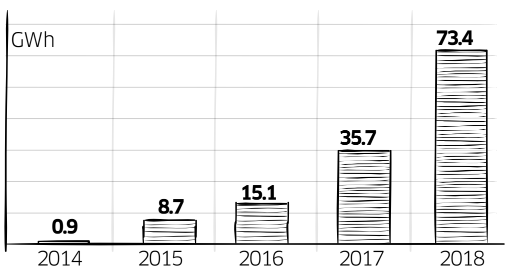
Power Plants Under Construction

Company	HEPP	Installed Capacity (MW)	Generation Capacity (GWh/year)	Construction Progress Ratio (%)
Kurtal	Çiçekli I-II	7.0	21.9	85.1%
Total		**7.0**	**21.9**	
HEPP PORTFOLIO TOTAL		**235.7**	**916.8**	

SPP GROUP

- In 2018, the energy generation of the solar energy group was 73.4 GWs. The installed capacity was 95.5 MW for 2018, while the installed capacity in the licensed projects being prepared for construction was 25.0 MW. The SPP portfolio will reach an installed capacity of 120.4 MW.

Realized Generation Output



Power Plants in Operation - 2018

SPP	Type	Installed Capacity (MW)	Location
Omicron Engil	Licensed	12.1	Van
Omicron Erciş	Licensed	12.1	Van
Yaysun	Licensed	12.1	Konya
ME-SE	Licensed	12.1	Konya
MT Doğal	Licensed	12.1	Konya
Amasya	Unlicensed	11.2	Amasya
Solentegre	Licensed	9.1	Elazığ
Denizli Projects	Unlicensed	7.4	Denizli
Tokat Projects	Unlicensed	5.6	Tokat
Yaysun	Unlicensed	0.6	Konya
Solentegre	Unlicensed	0.6	Elazığ
Karine	Unlicensed	0.6	Elazığ
Total		**95.5**	

Power Plants Under/Ready for Construction

PSİ	Licensed	13.0	Van
IOTA	Licensed	12.0	Malatya
Total		**25.0**	
SPP PORTFOLIO TOTAL		**120.4**	

WPP GROUP

- The acquisition of four plants was completed on 13 June 2017. As of 31.12.2018, three of the licenses that have not been put into operation yet are in Çanakkale and one in Denizli.*
- On 19 March 2018, an agreement was signed with Siemens Gamesa for the EPC works of the four projects and construction of the projects started. All projects are planned to put into operation in 2019. When the four projects are completed, the total installed capacity will be 275.4 MW and the annual production capacity will be 793.3 GWh.
- Akfen Renewable Energy acquired the largest green energy loan in Turkey for its solar and wind power projects worth USD 530 million. Domestic and foreign finance giants joined forces for a total of USD 363 million loan to be used in the implementation of 9 SPP and 4 WPP projects. Accordingly, the 260 million dollar WPP loan was provided by KfW IPEX-Bank and EBRD under the guarantee of Vakıfbank, Garanti Bank, Yapı Kredi Bank and İş Bank.

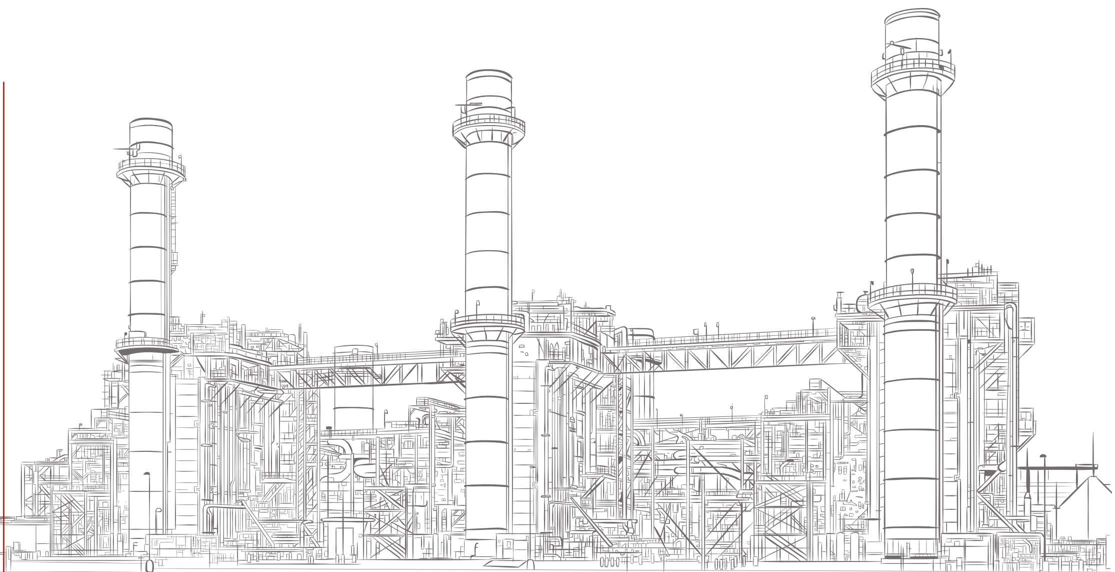
WPP Projects Under Construction - 2018

Company	Project Name	Location	Installed Capacity (MW)
Derbent Enerji	Üçpınar	Çanakkale	112.2
Isıder Enerji*	Kocalar	Çanakkale	30.6
Kovancı Enerji	Hasanoba	Çanakkale	57.8
Korda Enerji	Denizli	Denizli	74.8
TOTAL			**275.4**

** Kocalar WPP, with an installed capacity of 30.6 MW, commenced operations on 14 March 2019 in Çanakkale.*

AKFEN ENERGY GENERATION

(NATURAL GAS INVESTMENTS)



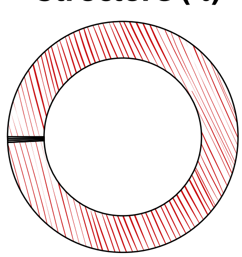
MERSİN CCGT PROJECT DEVELOPED TO STRENGTHEN THE COUNTRY'S ENERGY INFRASTRUCTURE HAS A TOTAL INSTALLED CAPACITY OF 1,150 MW

- Akfen Holding, in order to strengthen its presence in Turkey's energy infrastructure, to diversify production sources and to make electricity generation sustainable, has planned to develop investments through Akfen Energy Generation Inc.
- For this purpose, studies on the natural gas combined cycle power plant project in Mersin continued. The generation license was obtained in Mersin CCGT with a total installed capacity of 1,150 MW, the EIA report was approved and the capital requirements were fulfilled as of 13 January 2014. Construction of 154 kV substation was completed and transferred to TEİAŞ and started to operate.

'Positive' certificate received for EIA

- Within the scope of the project, 380 kV Mersin CCGT – Konya Ereğli TM Energy Transmission Line, which is planned to be constructed by TEİAŞ, has also received EIA positive certificate. TEİAŞ has also approved the project and expropriation plans for the 380 kV transmission line. Dismantling and cleaning of the old fuel-oil plant in the site was completed in October 2015 and EIA studies were completed. The land side zoning plans of the project were approved and the approval process of zoning plans for seaside structures is in progress.
- In 2008-2018, investments for the natural gas power plant reached USD 32 million.
- EMRA approved the application of Akfen Energy Production for the license period modification of Mersin CCGT on 5 September 2017 and the completion date of the facility was determined as 8 January 2024 with an additional 66 months.

Akfen Energy Generation Shareholding Structure (%)

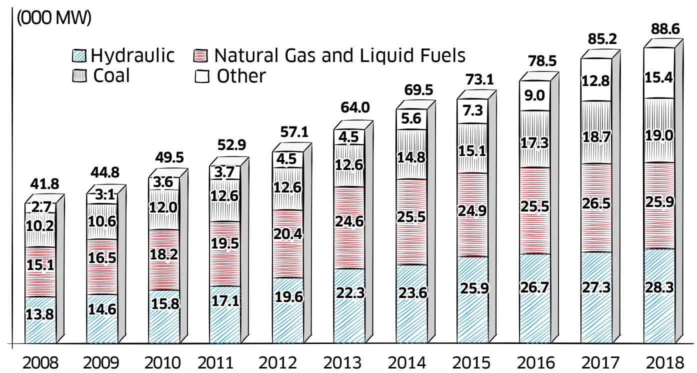


Akfen Holding	**99.25%**
Akınısı	**0.25%**
Akfen Tourism	**0.25%**
Akfen Construction	**0.25%**

ENERGY SECTOR

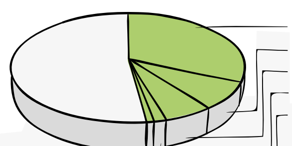
- One of the main components of the energy policy of Turkey, which is largely dependent on external resources, is the more efficient use of local and renewable energy sources. Over the last decade important steps have been taken to liberalize the sector. Incentives for local coal power plants and additional taxes for imported coal, incentives for the production of solar panels and wind energy tribunes in Turkey, have paved the way for local and renewable energy investments.
- The renewable energy trends in Turkey develop in parallel with the same globally. Economic administration has recently taken important steps to reduce energy costs. These steps have led to an increase in the share of renewable energy in Turkey's total installed capacity.
- While the share of renewable energy power plants in installed capacity was 34% in 2008, this number increased to 47% in 2018.
- Over the last 10 years, the installed power has doubled (111.8%). Total installed capacity for Turkey increased by 3.9% 2018 compared to the previous year and reached 88,551 MW.
- The highest share in the installed power development in terms of resources is hydraulic with 31.9%. Natural gas + LNG (29.2%), coal (21.5%), wind (7.9%) and other power plants such as geothermal-solar-renewable waste and liquid fuel (9.5%) follow.
- As a result of the changes in energy production in Turkey over the last 10 years there has been a significant increase in installed capacity of renewable sources other than hydro. Even though its share in the total installed power is low, the installed capacity of solar power plants increased by 148% compared to the previous year and reached 5,063 MW.

Development of Installed Capacity by Sources



Source: TEİAŞ

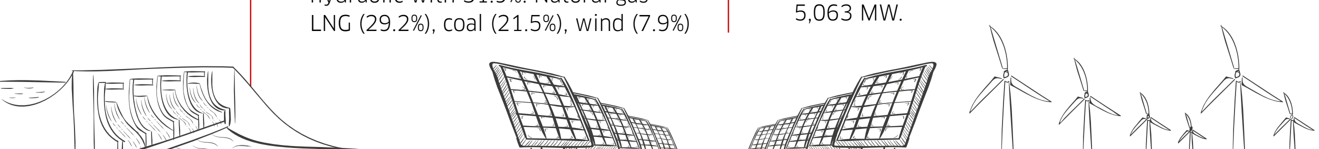
Share of Renewable Energy in Total Installed Capacity



	Installed Capacity (MW)	Share (%)
Hydraulic	28,291	**31.9**
Wind	7,005	**7.9**
Solar	5,063	**5.7**
Geothermal	1,283	**1.4**
Renewable +waste	739	**0.8**
Other	46,170	**52.1**
TOTAL	**88,551**	**100**

Source : TEİAŞ

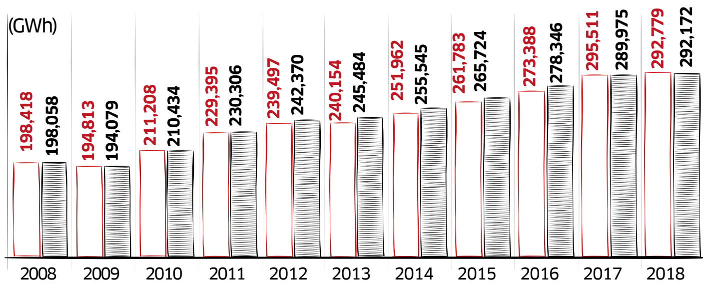
WHILE THE SHARE OF RENEWABLE ENERGY INSTALLED CAPACITY IN TURKEY WAS 34% IN 2008, THIS NUMBER INCREASED TO 47% IN 2018



Capital Depreciation Ratio: Reveals how long term resources and their expenses affect equity and profit for the period.

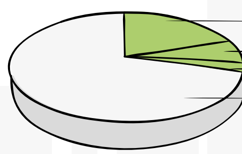
$$\text{Capital Depreciation} = \frac{\text{Period Profit} + \text{LT Borrowing Cost}}{\text{Shareholder's Equity} + \text{LT Liabilities}}$$

Generation & Consumption in Turkey



Source : TEİAŞ

Share of Renewable Energy in Total Generation



	Generation (GWh)	Share (%)
Hydraulic	59,719	20.4
Wind	19,757	6.7
Geothermal	6,906	2.4
Solar	58	0.02
Other	206,340	70.5
TOTAL	**292,779**	**100**

Source : TEİAŞ

Electricity generation and consumption develop in parallel

- Energy generation and consumption is increasing as the investments made by countries for industrialization and development increase. Like in many countries in the developing world, electricity production and consumption in Turkey, too, grew over the last 10 years (average annual growth 4.0%).

Coal has the highest share in generation

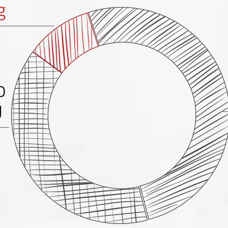
- On the basis of resources in 2008 natural gas power plants were in the first place in electricity generation with 49.7%, and coal and hydraulic plants followed with 29.1% and 16.8% respectively.
- In 2018, the share of coal in total electricity production rose to first place with 37.4%. Natural gas with 30.8%, hydraulic with 20.4%, wind-solar-geothermal with 9.3% and renewable waste power plants with 2.1% followed

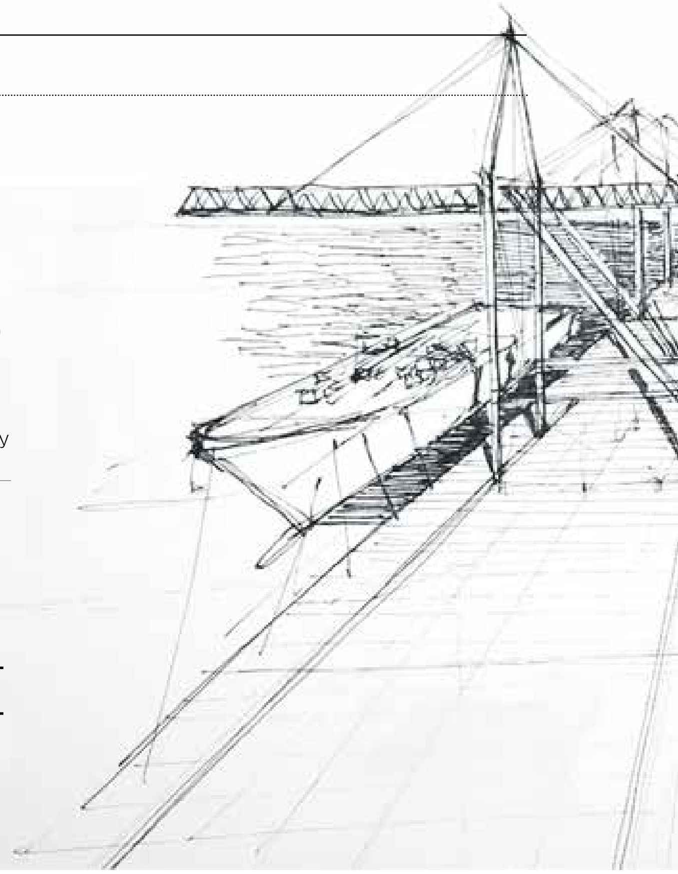
Share of renewable energy increases rapidly

- The share of renewable energy in energy generation has increased rapidly over the last 10 years. While 17% of the electricity generated in 2008 was supplied from renewable sources, this number increased to 30% in 2018. In 2008 the share of renewable power plants other than HEPP, which consist of geothermal and wind power plants, was only 0.5% in total generation and this number increased to 9.3% in 2018.
- There is a linear relationship between social and economic development and energy consumption. Energy consumption is increasing in parallel with the increase in economic and social welfare.
- The growth over the last 10 years in Turkey's annual GDP was 5.2%, but the increase in demand for energy remained at 4.0% on average. This shows that Turkey has a long way to go when energy is concerned.
- In terms of energy consumption per capita Turkey still lags well behind other OECD countries.

MERSİN INTERNATIONAL PORT

MIP Shareholding Structure (%)





Subsidiary Structure

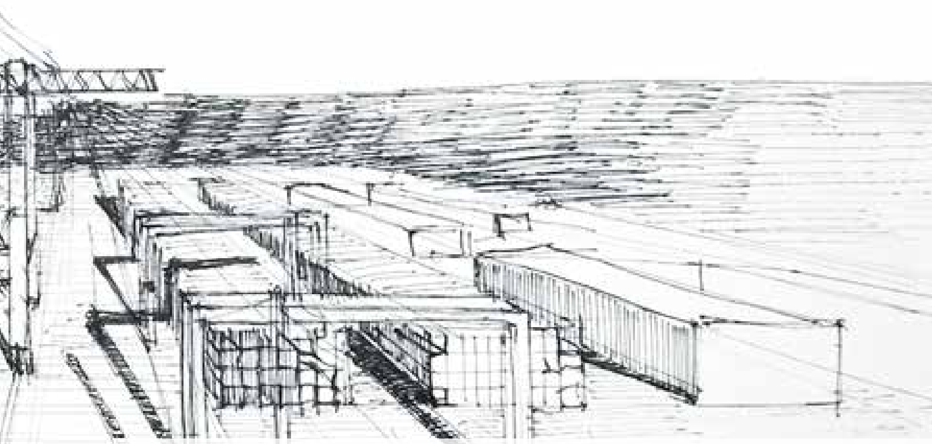
Mersin Denizcilik Faaliyetleri ve Tic. A.Ş.	100%

MIP BECAME THE LARGEST CONTAINER PORT OF TURKEY IN 2018

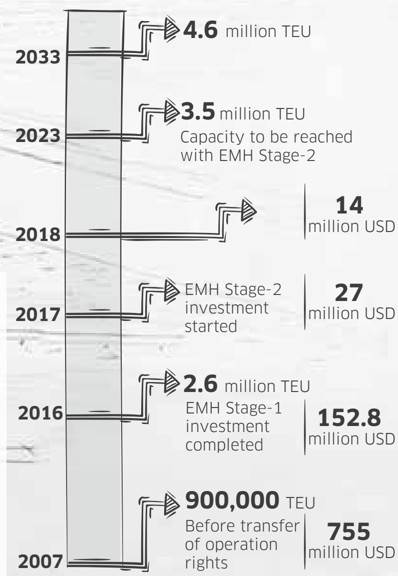
- MIP, Turkey's largest multi-purpose export-import container port, is Turkey's leading container port with its links to highways, airports and railroads. MIP, with its 6,200 regular customers around the world, has 17% market share among Turkish container ports, and 21% market share in import-export-transit container business.

Turkey's largest container port

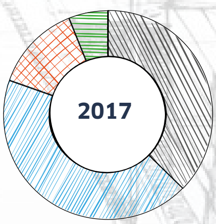
- MIP, thanks to its strategic location, capacity, road, air and rail links, with the combined transport options available for neighboring countries and industrialized cities of Turkey, is the leader port of Turkey. It also has a rapidly developing hinterland, diversified by an established ecosystem.
- MIP is directly connected to Mersin Free Zone which has a total area of 836.322 m^2. With a high quality infrastructure, skilled human resources, its strong connections with its customers and shipping companies, MIP is one of the world's 100 largest container ports, and it's Turkey's door to 190 countries for bilateral trade.
- It plays an important role for Turkey's industrialized cities, primarily Adana, Ankara, Gaziantep, Kayseri, Kahramanmaraş and Konya, and also for the trade with Syria, Iraq and Iran.
- With an area of 112 hectares, MIP is Turkey's largest multi-purpose port; gives container, conventional, Ro-Ro shipping and maritime services; and has 6,200 regular customers worldwide. MIP has 1,896 employees, offers a total of



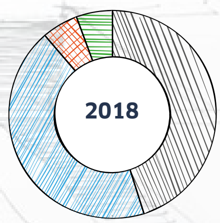
MIP Capacity Projection



Container Regime Breakdown



2017		2018
37.3%	Import	45.1%
43.1%	Export	43.6%
13.5%	Transit	5.6%
6,1%	Transhipment	5.6%
0.0001%	Cabotage	0.0002%



32 services and has 17% market share among container ports in Turkey, while the import-export-transit container volume share is 21%. In 2018, the market share of MIP among the Eastern Mediterranean ports (MIP, Assan and Limak) was 76%.

- MIP's way intersected with Akfen Holding as a result of the tender held by the Privatization Administration in 2007. The Akfen-PSA partnership won the 36-year transfer of operating rights for MIP with an offer of USD 755 million.
- MIP was handling 800 thousand TEU containers when taken over from the Turkish State Railways in 2007 and in 2017, when Akfen Holding sold 40% shares to Global InfraCo SP NEUM SLU, this number had risen to 1.6 million TEU.
- Akfen Holding sold 40% of its shares in MIP to Global InfraCo SP NEUM SLU for USD 869 million. The sale agreement was signed on 28 July 2017 and the sale procedure was completed on 27 October 2017.

Investments exceeded USD 1.2 billion...

- In accordance with the concession agreement signed in 2007, a total investment of USD 360 million was made between 2007 and 2017, USD 100.4 million of which was for the purpose of operational efficiency and USD 280 million was for capacity increase. The total investment cost has exceeded USD 1.2 billion with USD 755 million paid for operating rights.
- The capacity of the port, which was 900 thousand TEU in 2007 before the transfer of the concession rights, has increased 3 fold and reached 2.6 million TEU in 2016 after the investments.
- The first phase of the EMH project, which helped this capacity increase and whose construction started in 2014, was completed on 8 August 2016.

The first phase of the investment cost USD 152.8 million...

- In the first phase of the EMH Project, a total investment of USD 152.8 million was made, including USD 52.5 million for equipment and USD 100.3 million for infrastructure.
- Thanks to this investment, the berth capacity has reached 2.6 million TEU and field capacity has reached 2.2 million TEU. Additionally, the port can be used for ships with a depth of 15 meters and a length of 387 meters.

As of the end of 2017, EMH Phase-2 studies were started. When EMH Phase-2 is completed, the berth capacity will be increased to 3.5 million TEU and the port will be able to serve two mega ships at the same time. The goal is to gradually increase the port's handling capacity to 4.6 million TEU within 10 years.

Environmentally friendly equipment

In addition to EMH investments, MIP's position in the Mediterranean basin is further strengthened by its 500-meter long quay, state-of-the-art technology, environmentally friendly equipment, a 15,500-volt substation to meet the electricity demand and a 106,000 m^2 back area.

As a result of all these investments, MIP has become a port that handles 1 million 720 thousand TEU containers annually, has a conventional cargo capacity of more than 10 million tons and an annual transaction volume exceeding 30 million tons.

Attractive Eurobond

MIP, which continuously improves its port capacity, is also getting stronger financially. In 2013 MIP issued USD 450 million of bonds abroad through international banks and these bonds were rated Baa3 by Moody's and BBB- as investment grade by Fitch. Moody's lowered the credit rating of Turkey on 17 August 2018. Accordingly, on 28 August 2018 Moody's downgraded MIP's credit rating from Ba1 to Ba2. As of 31 December 2018, the price of the bond was USD 99.895 and the yield was 5.94%.

Increase in dividend payment

In March 2018, MIP paid TL 198 million in dividends over 2017 profit. In addition, in June 2018, the company paid TL 55 million in dividends in advance for the first quarter of 2018.

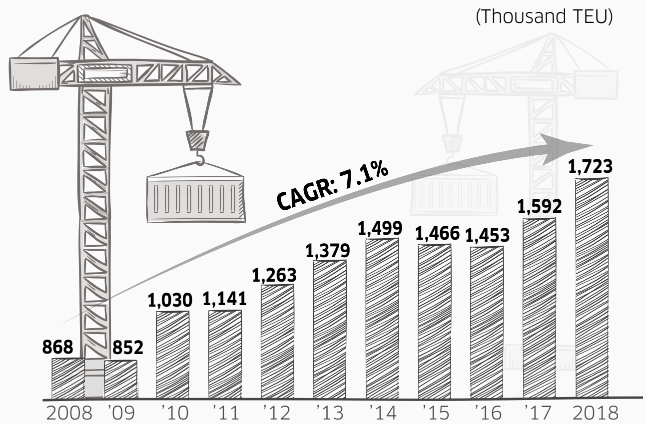
MIP Port Development (2007-2018)

	2018	2007
Capacity (million TEU)	2.6	0.9
Container	9	6 Allocated, 3 Multi-purpose
Max Ship Size (thousand TEU)	18	5
Gantry Crane	12	5
Mobil Crane (MHC)	5	1
Container Stacking Site	38 ha	20 ha
- RTG	2	7
- E-RTG	36	0
- Full Container Handling Machine (Reach Stacker)	10	10
- Empty Container Handling Machine (ECH)	13	13
Number of Container Slots	11,901	7,000
Crane Efficiency (Movement/Hour)	59	18-20

Source: MIP

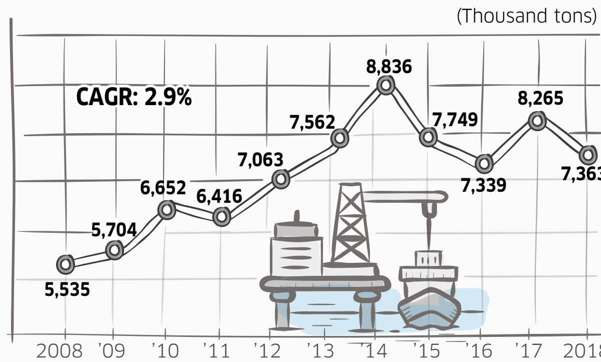
MIP Container Handling Development

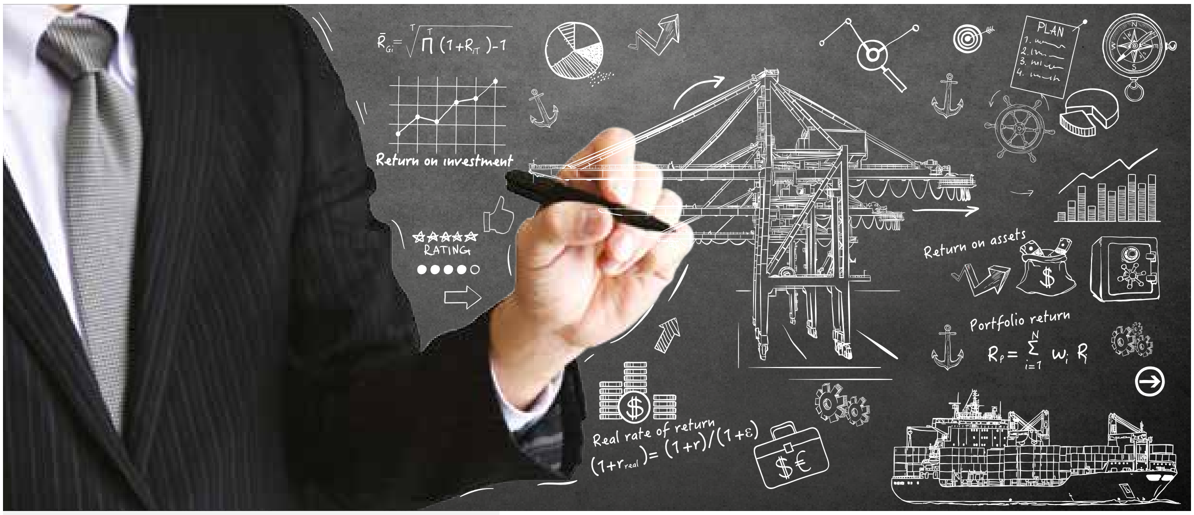
(Thousand TEU)



MIP Conventional Cargo Development

(Thousand tons)





HIGHLIGHTS OF 2018

CONTAINER VOLUME CONTINUES TO GROW:
The ongoing conflicts and uncertainties in Syria in 2018, fluctuations in exchange rates and the overall weakening in global trade caused a weak growth in MIP's hinterland. However, growth in transaction volumes in MIP was above the Turkish average. Container business volume increased by 8% in 2018 from 1.59 million TEU to 1.72 million TEU. The main factors affecting the increase in container volume are; increasing exports along with the potential in the region and corresponding increase in raw material imports.

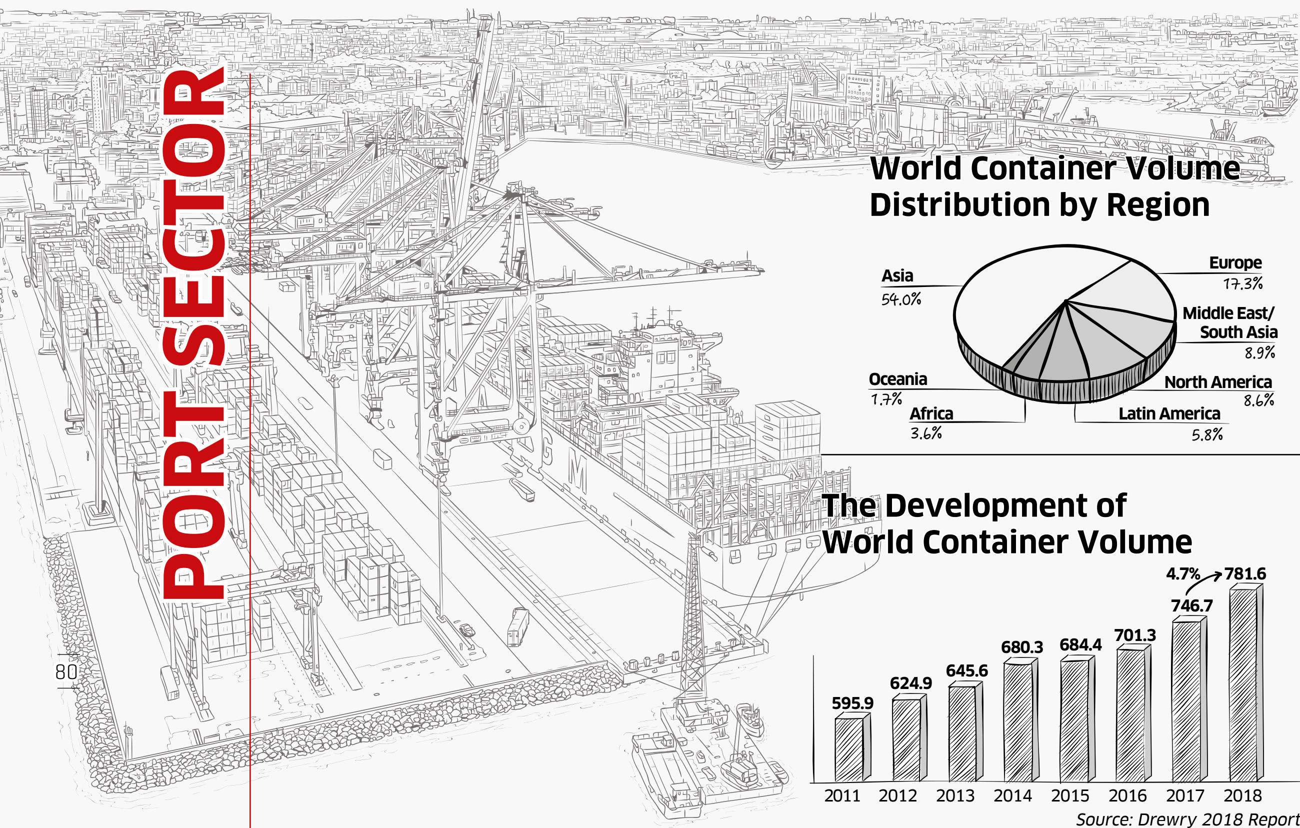
Awards

- MIP placed 313th in "**Turkey's Top 500 Private Companies"** list of Capital magazine in 2018. It ranked 227th in **"Turkey's Top 500 Private Enterprises"** list of Fortune magazine in the same year.
- MIP won the **"Port of the Year"** award in Atlas Logistics Awards in 2011, 2012, 2013, 2014, 2015, 2016 and 2017 and was named the **"Port of the Year"** in 2018, crowning its success for the eighth time in a row.
- MIP ranked 96th in the list of **"100 Largest Container Ports in the World"** published by Lloyd's List magazine.
- MIP was ranked 27th in the TIM (Turkish Exporters Assembly) **"Turkey's 500 Largest Exporter Services Survey"**.

Investments throughout the year

- **Five RTGs were put into operation by the end of February 2018:** In order to increase dock and field capacity and make terminal services faster after EMH 1st Phase, five container stacking field cranes (RTG) were ordered in 2017. These cranes reached the port site in December 2017 and were put into operation at the end of February 2018.
- **Berth crane started service:** In 2018, one berth crane (STS Gantry) was purchased to support berth capacity and to make berth handling services faster after EMH 1st Phase. The crane was put into operation as of December 2018.
- **20 haulers with TIR trailers were purchased:** 20 haulers with TIR semi-trailers were purchased to be used for container transport both inside and outside the port. These trucks were put into operation in August 2018.
- **Stacking machine was ordered:** In order to provide faster service in field operations, in 2018 one full and six empty container stacking machines were ordered.
- **Two loaders were put into operation:** In 2018, two loaders were purchased to be used in general cargo dock operations. As of November 2018, these loaders reached the port area and were put in use.

PORT SECTOR

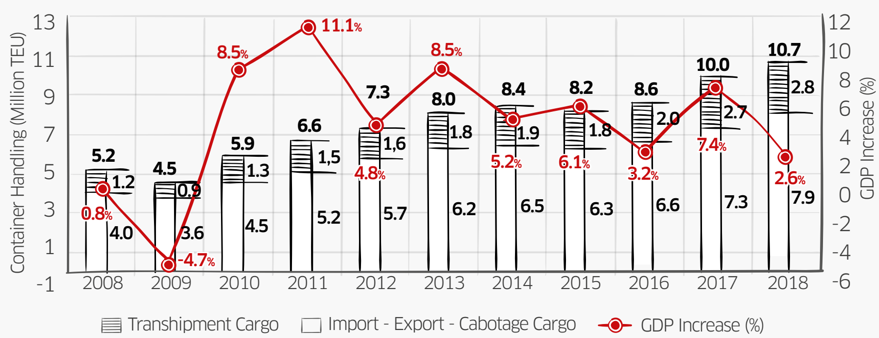


Source: Drewry 2018 Report

OUT OF THE TOTAL OF 10.7 MILLION TEU CONTAINERS HANDLED IN TURKEY IN 2018 1.7 MILLION TEU WERE HANDLED BY MIP

- 90% of world trade in goods and 87% of Turkey's trade in goods is carried by sea freight. The most important reason why seaway is preferred in the world is its low cost compared to land and air transportation.
- In Turkey in addition to the low cost, Turkey's geographical location and its proximity to Asia, Europe and Africa are important advantages for maritime transport and big factors in the development of the maritime transportation sector. Additionally, Turkey has made large investments in port corporations over the past decade and thereby has doubled its capacity and the number of containers. Turkey has a total of 70 ports, 6 of which are operated by the Maritime Administration and State Railways. Maritime transport has become a very common and preferred mode of transport in Turkey. Ports such as İzmir Port, Ambarlı Port and Mersin Port are active in both foreign trade and transportation to neighboring countries. Over the last 5 years, the commercial fleet has expanded rapidly and our country has the 13th largest fleet in the world.

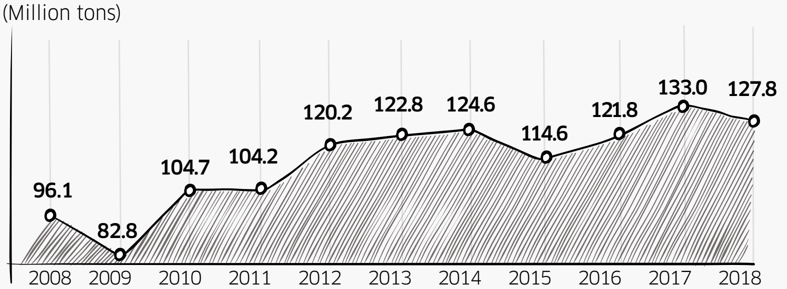
The Development of Container Handling in Turkey



Source: Turklim – TurkStat

The Development of Conventional Cargo in Turkey

(Million tons)



Source: Turklim

PORT SECTOR IN NUMBERS

Amount of Container Handled (2018)

10.7
million TEU

Increase in handling
(10 years CAGR)

7.5%

Conventional Throughput
(2018)

127.8
million tons

Conventional Load Increase
(10 years CAGR)

2.9%

- The container port sector is affected by the unfavorable developments in the global economy. Container volume and economic growth show parallel development to each other. On the other hand, the anticipated improvement in containerized trade flows has created an expectation of growth in the number of handled containers in global ports.
- According to the Drewry 2018 Container Expectations Report, the amount of containers handled worldwide is expected to reach 782 million TEU in 2018 with an increase of 4.7%.
- The increase in the volume of foreign trade in Turkey, the increase in trade with neighboring countries and private equity investments in port operations help the industry's rapid growth. According to TURKLİM data, the amount of containers handled in import-export and domestic transportation reached 7.9 million TEU (2017: 7.3 million TEU) in 2018, while transhipment cargo volume reached 2.8 million TEU (2017 2.7 million TEU). Thus, the amount of cargo handled in 2018 reached 10.7 million TEU (2017: 10 million TEU). Conventional load amount was 127.8 million tons (2017: 133 million tons).
- Growth in the volume of containers handled in Turkey was 7.6%, when GDP grew by 2.6% in 2018. During the 10-year period between 2008 and 2018, growth in the container volume exceeded the country's growth. While Turkey's economy grew by 5.2% over the last 10 years on average, container transport grew by 7.5%. The 10-year average growth in conventional cargo was 2.9%.

Long-Term Borrowing Rate: Measures the extent to which firms have borrowed in their investments

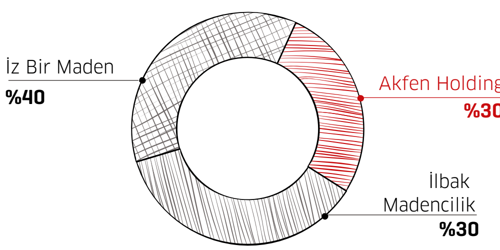
$$\text{Long Term Debt Ratio} = \frac{\text{Long Term Debt}}{\text{Long Term Debt} + \text{Equity}}$$

ACACIA MINING

Mine life **12 years** | Project amount **USD 300 million**

- Acacia Mining, in which Akfen Holding is in partnership with İlbak Mining and İz Bir Mining, is conducting the copper mine project in Hanönü district of Kastamonu province.
- In the investment of USD 300 million to produce copper concentrate from copper ore, construction is completed as of the end of 2018 and production started in March 2019.
- With the commencement of production, 24 million tons of copper ore will be processed and 360 thousand tons of metallic copper content will be produced and sold for 12 years.
- Acacia Mining was founded in 2007. The company established partnership with İlbak Holding before 2011 and Akfen Group became a 30% shareholder of the company in 2016. The company currently operates under the name Acacia mining, as a partnership of Akfen Holding, İlbak Holding and İzbir Mining Inc.

Acacia Mining Shareholding Structure



CONSTRUCTION WORK OF ACACIA MINING WAS COMPLETED AS OF THE END OF 2018 AND PRODUCTION STARTED IN MARCH 2019

- The Company has implemented the Gökırmak Copper Mine Project within the borders of Hanönü District, 70 km east of Kastamonu city center.
- Acacia Mining Operations Inc, within the scope of Gökırmak Copper Project, will process copper ore in its facilities and obtain copper concentrate which is an intermediate product in metallic copper production process.
- Exploration started in 2007 and an investment decision was made in 2017. The total amount of copper ore to be extracted from the mine is 22,000,000 tons and the metallic copper content is 360,000 tons.
- The investment amount of the project is approximately USD 300 million. 40% of this amount was obtained from equity and the remaining 60% was obtained from the consortium of BNP Paribas S.A., ING European Financial Services, Societe Generale and Traxys, which are the three foreign creditors. With its strong equity structure and international financing support, the project has the potential for growth. It is expected that the mine reserves will be increased with additional drillings and the life of the mine will be increased to over 20 years.

Copper ore **24 million tons** | Amount of copper **360 thousand tons**

- During the life of the mine, it is predicted to provide employment opportunities for a total of 1,050 people, 700 people directly and 350 people indirectly. Additionally, the contribution to the country and the economy of Kastamonu will be around TL 5 billion. It is predicted that approximately TL 12 billion foreign currency will come from exports during the life span of 12 years. The company will start operating in full capacity after the test production in the first quarter of 2019.
- There are a total of 8 mining licenses belonging to Acacia Mine Works Company in the region where Gökırmak Copper Mine is located. The area covered by these licenses is 14,000 hectares and as of March 2019, the open pit, where the copper ore is being extracted, covers an area of approximately 120 hectares. Acacia Mining continues to operate under a single license and reserve determination studies are continuing for the rest of the license and other licensed areas.

Characteristics of Gökırmak Project

2 million tons of copper ore will be produced:

A total of 85,000 meters of drilling was carried out and an economic reserve of 24 million tons with an average of 1.5% copper was found. The production method used is open pit production method. Gökırmak Copper Mine is the largest open pit copper mine of Turkey. For 12 years, 2,000,000 tons of copper ore containing 1.5% copper will be produced from the open pit.

The ore will be converted into copper concentrate:

The ore extracted from the mine will be transported by trucks to the ore enrichment facility with an annual processing capacity of 2,000,000 tons, located 5.3 km from the mine. The ore which is fed 75 cm in size will be reduced to 20 micron in crushing-grinding units and fed to flotation unit. The copper ore will be converted into copper concentrate containing 24% copper in the flotation unit. The annual concentrate production is 120,000 tons.

A major mining project for Turkey:

The annual consumption of copper and copper products is 400 thousand tons in Turkey and the annual production of copper equivalent from mining activities and scrap is approximately 100 thousand tons. The difference of 300 thousand tons (USD 2 billion) is covered by imports and scrap. Acacia will produce copper concentrate equivalent to 26 thousand tons of copper in Gökırmak Copper Mine annually. Considering the production of 100,000 tons of metallic copper equivalent in 2017, the importance of the project is clear.

It will create added value in many areas:

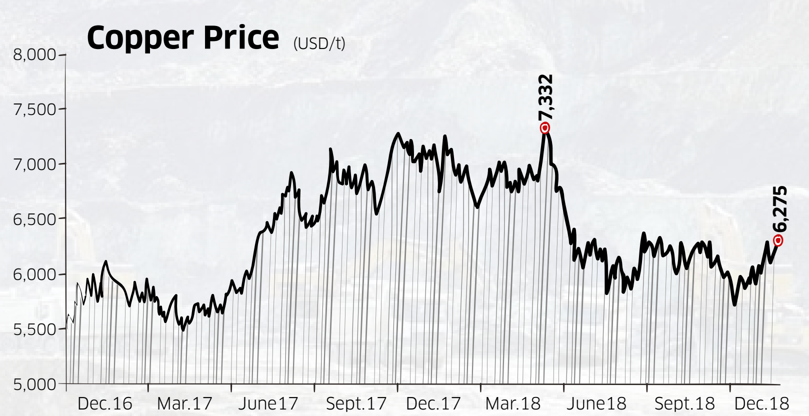
The socioeconomic impacts of the project will be in the shape of creating added value in areas such as local industry, employment, transportation, material supply, engineering and contracting services, local construction sector, local community support programs, electricity consumption, tax, other mining explorations and project investments and exports.

Employment for 1,050 people:

The project has also made major contributions in terms of employment and will make more. During the life of the mine, 1,050 people will be employed. It will contribute to the reduction of unemployment in the region through giving priority to the employment of the local population, direct and indirect employment, and prioritizing local firms for construction and installation works during and after the investment period.

COPPER MINING SECTOR

- Copper, which has the best conductivity among industrial metals, is used effectively in energy, communication, construction, transportation vehicles and industrial machinery production sectors. The extensive use of copper and the increasing consumption have led the copper producers to look for new deposits.
- The largest production in the world is in South America. In this region, Chile accounts for more than a quarter of the world's copper mine production. The countries with the most copper mines in the world are Chile, Peru, China, USA, Africa, Australia, Mexico, Russia, Kazakhstan and Canada.
- Today, copper is used in many fields. In particular, because it is the second best conductor of electricity, copper is used for the production of electrical cables. Copper is a good conductor of heat as well as electricity. Copper is preferred in telephone and internet cables in the communication network. Since it conducts heat well, copper is used in kitchen electronics, reinforcement of concrete and beams used in construction, in the field of chemistry, transportation vehicles, jewellery, paint and also in the content of souvenirs.
- According to ICSG data, copper mine production in the world was 20.5 million tons in 2018 with an increase of 2.3% compared to the previous year. The increase was mainly from production in Chile, Indonesia, Congo and Zambia mines.
- ICSG announced that in 2018 the global copper market deficit increased from 265,000 tons to 387,000 tons compared to the same period of the previous year. In 2018, refined copper production increased by 1.5% to 23.9 million tons, while consumption increased by 2.0% to 24.3 million tons. The main source of increase in the global production and consumption of refined copper has been China.



Source: Bloomberg, LME copper

- In 2017, China accounted for 38% of global refined copper production. China is followed by Chile (10%), Japan (6%) and the United States (5%).
- In 2018, copper price declined by 18% year-on-year due to investors' concerns about the demand due to the trade war despite some positive key indicators such as stock drop. Copper prices, which are like the barometer of the global economy, started to rise again at the end of December 2018 when the US and China began negotiations to resolve trade disputes.
- At the end of 2018, the ton price of copper increased from USD 5,965 to USD 6,275 in mid-February 2019.
- In 2019, the expectation is that the demand will remain strong (especially due to China's increased consumption of electronic vehicles/electric cars and positive expectations in the construction sector) and prices will remain high due to the expectation that the increase in supply and production will be limited. The increase in copper prices is expected to continue in the long term, especially due to the increase in electric car sales and the positive expectations in demand and the lack of large-scale new investments.

Copper mining industry in Turkey

- The majority of the mineral varieties used industry worldwide exist in Turkey. According to the MTA (The Institute of Mineral Research and Exploration) survey, among the most abundant minerals in Turkey are dolomite, marble, lignite coal, bituminous coal, rock salt, boron, copper ore and pumice.

Turkey Industry Summary:

- Turkey's copper export is 220 thousand tons/year and import is 540 thousand tons/year.
- Turkey's annual copper production of approximately 100 thousand tons, while consumption is 420 thousand tons.
- According to MİGEM (The General Directorate of Mining and Petroleum Works) data, 2.5 million tons of copper was processed in our country in 2017 (2016: 5.1mn tons).
- According to ICSG ranking Turkey came 6th in refined copper imports in 2018 and 11th in production capacity for copper and copper alloys.

Receivable turnover rate: It shows how long it takes to collect the company's receivables from sales. It is an important indicator for lending institutions.

$RTR = \frac{Sales}{Receivables}$

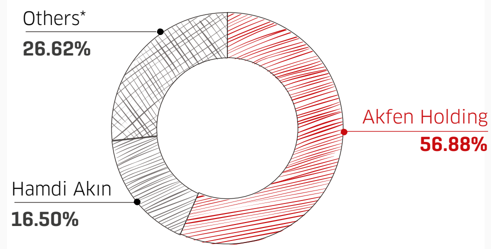
AKFEN REAL ESTATE INVESTMENT TRUST

- Akfen REIT has reached a portfolio of 20 hotels in 10 years since 2007 with its Contemporary City Hotels project, which is a pioneer in the sector. Thus, Akfen REIT has become one of Turkey's leading hotel investors with Accor expertise. In 1997 the company started operations under the name Aksel Tourism Investments and Management Inc. and was transformed into a real estate investment trust in 2006.
- The company has taken action with an international brand to resolve the market gap, especially in cities other than Istanbul, for 3 and 4 star hotels. Following the public offering in 2011, Akfen REIT began trading on Istanbul Stock Exchange on 11 May 2011. The free float is 24.26%. At the end of 2018, the closing price of Akfen REIT stock was TL 1,65 (closing market cap: TL 303.6 million).

CITY HOTEL CONCEPT STARTED WITH AKFEN REIT IN TURKEY

- Akfen REIT became strategic partners with Accor, the world's leading hotel chain, in 2005. It obtains regular and predictable rental income from long term hotel leases in Turkey and Russia.
- Akfen REIT has an annual minimum income guarantee for its contracts with Accor (excluding Russia and Cyprus). The income from hotels in Turkey was determined as the higher of the turnover or a portion of adjusted gross profit. For rental income or adjusted turnover This type of contract has minimum income guarantee on the one hand and having the potential to obtain a share of the revenue increase provided by the hotel performance on the other.
- This business model is to develop city hotel projects under Novotel and Ibis brands within the framework of the strategic cooperation between Akfen REIT and Accor. The company's domestic investments focus on taking maximum share from the potential of the growing middle class and the steadily increasing mobility of the Turkish business community in the sector.
- Akfen REIT aims to reduce liabilities and thereby bring out the value of the company, while at the same time reaching a financial structure that pays dividends.
- The casino and 5 star hotel Merit Park Hotel in Kyrenia, TRNC, which is in the portfolio of Akfen Trade, a subsidiary of Akfen REIT, has been operated by Voyager, a Net Holding group company, since the beginning of 2013. As of 31 December 2018, the number of employees of Akfen REIT and its subsidiaries is 21.
- Most recently, the construction of the 200-room Tuzla Ibis Hotel with a total investment cost of EUR 17.2 million was completed in 2017 and the hotel started operations in April 2017.

Akfen REIT Shareholding Structure



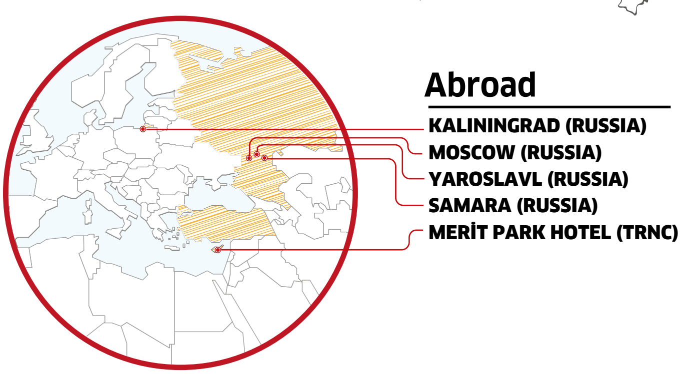
** Between 19.09.2016 and 23.05.2017, 2.29% public shares of Akfen REIT were purchased under the share buy back program.*

Subsidiary Structure

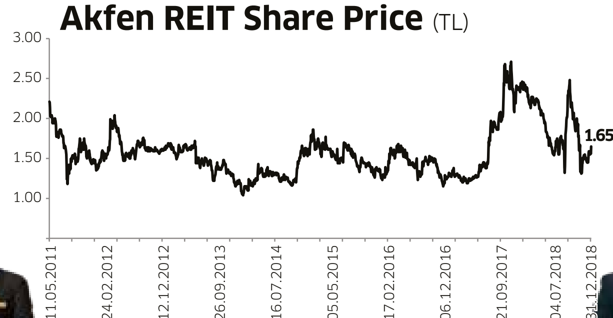
Akfen Gayrimenkul Ticareti ve İnşaat A.Ş.	**100.00%**
Russian Hotel Investment BV	**97.72%**
Russian Property Investment BV	**95.15%**
Hotel Development Investment BV	**100.00%**
Akfen Karaköy Gayrimenkul Yat. ve İnş. A.Ş.*	**91.47%**
Akfen İnşaat Turizm ve Ticaret A.Ş. ve Akfen GYO A.Ş. Adi Ortaklığı	**99.00%**

** 19,90% capital of Akfen Karaköy Real Estate Investments and Construction Inc. belongs to Akfen Real Estate Investment Trust Inc. and 71,57% to Akfen Real Estate Trade and Construction Inc.*

Akfen REIT Hotel Portfolio



Akfen REIT Share Price (TL)



Hotel Portfolio

	Opening Date	Number of Rooms
DOMESTIC HOTELS		
Zeytinburnu Ibis	2007	228
Zeytinburnu Novotel	2007	208
Eskişehir Ibis	2007	108
Trabzon Novotel	2008	200
Gaziantep Ibis	2010	177
Gaziantep Novotel	2010	92
Kayseri Ibis	2010	160
Kayseri Novotel	2010	96
Bursa Ibis	2010	200
Adana Ibis	2012	165
Esenyurt Ibis	2013	156
Ibis Alsancak	2013	140
Ibis Ankara Airport	2014	147
Novotel Karaköy	2016	200
Tuzla Ibis	2017	200
HOTELS ABROAD		
Merit Park Hotel/TRNC	2007	286
Yaroslavl Ibis/Russia	2011	177
Samara Ibis/Russia	2012	204
Kaliningrad Ibis/Russia	2013	167
Moscow Ibis/Russia	2015	317
TOTAL		**3,628**

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Operational Performance of Hotels

		Occupancy Rate		Revenue Per Room (Euro)**		Total Revenue Per Room (Euro)***	
Hotels	**No. of Rooms***	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Turkey Total	2,477	66%	62%	22	22	29	28
Russia Total	865	63%	60%	28	26	38	36
GRAND TOTAL	**3,342**	**65%**	**62%**	**24**	**23**	**31**	**31**

* The 286-room Merit Park Hotel in the TRNC is not included.
** Revenue Per Room = Average Room Fee x Occupancy Rate
*** The total room revenue include room fees and other revenues (food & beverage, seminar-congress, banquet income).

HIGHLIGHTS OF 2018

TL 170 Million Convertible Bonds Issued Successfully:

On January 16, 2018, Akfen REIT issued 3-year convertible bonds worth TL 170 million.

Bulvar Loft Project*:

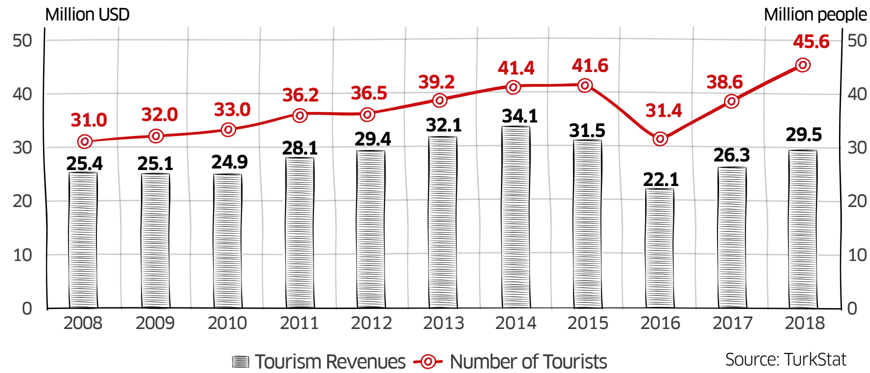
"Income sharing in exchange for the 36,947 m² land plot in Ankara Province Gölbaşı Kızılcaşar Neighborhood on plot 120573, parcel 1" based on the income sharing model of İller Bank, was completed by Akfen Construction and Akfen REIT Ordinary Partnership (Akfen REIT 99% – Akfen Construction 1%) as of the end of 2018. The project covers 94.453 m² and consists of 822 residences, 31 commercial areas and independent sections.

Transfer of Privileged Shares:

On 3 August 2018, Akfen REITs 1,000 Group A and 1,000 Group D privileged shares were transferred to Hamdi Akın.

** In January 2019, Bulvar Loft project completed the sale of the independent units remaining in inventory.*

Turkey's Tourism Revenues & Number of Tourists



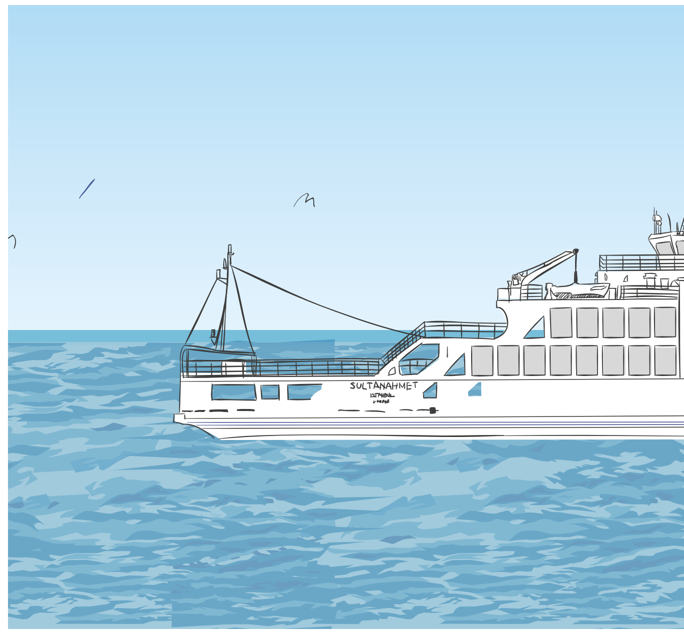
Source: TurkStat

IN 2018, THE NUMBER OF TOURISTS INCREASED BY 18.1% YoY AND EXCEEDED 45 MILLION

- The tourism sector makes an important contribution to the national economy. As of the end of 2018, the number of tourists, which was around 10 million in the 2000s, exceeded 45 million.
- The positive trend in the Turkish tourism sector in 2017 continued in 2018 with the increase in investments in transportation infrastructure, hotel and airport construction. The normalization of relations with Russia and Europe, the increase of security in the global sense and the rise of the interest from the Middle East to our country were the reasons for the increase. Additionally, because TL lost value, Turkey has made become more attractive to foreign and domestic tourists.
- According to a study by TÜROB (Hotel Association of Turkey) using data from STR, the world's leading research and analysis firm, in 2018 hotels in Turkey caught an average occupancy rate of 66,2% with an increase of 10%, and room rates (ADR) showed a 5.4% increase to an average Euro 70.4.
- The highest rate of increase in occupancy rates across Europe is in Istanbul with 12.7 points. (2017: 63.1% -2018: 71.1%). Also, Istanbul was the second European destination with the largest increase in room revenues (RevPAR) with an increase of 24.4%. (2018 Revpar: 58,82 Euro- 2017 Revpar: 47,28) (Moscow is the first city).
- TÜROFED (Turkish Hoteliers Federation) announced that they expect the number of foreign visitors to reach 50 million in 2019.
- The number of visitors arriving in Turkey in 2018 increased by 18.1% compared to the previous year and rose to 45.6 million. 38.9 million of visitors were foreigners and 6.7 million were Turkish citizens residing abroad.
- In 2018, tourism revenues increased by 12.3% compared to the previous year and reached USD 29.5 billion. 81.8% of the income was obtained from foreign visitors and 18.2% was obtained from citizens residing abroad. According to European Travel Commission's 2018 tourism report, Turkey was the country that increased the number of tourists most among 33 countries.

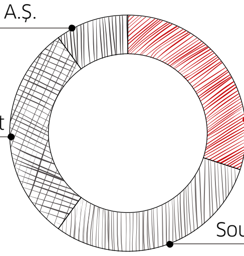
İSTANBUL SEA BUSES

İDO IS ONE OF THE LARGEST MARITIME TRANSPORT COMPANIES IN THE WORLD AND SERVES ON 15 LINES WITH 54 VESSELS



- İDO is one of the largest maritime transport companies in the world with its wide fleet and high vehicle and passenger transport capacity, and in its service on 15 lines with 54 vessels, has adopted as mission, economy, comfort, speed and safety in travel. BTA Maritimes Inc., which was established in equal partnership with BTA, and has significant experience in catering, provided food and beverage services to 6 million people in 2018.

İDO Shareholding Structure



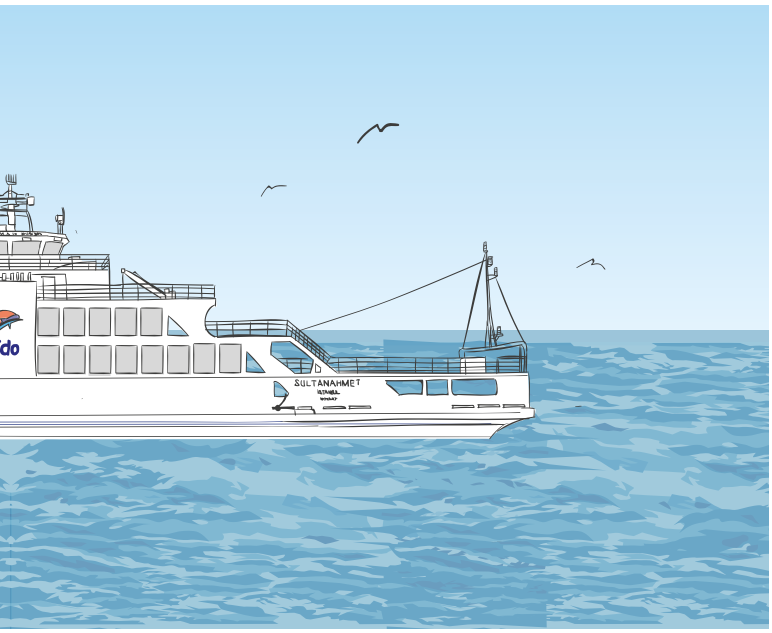
Subsidiary Structure

Zeytinburnu Liman İşl. San. ve Tic. A.Ş.	**20%**
BTA Denizyolları Yiyecek ve İçecek Hiz. A.Ş.	**50%**

- Akfen Holding, Tepe, Souter and Sera Joint Venture won the tender for the privatization of 100% shares of İDO, which was established by the Istanbul Metropolitan Municipality in 1987, by block sales, for a price of USD 861 million. With 54 vessels in its fleet, İDO serves from 35 piers and on 15 lines to minimize the journey duration on Bosphorus, Marmara Sea and Gulf crossings, thus contributing to both the economy and the environment by saving time and fuel.

- As of the end of 2018, İDO, one of the world's largest maritime transport companies, provides services with a modern fleet of 54 vessels (24 sea buses, 20 car ferries, 8 fast ferries and 2 service ships). It operates in the Sea of Marmara on 15 lines with a total capacity of 35,983 passengers in summer, 29,865 passengers in winter and 2,777 vehicles for both periods.
- In 2018, BTA Maritimes served from 70 sales points in sea bus piers, fast ferries, ferryboats and piers and sea buses. İDO had almost no food and beverage income before the establishment of BTA Maritimes. In 2018, the number of people served by BTA Maritimes was 6 million and the average income per capita reached TL 10.51.*
- As of 31 December 2018 the number of employees of İDO is 1,381. The latest collective bargaining agreement with Turkish Union of Seafarers covers the years 2018-2019.
- 709,520.7 liters of fuel was saved with the measures taken in the ship's fleet.

** On 04.01.2019, İDO transferred 100% of the BTA Maritimes shares to BTA Airports.*



Number of Passengers and Vehicles

	2018	2017	Change
Total No. of Passengers	**33,422,757**	**36,945,968**	**-9.5%**
Fast Ferry	7,222,102	7,177,852	0.6%
Sea Bus	3,143,490	5,021,841	-37.4%
Conventional Ferry*	23,057,165	24,746,275	-6.8%
Total No. of Vehicles	**6,513,509**	**6,743,323**	**-3.4%**
Fast Ferry**	1,347,679	1,413,535	-4.7%
Conventional Ferry	5,165,830	5,329,788	-3.1%

** In-car passenger coefficients, determined according to vehicle class, are used in the calculation of the total number of in-car passengers on Eskihisar-Topçular car ferry line.*
The coefficient assumptions are as follows:

Vehicle Class	*Number of In-Car Passengers*
Motorcycle	*1*
Automobile	*3*
Minivan	*3*
SUV/Pick-up	
Minibus	*6*
Midibus (2+1)	*9*
Truck/2 Axle Bus	*26*
3 Axle Bus/3 Axle TIR	*26*
4 Axle and over TIR	*2*

*** Vehicle numbers carried on the fast ferry lines are given by Vehicle Measurement Unit (VMU). VMU consists of the conversion of vehicles of different classes to automobile units with vehicle coefficients:*

Vehicle Class	*Coefficient*
Motorcycle	*0,25*
Automobile	*1,00*
Disable Car	*1,00*
Minivan	*1,00*
Minibus (12 persons)	*1,25*
Jeep	*1,25*
Minibus (19 persons)	*1,50*
Midibus	*2,00*
Pick-up (0-2.000 kg)	*1,50*
Pick-up (2.001-2.500 kg)	*2,00*
Pick-up (2.501-3.500 kg)	*2,00*
Bus	*5,00*
Tow Truck	*1,50*

HIGHLIGHTS OF 2018

Digital transformation project completed:

As of February 2018, İDO completed the end-to-end renewal of the sales system, the first phase of the digital transformation project it launched in April 2016. With the project, new web and mobile interface, easy ticketing functions, personalized campaign management have been put to service. The "cloud" structure has been adopted, not just in the operational sense, but as a system architecture, thus making all online transactions faster and safer.

Bosphorus tour for families and children of martyrs:

Within the framework of Corporate Social Responsibility approach, on April 15, Bandırma District Government and İDO cooperated to give a Bosphorus tour for families and children of martyrs from Bandırma. The children then watched the Galatasaray-Medipol Başakşehir match, whose teams complete on Spor Toto Super League.

"Children are Cycling!":

Within the framework of the Corporate Social Responsibility approach, a group of approximately 300 people met on Sunday, 22 April at Sirkeci Pier for "Children's Day". They first took the ferry from İDO Sirkeci Pier to the Maltepe coast and returned to Sirkeci at noon.

Theater play in collaboration with MAPFRE Insurance:

The joint activities with Fundacion MAPFRE, which conducts social responsibility projects in collaboration with MAPFRE Insurance, has entered its third year. The theatre play "Bıdık and Köpük in Traffic" was staged once again on the Yenikapı-Bandırma İDO line between 13-17 August.

Floating trash can "Seabin" Installation:

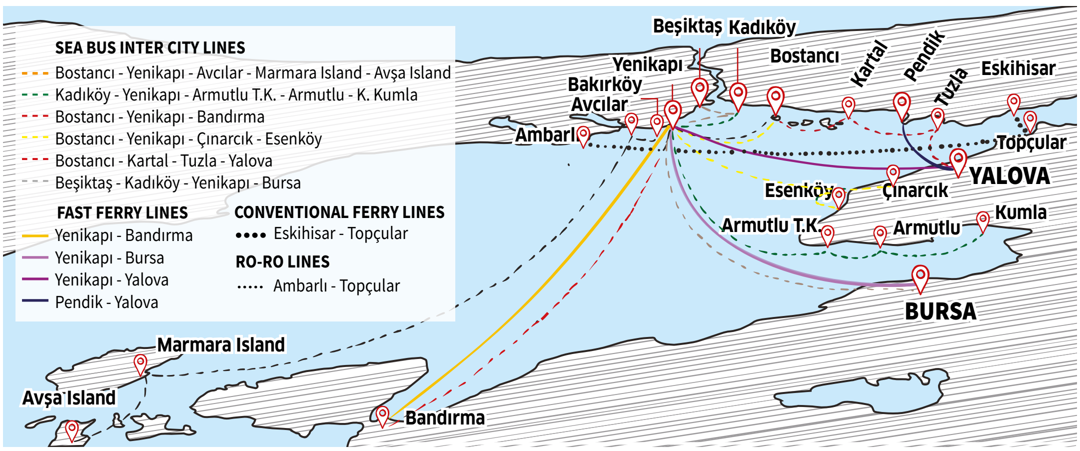
İDO, took a leading step to clean our seas, and together with Technology Group Wärtsilä's Turkey office, installed the floating trash can Seabin at Yenikapı Ferry Terminal. (Sept.19)

Cooperation with UNICEF:

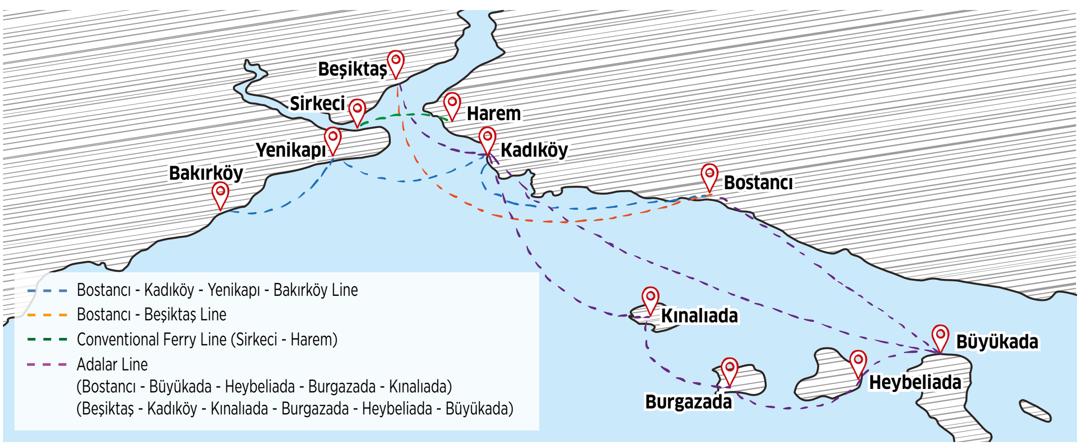
UNICEF and our guests met at İDO terminals. More than 1000 people were reached in the terminals and 411 new supporters were acquired. This represents a 150% increase compared to the previous year.

İDO Line Map

INTER-CITY LINES



INNER-CITY LINES



AWARDS

Annual Report Oscars:

İDO's 2017 Annual Report was awarded in 6 different categories by RedDot, one of the most prestigious award programs in design; the ARC Awards, known as the Oscars of Annual Reports; LACP, one of the most reputable communication platforms in the world and Stevie, one of the most respected award programs in the global business world.

6 Awards from 4 Awards Program!

The design will take place in the RedDot Design 2018 Yearbook and will be exhibited in the RedDot Design Museums. Additionally, İDO received the gold award in the Cover Design and Interior Design categories at the ARC Awards and the honor award in the Non-Traditional Annual Report Category. İDO also received a gold award in the Transportation and Logistics Category at the LACP and a silver award at the Stevie Awards, one of the world's most prestigious award programs, among the best activity reports in the Printing Category. In total, IDO has won 6 awards from 4 different award programs on a global scale.

Among Top 20 in Annual Reports List

İDO placed 39th among LACP's Europe, Central Asia and Africa Regional Top 80 Annual Report ranking, and placed Top 20 among all companies participating in the competition from Turkey.

MARITIME TRANSPORTATION SECTOR

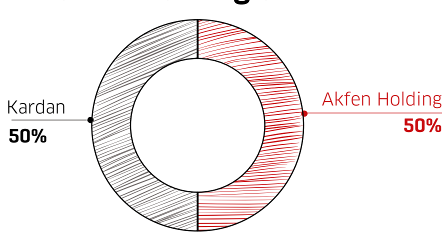
88.3% OF THE PASSENGERS AND 91.9% OF THE VEHICLES TRANSPORTED ON TURKISH SEAS WERE ON THE MARMARA SEA

- Sea transportation in our country which is surrounded by seas on three sides has great potential in terms of both freight and passenger transportation. Fast, safe, economical and environmentally friendly, it has the lowest share among all passenger transport modes.
- Our country's cabotage line passenger and vehicle transportation is carried out by mainly TDİ (Turkey Maritime Organisation) passenger ships and ferries and by IDO ferries and sea buses. There are also private marine operators in urban maritime transportation lines.
- In recent years, highways, bridges, high speed train flights and cheap air tickets are adversely affecting maritime transport. Chiefly the Osmangazi Bridge, which became operational in 2016, and Yavuz Sultan Selim Bridge and Eurasian Tunnel are the factors that reduce the interest in sea transport. Additionally, the 3-storey passage tunnel project, which will be built under the Sea of Marmara and, when completed, will enable the passage of trains and vehicles connecting European and Asian continents, will be an important alternative to maritime transport.
- Despite the alternative travel methods, the number of passengers on cabotage lines in Turkey increased by 1.7% compared to the previous year and reached 139.6 million in 2018, and the number of vehicles has increased to 13.2 million with a 4.1% increase. Looking at the annual averages in the last 10 years, on the cabotage lines, there was a 4% growth in the transported vehicles and a 0.8% decrease in the transported passengers.
- In 2018, almost all passengers and vehicles transportation on cabotage lines took place in the Marmara and Aegean seas. 88.3% of the passengers were transported on the Marmara Sea and 11.6% were carried on the lines in the İzmir region.
- 91.9% of the vehicles were transported within the Marmara Region, 8.0% were transported within the İzmir Region. 67.2% of the shipments on the Marmara Sea were in the Marmara basin and 24.9% were in the Çanakkale Region.

AKFEN ENVIRONMENT AND WATER

- Akfen Environment and Water is the first private sector organization in Turkey that gives service in water and waste water network management, wastewater treatment and integrated waste management areas, using concession and PPP models.
- The company was established in 2005 and develops projects for the construction of water and wastewater networks, distribution of all kinds of drinking water from underground sources, protection and improvement of reserves, construction of treatment systems, and development of waste water and sustainable solid waste management systems.
- Kardan N.V., which is a 50% partner of the company, is an international investment company established in the Netherlands and with more than one thousand engineers, is one of the leading companies in the world with its water, wastewater and waste infrastructure investments in Europe, Africa, Asia, South America and Mediterranean Basin countries.
- As of 31 December 2018, the number of Akfen Environment and Water employees is 48.
- The company continues its activities within the framework of the Concession Agreement for Construction and Operation of Drinking and Potable Water Supply Network and Waste Water Treatment Plant signed on 29 August 2006 with the Municipality of Güllük. All investments of this project, which has been granted a concession right for 35 years, have been met from equity. This is the first and only concession agreement in which the concession of water supply, distribution, waste water collection and treatment works of a municipality are transferred to the private sector by the opinion of the State Council and the decision of the Ministry of Interior.
- On 3 August 2007, Akfen Environment and Water signed a BOT contract with Dilovası Organized Industry Regional Directorate. Within the framework of the 29-year BOT contract, the company commenced operations as of 1 July 2010 with a 21.144 m³/day capacity (currently 11.000 m³ active) wastewater treatment plant, sludge drying plant and waste water collector lines. With this project Akfen Water was the first practitioner of the BOT model developed for the solution of wastewater treatment needs

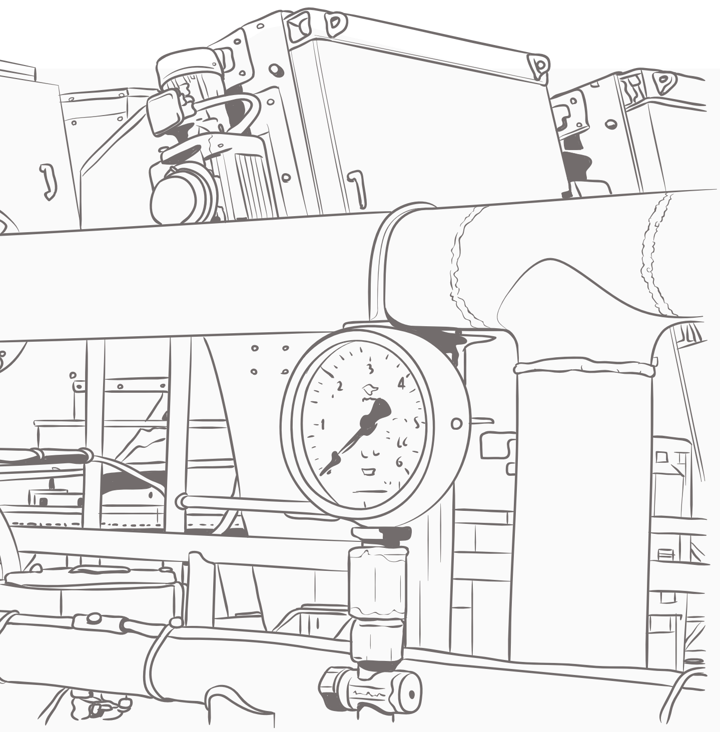
Akfen Environment & Water Shareholding Structure



Subsidiary Structure

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

** On 11 December 2018, Akfen Water signed a Share Transfer Agreement regarding the sale of the entire 75% of Akfensu-Arbiogaz Dilovası shares to Kocaeli Gebze Dilovası Organized Industrial Zone. This was approved at the Ordinary General Assembly meeting of Akfen Water held on 27 December 2018 and the share transfer transaction will be realized following the fulfillment of the terms of the contract.*



HIGHLIGHTS OF 2018

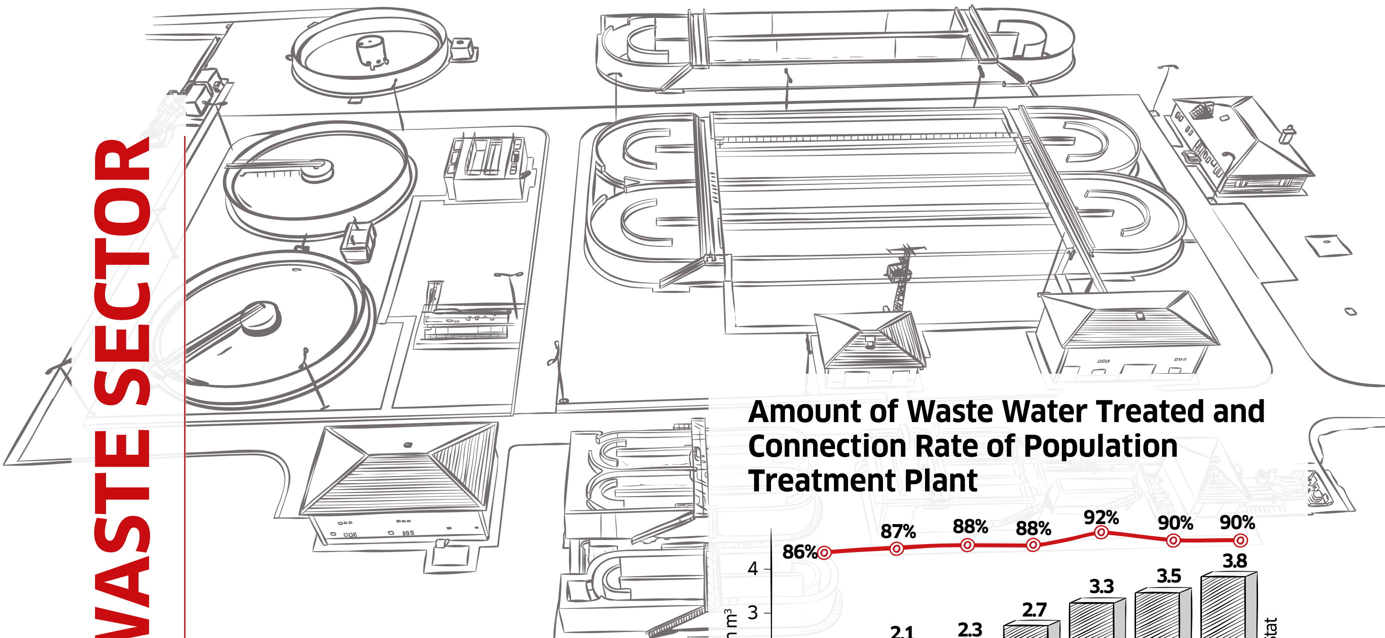
- **The amount of water billed increased by 6.7%:** In 2018, the amount of water billed by Akfen Güllük Environment and Water Investment Construction Management Inc. increased by 6.7% to 661,921 m³. As of 31 December 2018, Akfen Water Güllük serves 8,036 subscribers.
- **1.2 million m³ of water was treated at Akfen Water Arbiogaz:** The total amount of wastewater treated at the Akfen Water Dilovası facility in 2018 decreased by 40% compared to 2017 to 1,241,278 m³. The guaranteed wastewater flow rate in 2018 is 3.750.000 m³ and the guaranteed tariff is 1.3 Euro/m³.
- **The total amount of waste managed was 5,305 tons:** In the area of waste management, services were provided for 5.305 tons of waste with a 32% increase in all types of waste.
- **Active duty in the management of TAYÇED:** Following a serious leap in waste management services, Akfen Environment and Water was accepted as a member of TAYÇED (All Types of Waste and Environmental Management Association) and at the Extraordinary General Assembly of TAYÇED held on 17 October 2018, Akfen Water General Manager Mr. Emre Sezgin was elected as a member of the Board of Directors.

of organized industrial regions in Turkey.

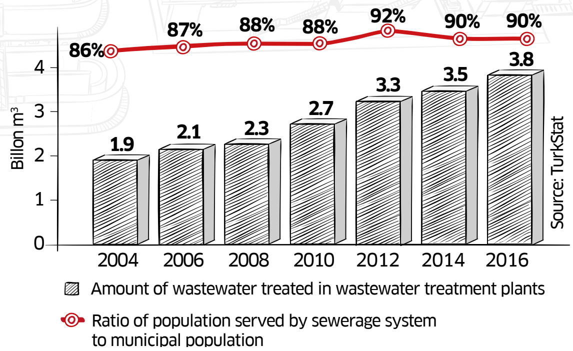
Has a say in solid waste management, too

- Akfen Water continues to successfully provide services under the Waste and Environmental Management Agreement signed with İDO in 2012.
- As of August 2016, the company has started to provide "Disposal and Recycling of Hazardous and Non-Hazardous Wastes" services for MIP. In the following process, in 2017 the company has added among its existing projects, waste management services implemented with PPP model for Turkey's first three city hospitals. These are; Yozgat City Hospital with 475 beds opened in January 2017, Mersin Integrated Health Campus with 1,253 beds opened in February 2017 and Isparta City Hospital with 750 beds opened in March 2017. Growth continues in the field of waste management with Eskişehir City Hospital with 1,100 beds opened in October 2018 and Bilkent City Hospital with 3,804 beds to be opened in 2019.
- Aiming to implement exemplary services, practices and strategies in the field of water and waste management for sustainable development, Akfen Environment and Water achieved a new pinnacle by adding city hospital projects built by PPP model to the existing solid waste and environmental management services provided for MIP.
- Akfen Environment and Water has become a prominent and qualified player in this field by undertaking the waste management services of city hospitals with a total bed capacity of 7,382, four of which are operational and one of which will commence service in 2019 (Ankara Bilkent City Hospital). Akfen Environment and Water is the first company providing waste management services in city hospitals and currently serving the highest total number of beds.
- The company closely watches the waste management needs of 12 city hospitals that are expected to be opened and aims to maintain its leading position.

WASTE WATER & SOLID WASTE SECTOR

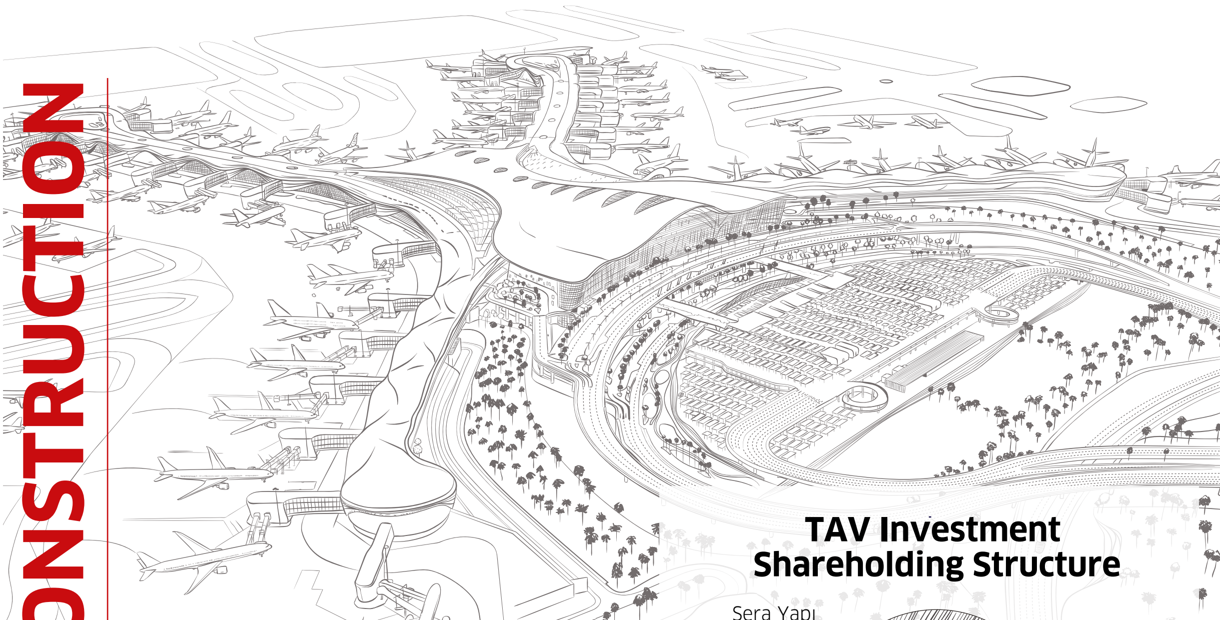


Amount of Waste Water Treated and Connection Rate of Population Treatment Plant



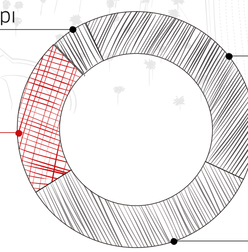
- According to the EU Integrated Environmental Concordance Strategy to be implemented in Turkey, until 2023, the investment needed in water and wastewater sector is Euro 33.9 billion. It is seen that water sector has 58% share in the distribution of environmental investments by sectors. It is foreseen that 80% of investments in water and wastewater will be made by public sector and 20% by private sector.
- According to the 2023 Wastewater Treatment Action Plan of the Turkish Ministry of Environment and Urbanization, it is predicted that the number of wastewater treatment plants, which were 653 in 2015, will be increased to 2154 by adding 1,501 more by 2023. 1.418 of these are planned as new wastewater treatment plants and 83 of them are planned as renovated wastewater treatment plants.
- The number of drinking and utility water treatment plants in Turkey is 258; the percentage of the population served by treatment plants is 47% and new drinking and utility water plant investments are needed for 50% of the population.
- According to the National Waste Management Action Plan of the Turkish Ministry of Environment and Urbanization, the cost of waste facility investments planned and needed by 2023 is between EUR 1.7 billion and EUR 2.8 billion, depending on the choice of technology.
- Thermal Process facilities have the largest share with an initial investment cost of EUR 1 billion among the new facility investments determined within the scope of the National Waste Management Action Plan.
- Other planned plant types and initial investment costs are; Euro 500 million for Landfill facilities, Euro 530 million for Mechanical and Biological facilities, Euro 150 million for Recycling (Packaging) facilities.
- The waste management sector in Turkey is estimated to have reached a size exceeding 5 billion Euros; long-standing cooperation agreements in the field of waste management between the EU and Turkey have led to the adaptation of Turkish waste legislation to the legal standards of EU and gradual modernization of related infrastructure.

TAV CONSTRUCTION



TAV CONSTRUCTION BECOMES THE WORLD'S BIGGEST COMPANY IN ENR RANKING WITH 1.4 BILLION TURNOVER IN AIRPORT CONSTRUCTION

TAV Investment Shareholding Structure



Subsidiary Structure

TAV Construction	**99.99%**
TAV Park Otopark Yat. ve İşletme A.Ş.	**100%**
TAV Construction Muscat LLC	**70%**
TAV Construction Qatar LLC	**49%**
TAV Al Rajhi Constuction Co.	**50%**

- TAV Construction became the world's largest company in airport construction with a turnover of USD 1 billion 368 million in the 2018 ranking of ENR magazine, one of the most respected publications in the sector. The total contract value of the projects undertaken by TAV Construction to date has reached USD 22 billion.
- TAV Airport, growing with airport projects in Turkey and in the region, rose to become a sector leader in a very short time, and according to ENR data, has ranked among the top 3 in airport construction globally over the last 6 years.

Expertise has spread to the world

- TAV Investment's flagship TAV Construction carries out the works undertaken in Turkey and abroad. TAV Construction demonstrates its expertise in airport construction, especially in the Middle East and Gulf Region with the airport terminal buildings it constructs.
- In Dubai, the company is also running the Damac Towers by Paramount, The Address Residences Dubai Opera and Il Primo, and Emaar Square multi-storey building projects in Istanbul.
- 87% of TAV Construction's ongoing projects constitute airport projects, while other projects have a volume of 13%. TAV Construction prefers to work with business partners as a business model in its projects.

TAV Construction Ongoing Projects-2018

Project Name	Project Location	Employer	TAV Cons. Share	Contract Amount ($ Million)	Contract Amount (TAV Cons. Share) ($ Million)	Backlog Amount ($ Million)	Physical Progress (as the end of 2018)
Libya-Tripoli International Airport	Libya	Libya Aviation Authority	25%	2,103	526	0	36.9%
Libya-Sebha International Airport	Libya	Libya Aviation Authority	50%	229	115	0	7.0%
Damac Towers	U.A.E.	DAMAC Development	100%	360	360	0	99.7%
Abu Dabi Midfield Terminal Building	U.A.E.	ADAC	33%	4,837	1,612	387	94.6%
Aéroports de Paris Central & Social Event Building	France	Aéroports de Paris	50%	105	53	1	100%
King Abdul Aziz Airport Aircraft Maintenance Hangars	Saudi Arabia	Saudia Aerospace Engineering Industries	40%	797	319	0	71.2%
Emaar Square Phase 3	Turkey	Emaar Türkiye	60%	515	309	56	72.1%
Address	Dubai	EMAAR Dubai	100%	329	329	282	8.9%
Primo	Dubai	EMAAR Dubai	100%	280	280	242	6.1%
Oman Muscat International Airport	Oman	Sultanete Of Oman Min. of Transport &Comm.	50%	1,279	640	0	100%
Bahrain International Airport	Bahrain	Bahrein Airport Co.	40%	1,014	406	185	76.0%
Amsterdam Schipol Pier A	Netherland	Schipol Nederland BV	50%	297	149	143	0.8%
Çukurova Airport Superstructure Works *	Turkey	General Directorate of State Airports Authority (DHMİ)	100%	202	202	202	0.0%
Tokat Airport Runway Apron and Taxiway (PAT)	Turkey	General Directorate of State Airports Authority (DHMİ)	100%	24	24	23	24.2%
TOTAL				**12,372**	**5,323**	**1,520**	

** Mobilization works are continuing. ** Backlog amount covers the first nine months of 2018.*

Completed projects reached USD 9.5 billion

As of 2018, the total size of the completed projects reached USD 9.5 billion. The total size of TAV Construction's ongoing projects as of 2018 is USD 12.4 billion and the total share of TAV Construction in ongoing projects is USD 5.3 billion. As of 30 September 2018, TAV Construction's backlog amounted to USD 1.5 billion. As of 31 December 2018, the total number of employees of TAV Investment is 2,853.

HIGHLIGHTS OF 2018

- TAV Construction won the tender for the Additional Terminal Building of Amsterdam Schiphol Airport (approximately EUR 247.5 million).
- TAV-Nehirsu Partnership won the tender for Çukurova Regional Airport Superstructure Facilities for a price of 899.3 million TL.
- TAV Construction won the tender for Tokat New Airport Pat Fields and Superstructure Facilities for 115.3 million TL.

ONGOING PROJECTS

- The construction of the Abu Dhabi International Airport Midfield Terminal Building continues with Arabtec and CCC.
- The new terminal building and related works of Bahrain International Airport are continuing with Arabtec.
- Runway and infrastructure works for the Muscat Airport Project have received temporary acceptance certificate.
- Due to political instability, airport projects in Libya were suspended for an indefinite period.

AWARDS

Number 1 in Airport Construction

TAV Construction ranked first in the "Airport Construction" category in the 2018 list of the international construction industry magazine ENR. Additionally, it ranked 70th in the "World's Top 250 International Contractors" list and 24th in the "Transportation" category of ENR.

Şener the Only Turk in "The Most Influential Business People" List

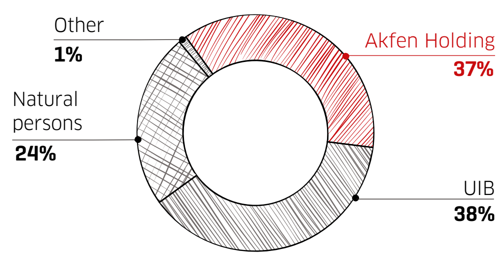
Sani Şener, the CEO of TAV Group, ranked 5th in the list of the 100 most influential business people in the Gulf Region, prepared by Construction Week magazine. After 2015, 2016 and 2017, Şener one more time was the only Turkish businessman among the top 10 in the 2018 list.

IBS INSURANCE & REINSURANCE BROKERAGE

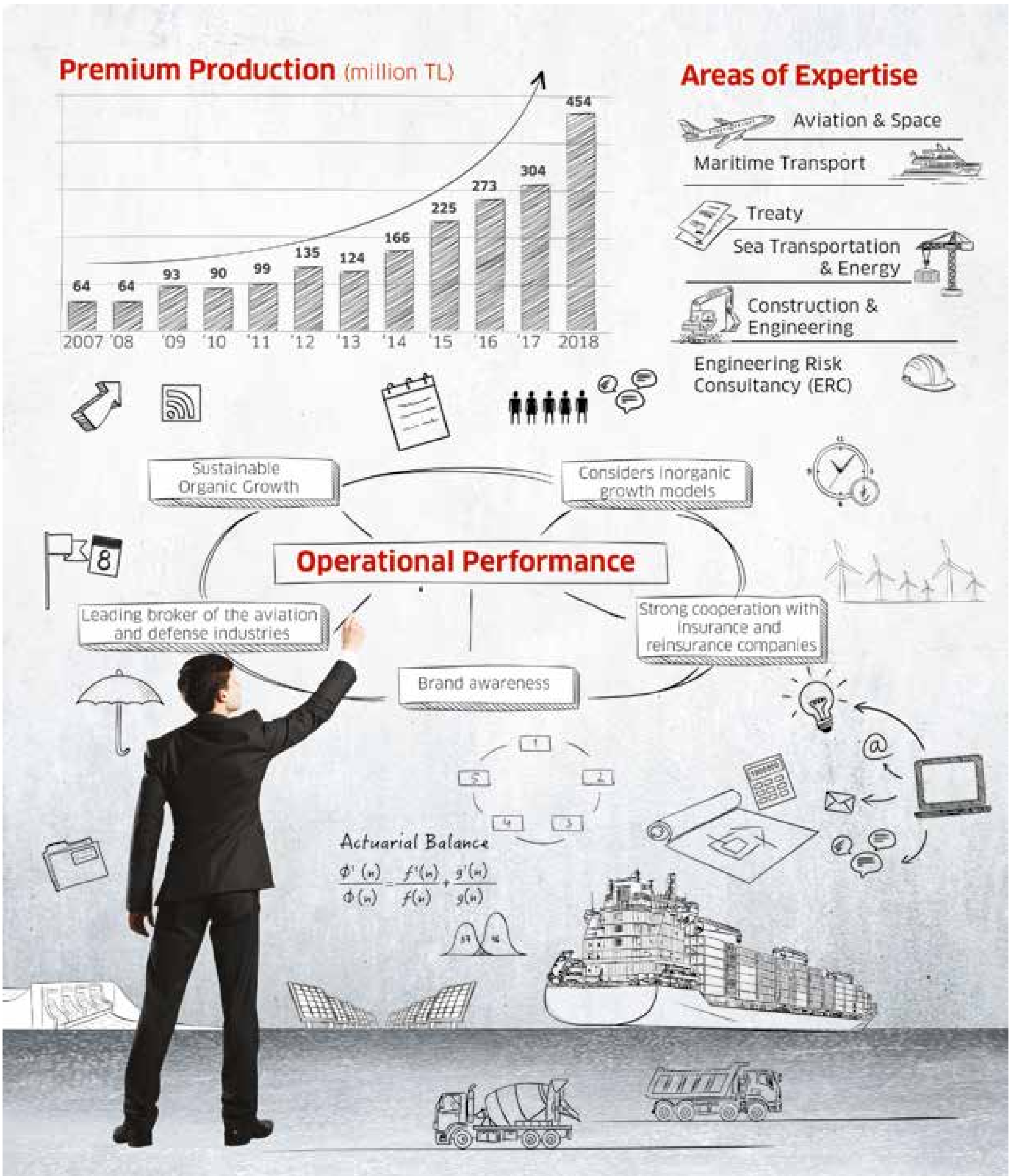
- Turkey's 3rd largest insurance brokerage company IBS Insurance's short and medium term goals are to grow domestically and abroad.
- IBS Insurance and Reinsurance Insurance Brokerage Inc. (UIB Turkey) was established in 1997. In 2002, it gained an international identity through a partnership with a Lloyd's broker, United Insurance Brokers (UIB).
- It has four offices in Istanbul, Ankara, Mersin and Izmir. It is the third largest insurance broker among the 140 brokerage companies operating in Turkey.
- IBS Insurance, the largest brokerage firm in Turkey established with domestic capital, concentrating on the needs of the costumer, provides solutions with a wide range of products and gives quality service to all types of industry and all regions in which Turkish investors work.

WITH FOUR OFFICES IN ISTANBUL, ANKARA, IZMIR AND MERSIN, IBS INSURANCE'S TARGET IS TO GROW BOTH DOMESTICALLY AND ABROAD

IBS Insurance Shareholding Structure



- In 2018, IBS Insurance further strengthened its position by being assigned as a co-broker in the insurance of Istanbul's 3rd Airport, which will be the world's largest airport with its 150 million capacity, and 1915 Çanakkale Bridge project, one of the largest projects in the history of the Republic.
- The company's short and medium-term targets include evaluating the organic and inorganic growth opportunities in Turkey and abroad. The company is also working on new acquisitions.
- Having completed the year 2017 with 23.4 thousand customers, 89.3 thousand policies and 304 million TL in premiums, IBS Insurance's 2018 policy production increased by 9% to 97 thousand, number of customers increased by 30% to 30.4 thousand and premium generation increased by 49% to 454 million TL.
- Having completed 2017 with a turnover of USD 12 million, IBS Insurance's turnover in 2018 was USD 12.6 million.


Premium Production (million TL)
64
64
93
90
99
135
124
166
225
273
304
454
2007 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 2018
Areas of Expertise
Aviation & Space
Maritime Transport
Treaty
Sea Transportation & Energy
Construction & Engineering
Engineering Risk Consultancy (ERC)
Sustainable Organic Growth
Considers inorganic growth models
Operational Performance
Leading broker of the aviation and defense industries
Strong cooperation with insurance and reinsurance companies
Brand awareness
Actuarial Balance

INSURANCE SECTOR

Local Premium Production

(thousand TL)	2018	2017	Change
Total Premium	54,654,234	46,554,690	17%
Brokers	6,443,041	4,972,025	30%
Broker Share	12%	11%	1.1 p.p.

Source: Turkey Insurance Association

BROKER SHARE INCREASED WHILE SECTOR PREMIUM PRODUCTION GREW

- According to Ernst & Young (EY), Insurance Sector 2019 Outlook Report, the global insurance sector is expected to grow approximately 3% between 2018-2020. Insurance companies, which are in the process of transformation in the world, are investing more than ever in transforming their business models in order to take advantage of the different growth opportunities arising from digitalization.
- In Turkey, sector numbers show that this will be an important area in the future. Low insurance rates and weak premium spending per capita point to high growth potential for the insurance sector in Turkey. The life insurance market, in particular, has significant growth potential compared to European countries.
- In the coming period, economic growth on the one hand, increasing urbanization and the rising income of the middle income group on the other, will help increase the demand for insurance products, as well as the growth of individual life and non-life insurance branches.
- Turkey's insurance market includes advanced domestic and first class multinational companies. Especially in the non-life branch there is intense competition among domestic and multinational companies. According to data from Insurance Association of Turkey in 2018 54.6 billion TL in premiums were generated in the sector. This premium level indicates 17.4% growth compared to the previous year. The share of brokers in the sector was 6.4 billion TL for the same period and annual increase was 29.6%.
- 47.7 billion TL out of 54.6 billion TL of premiums were generated in non-life branches, while growth was estimated to be 20.2% compared to 2017. While the growth in life branches remained at 1%, a total of 6.9 billion TL was generated.

Akfen Holding Group Structure

AKFEN HOLDİNG

Mersin International Port	10%
Akfen Renewable Energy*	66.67%
TAV Investment	21.68%
Akfen Environment & Water	50%
İstanbul Sea Buses	30%
Akfen REIT **	56.88%
IBS Insurance& Reinsurance Brokerage	38%
Akfen Energy Generation / Mersin CCGT	99%
Acacia Mining	30%

AKFEN CONSTRUCTION

Akfen Construction***	48.81%

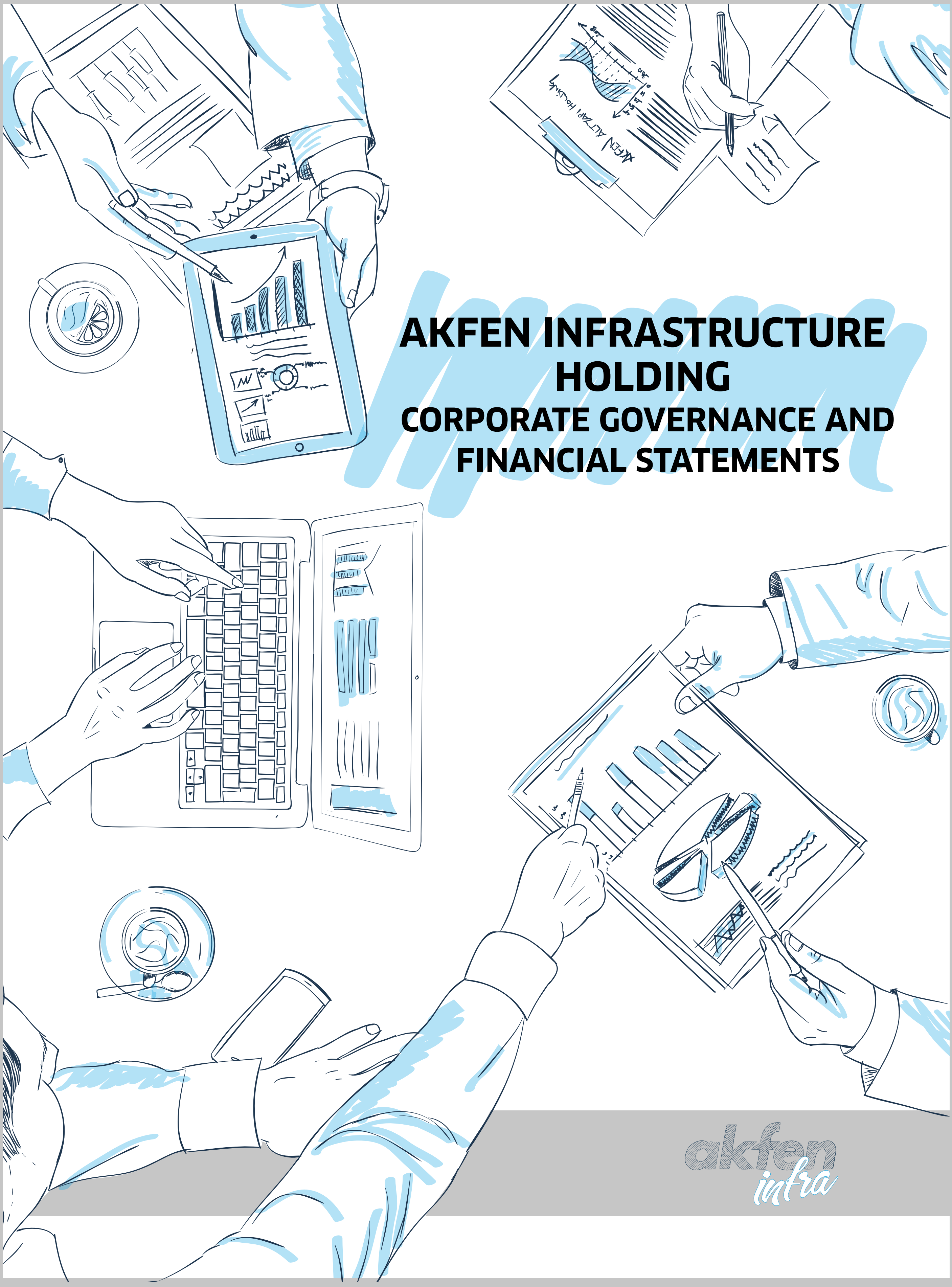
* Akfen Holding's current share of 68% will decrease to 66.67% as EBRD and IFC will become shareholders in Akfen Renewable Energy by taking 16.667% of shares each as per the agreement with EBRD and IFC.

** Listed on Istanbul Stock Exchange.

*** Following the capital increase of Akfen Construction on 30 May 2018, Akfen Infrastructure Holding's share decreased to 51.19%, and Akfen Holding acquired the remaining 48.81% of the company's shares.

AKFEN INFRASTRUCTURE HOLDING

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS



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Corporate Values & Perspective for the Future

OUR GOAL

Our goal is to utilise growth opportunities in new business areas in all sectors in which we operate in Turkey and abroad and to create value for all of our stakeholders, primarily our employees and partners; we also aim to be a sustainable national company by continuing our success in the fields of business we are experienced in.

OUR STRATEGY

- In light of our deep-rooted experience in acquiring concessions, management and business development, to continue to move forward with strong domestic and foreign strategic partners in infrastructure sectors, which is our core business.
- To further strengthen our pioneering position in our main business areas by focusing on concessions and sectors with high growth potential, monopolistic character or low competition, long-term and maximum income guarantee, and with this power, to enter new infrastructure areas.
- Creating and maximizing value for shareholders.
- Managing our assets actively.
- Growing our revenues, improving profitability and optimizing capital structure.

OUR CORPORATE VALUES

- Our building blocks that make us a sustainable country:
- All tasks are important, all employees are valuable.
- We have a dynamic and entrepreneur spirit.
- Honesty is the symbol of our quality.
- Our investments are both material and spiritual.
- We take the road less travelled.
- We embrace our business, we learn every day.
- Our identity is our reputation.

OUR PRINCIPLES

- To gather development focused, value-adding, participatory, dynamic and competent manpower under the roof of Akfen Holding.
- To prioritize our understanding of quality and ethical values in all business processes and management.
- To complete the work under our commitment in a timely manner and with the highest quality.
- To fulfill the promises made to our employees, business partners, shareholders and social stakeholders and to protect their interests.
- Sustaining a transparent and honest business approach.
- To manage risks with an original and innovative business approach while evaluating new initiatives and opportunities.
- Investing in people and society through social responsibility activities.

HUMAN RESOURCES

OUR HUMAN RESOURCES POLICY ADOPTS APPROACHES THAT PROTECT EMPLOYEE RIGHTS AND SUPPORTS THE "AKFEN FAMILY" FEELING WITH OUR INSTITUTIONS AND STAKEHOLDERS

- Under the umbrella of Akfen, in addition to Akfen personnel who have adopted the idea of cooperation based on love, respect and tolerance, material and spritiual rights of contractor and subcontractor personnel are taken into consideration, too. We believe that working in an environment based on human rights is the main criterion for sustainable success and we conduct partnerships where corporate values and ethical principles are shared.
- Our Human Resources Policy, which was created with this understanding, protects the rights of the employees and expands the family feeling within the Akfen corporate structure to all our stakeholders.
- Human Resources Department, in compliance with the company's strategic plans and objectives, manages the Human Resources Practices, which are constantly reviewed and developed in a dynamic manner. In this context, the planning, selection, placement, development, job analysis of the human resources are conducted to ensure that the skills and competencies of the employees are brought together with the requirements of the business, job descriptions are written in accordance with the changing conditions, the performance and career planning studies are made, efforts to increase work motivation and develop corporate culture are shown.

Female and Male Personnel By Numbers (31.12.2018)

Companies	Total Employee	Female Employee	Male Employee
Akfen Infrastructure Holding	**6**	**4**	**2**
Akfen Construction	98	26	72
Akfen Tourism	90	33	57
Akınısı Machinery	1	0	1
Akfen Cons. & Project Development	16	7	9
Akfen Real Estate Portfolio Management	3	1	2
Travelex	119	64	55
Akfen Holding	**66**	**25**	**41**
Akfen REIT	21	9	12
Akfen Energy Generation	1	-	1
Akfen Ren. En.	206	17	189
TAV Investment	2,853	115	2,738
MIP	1,897	1,796	101
IDO	1,381	1,099	282
Akfen Water	48	8	40
IBS Insurance	88	48	40
Acacia Mining	189	32	157
Total	**7,083**	**3,284**	**3,799**

Organizational development

- In order to ensure sustainable success and innovation, the organization, human resources, business processes and job descriptions are structured and systematically reviewed in line with the needs. Studies on sustainability, improvement and dissemination of target and competency-based human resource systems that support a high performance culture and continuous development are carried out.

SELECTION AND PLACEMENT

Efforts are made to bring in personnel that create value, is sensitive to the environment, society and people, is open to innovation and change, is flexible, entrepreneurial, dynamic, fast, and aims to develop him/herself and the company. While positions and job descriptions are prepared, the capabilities needed are determined and personnel most suitable to the job descriptions are employed.

PERFORMANCE MANAGEMENT

A performance evaluation system consisting of individual, functional and managerial competence stages where success is evaluated in terms of quantifiable criteria is developed in order to realize the career planning of value-creating manpower, and to reward success and to identify aspects open to improvement. While the expectations from the employees are presented in a concrete manner, it is aimed to define the development programs supporting the career path of the employees in line with the feedback of the managers.

CAREER MANAGEMENT

Horizontal and vertical promotions are offered to the employees in order to provide individual development opportunities while meeting corporate needs. Opportunities for improving competencies are provided through job enrichment programs.

EMPLOYEE PROFILE

Akfen Holding's employee profile is a human resource open to change and development, with a high motivation for success, believing in teamwork and team spirit, utilizing its resources and time correctly, and also having a high sensitivity to social responsibility.

Employee Distribution by Education Level (31.12.2018)

Companies	Associate Degree Bachelor Degree, Masters Degree, Ph.D	Secondary & High School Graduate	Primary School Degree
Akfen Infrastructure Holding	**5**	**-**	**1**
Akfen Construction	80	14	4
Akfen Tourism	12	40	38
Akınısı Machinery	1	0	0
Akfen Cons. & Project Dev.	9	6	1
Akfen Real Estate Por. Man.	3	0	0
Travelex	96	23	0
Akfen Holding	**40**	**25**	**1**
Akfen REIT	16	5	0
Akfen Energy Generation	1	-	-
Akfen Renewable Energy	95	83	28
TAV Investment	942	195	1,716
MIP	390	881	626
IDO	613	681	87
Akfen Water	23	17	8
IBS Insurance	78	8	2
Acacia Mining	106	67	16
Total	**2,510**	**2,045**	**2,528**

TRAINING MANAGEMENT

In Akfen Holding, continuous training is seen as an essential element of creating a sustainable value system and is considered to be a very important building block of corporate culture. In this context, various educational environments are created to enrich the qualifications of the workforce and to develop intellectual capital; in addition to studies within the company framework, orientation and on-the job training, a training program is conducted for soft skills and technical capabilities with partners within the company or other firms; and training programs are handled in a process that includes the employees and are reviewed annually according to demand and needs.


BOARD OF DIRECTORS
akfen
infra

Hamdi AKIN

Akfen Group Honorary Chairman /
Akfen Infrastructure Holding Member of the Board

- Hamdi Akın was born in 1954. He graduated from Gazi University, Department of Mechanical Engineering. In 1976 he founded Akfen Holding, whose main activity area is to invest in, manage and coordinate partnerships and subsidiaries active in infrastructure and superstructure construction, port management, marine transportation, water distribution and waste water services, energy and real estate sectors. In addition to serving as the Chairman of the Board of Directors at Akfen Holding, he is also the Chairman of Board at MIP (Mersin International Port). In 1997, he founded the TAV brand to build and operate Turkey's first high capacity airport in the aviation sector, one of the hardest sectors of the world, and he managed the company as Chairman of Board until 2017.
- In addition to his private entrepreneurship, Mr. Akın realized projects in infrastructure, energy and investment in scope of privatization efforts. He also carried his dynamism and hard work in business to volunteer efforts and non-governmental organizations as a manager and founder of many societies, foundations, chambers of commerce.
- He has served as Vice President of Fenerbahçe Sports Club (2000-2002) MESS-Metal Industrialists' Union President of Ankara Regional Representatives Council (1992-2004) President of TÜGİAD-Turkish Young Businessmen's Association(1998-2000) Board Member of TİSK-Turkish Confederation of Employers' Associations (1995-2001) Board Member of TÜSİAD-Turkish Industrialists' and Businessmen's Association President of Information Society and New Technologies Commission (2008-2009) and Board Member of Clean Seas Association/TURMEPA (2011-2018).
- Hamdi Akın is a founder of the Contemporary Turkey Studies Chair at the London School of Economics. He is also the Founding Member and Honorary President of the Turkey Human Resources Foundation (TİKAV), founded in 1999 to provide Turkey with well-trained human resources. He is also the Vice Chairman of the Board of Trustees at Abdullah Gül University Support Foundation.

BOARD OF DIRECTORS

Selim AKIN
Akfen Altyapı Holding Chairman of the Board

- Selim Akın graduated from Surrey University, Business Administration Department in the United Kingdom, served as Surrey University Turkish Association President and after coming back to Turkey he became a member of the Turkish Young Businessmen's Association he continues serving as the chairman of the trade commission. Mr. Akın is also a member of TÜSİAD Early Detection of Risk Committee. Since 2018 he has been DEİK (Foreign Economic Relations Board) representative.
- Mr. Akın started his professional career in the Akfen Holding Accounting Department and later served in the Project Development and Finance Departments. The main projects in which he participated are the privatization and financing of Vehicle Inspection Stations, the privatization and financing of Mersin Port, Akfen Holding's public offering and bond issue, and the construction of City Hospitals and housing projects undertaken by Akfen Construction.
- Besides his Chairman of the Board of Directors role at Akfen Infrastructure Holding and Akfen Construction and Tourism Inc., Mr. Akın also serves as the Vice Chairman of the Board of Directors at Akfen Holding and as Board Member at its various subsidiaries.

Pelin AKIN ÖZALP
Akfen Altyapı Holding Vice Chairwoman

- After graduating from Surrey University, UK, in 2010, Pelin Akın Özalp started her career in the Deutsche Bank. Following her return to Turkey, she attended to the MT program of TAV Airports Holdings. Pelin Akın Özalp started to serve as Board of Directors Member at Akfen Holding in 2012.
- She is an active member of the Board of Trustees and the Board of Directors at TİKAV (Turkish Human Resources Education and Health Foundation) and Vice President of The Duke of Edinburgh's International Award-Türkiye National Committee. She is also Chairwoman at the Advisory Board of the Contemporary Turkish Studies Chair founded in London School of Economics since 2010.
- She participated in different working groups in DEİK Spanish Business Council, DEİK British Business Council, DEİK Irish Business Council and DEİK US Business Council. She is also a member of Turkish Tourism Investers Association (TTYD), Association of Family Businesses (TAİDER) and Turkey Union of Chambers and Commodity Exchanges (TOBB) Young Entrepreneurs Advisory Councils. Pelin Akin Ozalp is also a member of Turkey Business Women's Association (TIKAD), Association of Women in Board of Directors (YKKD) and the Marine Environment Protection Association (TURMEPA) Boards.
- Currently serving as Vice Chairwoman of Akfen Infrastructure Holding, as Board Member and Corporate Governance Committee Member for Akfen Holding, and Board of Directors Member of IBS Insurance and Reinsurance Brokering, Akfen REIT, Istanbul Sea Buses (İDO) and Travelex.

İrfan ERCİYAS

Akfen Altyapı Holding Board of Directors Member

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

Sıla CILIZ İNANÇ

Akfen Altyapı Holding Board of Directors Member

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

MANAGEMENT OF SUBSIDIARIES & AFFILIATES

İ. Süha GÜÇSAV / General Manager, Akfen Holding

- Graduating from the Economics Department of Istanbul University in 1992, Güçsav subsequently completed his master's degree in the Gazi University Institute of Social Sciences Business Department. Beginning his career at insurance brokerage Alexander&Alexander Sigorta Brokerliği A.Ş. in 1992, Güçsav joined Akfen Holding in 1994 and took on roles in the Financing Department and the Executive Department.
- He played important roles in the privatizations of Vehicle Inspection Stations, Mersin International Port and İDO (Istanbul Ferries company), the establishment and investment processes of Akfen REIT, the public offerings of Akfen Holding and Akfen REIT, and issues such as subsidiaries' stake sales and long-term project finance. Güçsav, the chairman of the DEIK Turkish-Singapore Business Council, also served as the Akfen Holding Management Board Deputy Chairman from 2003 until March 2010.
- A management board member of Akfen Holding between the years 2010-2012 and of TAV Airports Holding A.Ş. between 2000-2012, Güçsav has been the Akfen Holding CEO since March 2010. In addition to this role, he continues to be board chairman of Akfen REIT and Akfen Water and board member in Akfen Renewable Energy. Akfen Holding CEO Süha Güçsav was appointed in October 2014 as the Turkish Honorary Business Agent of the International Trade and Investment Agency (IE Singapore), which conducts activities under the auspices of the Singapore Industry and Trade Ministry.

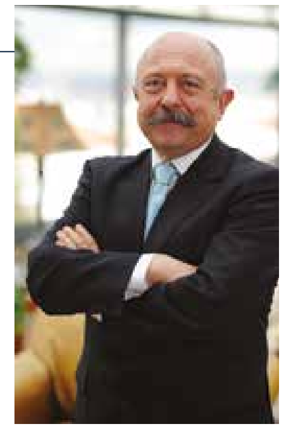
Mesut Coşkun RUHİ / General Manager, Akfen Construction

- After graduating from Middle East Technical University, Faculty of Engineering, Civil Engineering Department in 1992, Ruhi worked at Güriş Construction Inc. for a short time and joined Akfen Construction Tourism and Trade Inc in the same year. He has worked in various positions at construction sites ranging from Project Management to Site Engineering. Since 2005, he has been serving as the General Manager and as of January 2016 he is also a Member of the Board of Directors.

Kayrıl KARABEYOĞLU / General Manager, Akfen Renewable Energy

- Kayrıl KARABEYOĞLU graduated from METU Civil Engineering Department in 1998. From 1998 to 2001 he was a part of the New York Lubin School of Business M.B.A. and completed his master's degree with double major in Finance and Information Systems.
- He started his career in Standard and Poor's New York office and worked there between 2001-2004. Between 2004 and 2006 he worked in the Project Financing Department of Garanti Bank, working on purchasing finance and financing of energy projects. Between 2006-2010 he served as the Director of SU Private Equity Management. Between 2010-2013 he worked as the Country Manager for Turkey in U.S. based Advent International. Between 2013-2018, he served as the CEO of Doğuş SK Venture Capital Investment Trust. Between 2014 -2018 he was a Board Member of Radore Data Center. Currently he is a member of Endeavor Advisory Board.

Metin YILDIRAN / General Manager, Akfen Energy Generation



- Metin Yıldıran graduated from Istanbul Technical University in 1979. He has more than 35 years of experience in the environment and energy sector and has many publications in addition to his national and international experience.
- Yıldıran started his career as an engineer in Turkish Electricity Board in 1979. From 1982 to 1985 he worked at the Oak Ridge National Laboratory of the US Department of Energy. Subsequently, he held various positions from engineer to department head at Turkish Electricity Board, Turkish Electricity Generation and Transmission Inc. and Electricity Generation Inc. until he retired from public office in 2005.
- Between 2005 and 2011, he worked as an environmental and energy consultant to various organizations including Akfen Holding. He joined Akfen Holding in 2011. Metin Yıldıran is currently the General Manager of Akfen Energy Generation, Adana İpekyolu Energy Production.

Johan VAN DAELE / General Manager, MIP

- Johan Van Daele is a graduate of Leuven University, Department of Business Economics. He received his MSc degree in Marine Science from the University of Antwerp. Van Daele has 30 years of experience in ports and terminal operations, including operations, security, security and shipment, HSSE and cargo. He is currently serving as MIP General Manager.
- In 1989, Van Daele joined the maritime sector at Noord Natie, which is a subsidiary of PSA that operates in bulk cargo business, and served as the Safety, Security and Shipping Manager at PSA Antwerp from 2006 to 2010. From that time on until 2017, he worked as PSA Zeebrugge Container Operation Group Manager. Throughout his career, Johan VAN DAELE has played an important role in many projects, including mergers and acquisitions. VAN DAELE joined MIP in 2017, and leads new development projects with high added value and develops strategic plans accordingly.

M. Zeki SAYILIR / General Manager, Acacia Mining

- Zeki Sayılır graduated from Istanbul Technical University as a Metallurgical Engineer in 1985. He completed his MBA in USA on National Education Ministry scholarship between 1986-1990, returned to Turkey and began his career as a marketing specialist at Eti Mining Operations. Between 1994-2006 he has served as a marketing manager at Çayeli Copper Operations, a Canadian-owned company which is the first foreign-owned company in Turkey.
- Between 2006-2013 he worked at Inmet Mining Corporation, based in Canada, as the director of global sales for the mining operations in Finland, Spain, Canada, Panama and Turkey. In 2013, when Inmet was sold, he left the company and carried out minerals export activities through the company he founded and also served as a consultant for various domestic and foreign mining companies. Since the end of 2016, he has been the CEO of Acacia Mining Operations.

Sertac KARAAĞAOĞLU / General Manager, Akfen REIT

- Mr. Sertac F. Karaağoğlu, who started his professional carrier as assistant portfolio manager at Toprakbank in 1996, and worked at Kentbank between the years of 2000-2001, then continued his carrier in Fortis Bank (Dışbank) in March 2001. He served duties at various managerial positions as Portfolio Manager, Branch Manager, SME Banking Director of Anatolian Region, Regional Director for East Mediterranean Region and Director Responsible for Credits up to the year of 2011 in their respective orders.
- Mr. Karaağaoğlu, who continued his professional career as the Credits Director at TEB BNP Paribas between 2011-2012, worked as the Listing and Private Market Group Didector at Borsa Istanbul in the fields of Corporate Finance (public offerings, bond issuances and m&a businesses) between 2012-2016. Mr. Sertac Karaağaoğlu, who graduated from tpe Political Sciences and Public Management of the Faculty of Economics and Administrative Sciences of the Middle-East Technical University (ODTÜ), completed his master degree course in 2015 on Business Management in Maltepe University. Karaağaoğlu speaks English at an advanced level.

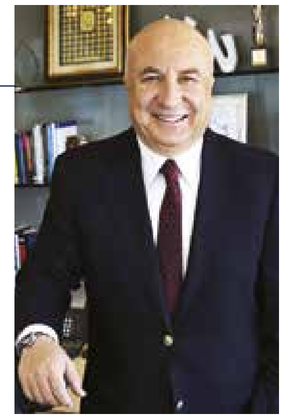
Hasan ÜSTÜNDAĞ / General Manager, İDO

- Hasan Üstündağ graduated from the Deck Department of the Maritime Institute in 1979 and worked at DB Shipping company until 1988. as Deck Officer and Captain in international waters. In 1988, he started working as a Captain at İDO İstanbul Sea Buses Inc. and continued this duty until 2000. He has significant experience in maneuvering and operation of High Speed Crafts. He has also contributed to the legislative work related to these boats.
- He served as Operations Manager at İDO between 2000 and 2014. De served as Assistant General Manager in charge of Operations between 2014-2018. He was appointed as the General Manager of IDO in 2018. Üstündağ is married and has one child

Emre SEZGİN / General Manager, Akfen Environment & Water

- After graduating from Bilkent University Faculty of Economics and Administrative Sciences in 2000, Sezgin started his career at ABN Amro Securities in the same year.
- He completed his master's degree in Business Administration in the UK in 2002 and served as a senior reinsurance specialist in IBS Insurance Brokerage Services Inc. In 2008, he started at Akfen Holding Business Development Department and worked at project finance, privatization tenders, mergers-acquisitions, public offerings and bond offerings. In March 2014 he was appointed the Deputy General Manager of Akfen Environment and Water Investment Construction Management Inc . Sezgin has been serving as the General Manager since August 2015.

Mustafa Sani ŞENER / Member of the Board of Directors and Chairman of the Executive Board, TAV Investment



- Mustafa Sani Şener was appointed as the Member of the Board of Directors and the CEO of TAV Airports in 1997. Şener graduated from the Department of Mechanical Engineering at Karadeniz Technical University (KTU) in 1977 and completed his M.Sc. in Fluid Mechanics at the University of Sussex, UK in 1979. Due to his contributions to the development of Turkish engineering at international level he was awarded an honorary doctorate by Karadeniz Technical University in the field of engineering, and due to his success at Project and Risk Management during his tenure at TAV he was awarded an honorary doctorate by the University of New Hampshire in the field of business administration.
- Prior to his career at TAV Airports Holding, he served in various national and international projects in a range of roles from project manager to general manager. He studied Complex Systems Management at Massachusetts Institute of Technology (MIT). Şener is also a Member of Global Board for Airports Council International (ACI). In 2012 he was elected as the President of the Turkish-French Business Council of the Foreign Economic Relations Board (DEİK). Şener was awarded the Legion d'honneur (Knight) by French President François Hollande in 2016 for his contributions to the relations between the two countries. Şener was also honored with Outstanding Service Award by the state of Georgia the same year. The business model created at TAV Airports was used as a case study at Harvard University and was taught by Sani Şener to MBA students at Harvard Business School (HBS). He was voted as the Best CEO in the Turkey in 2010, 2011, 2014, 2015 and 2016 by Thomson Extel among domestic and foreign financial institutions, and he was selected third in 2014 in the European transport sector.

Murat ÇİFTÇİ / General Manager and CEO, IBS Insurance

- In 1998, Murat Çiftçi completed his degree in Engineering Management and Industrial Engineering in the University of Missouri - Rolla as a valedictorian. In 1999 he started working at IBS, in the Reinsurance Department. He served as Reinsurance Manager between 2002 and 2005, and as Deputy General Manager responsible for the Reinsurance Department between 2005 and 2013. In 2011, he became a managing partner. Çiftçi joined the American Institute for CPCU Are program in 2002 and completed his master's degree in Marmara University Engineering Management in 2004.
- He served leading companies of Turkey about their insurance and reinsurance needs for build-operate-transfer projects that require project financing. He achieved significant success in serving many Turkish investors from different industries about their insurance and reinsurance needs in projects in foreign countries. He is currently continuing his PhD thesis studies in the Engineering Management Department at Marmara University, and also working as a member of the Executive Committee of the Foreign Economic Relations Board (DEIK) United Arab Emirates, Azerbaijan and Russia Business Councils.

CORPORATE SOCIAL RESPONSIBILITY

- Akfen, having adopted the belief that sustainable prosperity is possible not only with economic development but also with investment in people and society, conducts its corporate social responsibility projects through Turkish Human Resources in Health and Education Foundation (TİKAV) which was founded by the Akın Family.
- TİKAV, working at a national and international level with an innovative understanding in the rapidly changing world of knowledge, aims to help society adapt to change, to bring forward the individuals who will lead development and to promote the idea of social responsibility.
- In this context TİKAV, through long-term social responsibility projects, aims to increase the knowledge and experience of individuals from the younger generation; to develop awareness of healthy living and to contribute in the elimination of today's environmental problems.
- In the projects realized so far, TİKAV meets with different segments of the society, including university students, business people, young people, children living in mountain villages, women, village headmen, relatives of disabled people, children treated in hospitals and mothers accompanying them. It also undertook many school repairs.
- 2017 was a year when Akfen Holding invested in human resources; in which periodical results of TİKAV's social responsibility projects were observed; and conferences and summits were organised in different cities of our country with the direct participation of Akfen executives for the purpose of "Supporting Women, Youth and Entrepreneurs".

TİKAV aims to provide social benefits by help raise individuals who are able to adapt to innovations, who respect social and universal values, are sensitive to the environment, and have social responsibility awareness in the constantly developing information age. It categorizes its projects in three different categories as **local, national** and **international**.

LOCAL PROJECTS

Individual Development Program

Since 1999, approximately 300 young people have been reached through the Individual Development Program and in 2018 a total of 36 students continue their scholarship program. Within the scope of IDP, each student participates in approximately 40 different activities and performs 995 hours of study. 95% of our well-equipped scholarship graduates have gained professional careers in different sectors.

- The Individual Development Program is one of the leading projects implemented by TİKAV at the local level. The program aims to provide equal opportunities to university students who have difficulty in accessing educational, cultural and personal development opportunities, especially for social and economic reasons.
- For this purpose, scholarship students are able to enrich their knowledge and skills by participating in various personal development, foreign language and computer training programs culture-arts and community service programs national and international projects, interviews and professional programs starting from the first year of university to the end of the fourth grade.
- The program was first implemented in 1999 at Elazığ Fırat University Van Yüzüncü Yıl University in 2003 Middle East Technical University, Hacettepe University, Ankara University and Eskişehir Osmangazi University in 2006.
- TİKAV has adopted the goal of creating equal opportunities in accessing educational resources. With its Individual Development Program, it has started working with the universities in the Eastern and Southeastern Anatolia regions in 2009 and has completed 10 years It has run programs in Elazığ Fırat University, Van Yüzüncü Yıl University, Şanlıurfa Harran University and Kahramanmaraş Sütçü İmam University. Since 2014, it continued its studies at Elazığ Fırat University.

Career Workshop Mentee-Mentor Program

- Career Workshop Mentee-Mentor Program aims to help students involved in the TİKAV Individual Development Program, who are preparing to become “Leaders of the Future”, by opening the doors of professional life and to spread awareness of social responsibility in the business world. The program brings together the managers and employees of Akfen (mentors) with the senior students of TİKAV (mentee).
- Volunteers who take the “E-Mentoring Training” within the scope of the program share their experiences of business life with mentees and help them draw their career plans. Within the scope of the program, every week mentors and mentees converse about a specific topic by phone, e-mail, or other means on the internet.
- TİKAV Career Workshop Mentee-Mentor Program, which started in the 2012-2013 academic year, was implemented in the 2013-2014 academic year, in the 2014-2015 academic year and the 2016-2017 academic year, bringing together 52 mentees and 52 mentors. In 2016, 11 TİKAV scholars and 11 mentors attended their program.

Since 2010, TİKAV aims to create sustainable projects for the education and development of individuals in order to create lasting solutions for the problems it deals with. In this context, carrying out joint projects with various organizations in different locations in Turkey, TİKAV has met with different segments of society like young people, children living in mountain villages, women, village headmen, relatives of disabled people, children receiving hospital treatment and their mothers. It also enabled a large number of school repairs. Projects realized so far

Obstacles in our Midst Project

The program implemented in 2014 in partnership with MIP and TİKAV was also supported by Mersin Governorship, Mersin Provincial Directorate of National Education, and Mersin Provincial Directorate of Family and Social Policies. The project aims to instill the idea that disabled people are not victims, to encourage the participation of people with disabilities in social life and to raise the awareness of families with members with disabilities in order to ensure equal opportunities for the disabled. Within the scope of the "Obstacles in Our Midst" project, a total of 1000 people were reached.

Hand in Hand with Headmen in Mersin

This program was realized in partnership with Mersin International Port Management Inc. (MIP) and TİKAV, with the support of Mersin Governorship. Within the scope of the project, the neighborhood and village headmen of Mersin, Akdeniz, Mezitli, Toroslar and Yenişehir districts came together. In the activities that took place for two days every month throughout the year, the headmen were given seminars about Communication Techniques, Leadership, Official Correspondence Rules and Computer Use, and thus learned about the age's dynamism. 100 headmen that participated in the seminars were given “Certificates of Participation".

Let's Renovate our Schools Project

Under the coordination of TİKAV and Mersin International Port Management (MIP), one of Akfen Holding's subsidiaries, various social responsibility projects were implemented for different groups with different needs between 2012-2016. "Let's Renovate our Schools" Project started in 2012 with the support of Mersin Governorship and Mersin Provincial Directorate of National Education. With this project, at least one school was renovated each year.

School for Mothers' Project

The Mothers' School Project in Mersin in cooperation with Mersin International Port Management (MIP) and TİKAV aimed to increase the awareness of mothers by providing basic health training. The Mothers' School Project, organized in 2011 and 2012, contributed to the awareness of the mothers about their own health and the health of their family members. Additionally, mothers who lack social activities were allowed to participate in various activities. During the two-year project, a total of 470 mothers were reached.

New Tradition to the Old Village Project

With the "New Traditions to the Old Villages" project carried out in cooperation with Mersin International Port Management (MIP) and TİKAV, it was aimed to use the computers installed in the village chambers established by the Governorship in Mersin's mountain villages more effectively and thus to enable the village people to gain access to information. Additionally, 63 MIP personnel were involved in the project to increase awareness for social responsibility within the corporate structure. The project was conducted between 23-30 January 2010.

2015 Social Inclusion Projects

In 2015 panels were conducted on two different social problems ("Working Life and Women" and "Communication Within the Family") in partnership with the Health and Education Foundation (TİKAV) and Mersin International Port (MIP) in Mersin. With these panels, it was aimed to develop different perspectives, to address social problems, to raise awareness among the public and to inform them about the practices, and to develop solutions by bringing together the relevant institutions and individuals.

"My Mother and Me" Project

With the "My Mother and Me" Project conducted in cooperation with TİKAV and Turkey Young Businessmen's Association (TUGIAD) it was aimed to support children treated at Ankara Children's Health and Diseases, Hematology Oncology Education and Research Hospital and their mother who accompanied them; and to enhance public awareness in this area. A total of 2,500 children and 2,500 mothers were reached during the Mother and Me Project.

Projects Conducted With Akfen Renewable Energy

- Within the scope of this group of projects that started in 2017 and was financed by Akfen Renewable Energy, projects were conducted with women living in rural areas in various regions of Turkey. In 2017, with the "School at Home" project, 1000 women were given workshops on the development of children in the 0-6 age group. And in 2018, with the "Health First" project 1500 women were trained about first aid, basic health, cancer screening, gynecological diseases and organ donation.
- "Health First" Project received first prize and awarded the Social Responsibility Award in the 9th Turkey Energy Summit held in 2018. It was also a finalist in its own field in the competition organized in 2018 by the Doctor Club. According to the feedback of the project participants, requests have been received to increase the number and frequency of the studies to raise awareness for adults. Participants were very happy to receive information that will benefit them and their relatives and express themselves in projects that support their socialization.
- In 2019, "Hygiene is Health" project will be implemented in 26 different rural areas and seminars on food, body and living space hygiene will be given to women who do manual work.

INTERNATIONAL PROJECTS

The Duke of Edinburgh's International Award - Turkey

- The Duke of Edinburgh's International Award-Turkey is an international social responsibility project implemented within the scope of TİKAV. This Award Program, under the representation of TİKAV and with the support of Akfen, is carried out by The Duke of Edinburgh's International Award-Turkey National Authority.
- The Duke of Edinburgh's International Award was first launched in 1956 with the name "The Duke of Edinburgh Award", with the support of Prince Philip, Duke of Edinburgh in the United Kingdom, based on the educational philosophy of the German educator Kurt Hahn.
- The Award Program which is carried out in more than 130 countries and is now accepted as one of the world's leading youth development programs, accepts all young people between the ages of 14 and 24 regardless of gender, culture, language, religion, race, political tendency, mental or physical disability.
- The Award Program, which is entirely based on volunteerism, aims to support young people's self-discovery, self-confidence and discipline. The project is considered to be a selection criterion for admission to UK universities.
- The Award Program is carried out in 19 provinces in Turkey, in 113 different highschools, universities and non-governmental organisations approved by the Ministry of National Education.
- More than 15,000 young people have participated in The Duke of Edinburgh's International Award-Turkey until today. The program is attended by approximately 2,000 new participants each year. The award program consists of 3 categories: Bronze, Silver and Gold.
- Under these categories, which determine the completion process of the program (6 months, 12 months, 18 months), there are also sections on Voluntary Service, Physical Development, Skill Development and Adventure and Discovery. Participants complete one hour of activity per week for each section. When the gold category is reached, the participants are asked to participate in a "Social Harmony Project" additionally and live with other people in a foreign environment for at least 5 days under the same conditions and work for the same goals.
- So far over 3,000 young people graduated from The Duke of Edinburgh's International Award-Turkey and the Program aims to reach 20 thousand young people in Turkey by 2020.
- In this context, on 14 October 2015, Prince Edward KG GCVO, Wessex Count of the United Kingdom, attended The Duke of Edinburgh's International Award-Turkey 11th National Gold

Awards Ceremony as an honorary guest and gave the 21 gold award winners their certificates.

- Accordingly, on 14 October 2015, a total of 21 gold award participants were presented their certificates at the 11th National Gold Award Ceremony of The Duke of Edinburgh's International Award-Turkey, attended by Prince Edward KG GCVO, Count of Wessex as an honorary guest.
- With Akfen support and under TİKAV representation, the award program carried out by The Duke of Edinburgh's International Award- Turkey's National Authority awarded 1000 young Turks of ages 14-24 from 110 schools in 2018.
- In The Duke of Edinburgh's International Awards that contributes to the personal development of young people with its Voluntary Service, Physical Development, Skill Development and Adventure and Discovery sections and that celebrates its 15th year anniversary, the number of young people that received awards increased by 35% and reached 1000.
- The 14th National Gold Award Ceremony took place on 5 December 2018, hosted by the Consulate General of the United Kingdom in Istanbul. Judith Slater, Consul General of the United Kingdom in Istanbul; Lorraine Fussey, Deputy Consul General of the United Kingdom in Istanbul; Sultan Yılmaz, Chairman of the Board of Directors of TİKAV and National Award Committee; Pelin Akın Özalp, Vice Chairman of the Board of Directors of TİKAV; the school principals of the award-winning participants; the award leader and parents attended the ceremony.
- The Bronze and Silver National Award Ceremony was held on 6 December 2018 at Novotel Istanbul Bosphorus and the 20th Silver National Award Ceremony was held on 7 December 2018 at Maltepe University.
- Speaking at ceremonies, TİKAV Chairman of the Board and the National Committee Sultan Yılmaz noted that the number of award-winning students in 2018 increased by 35 percent from 750 to 1000. Stating that the number of students participating in the program has increased every year, Sultan Yılmaz said, “They worked for themselves. I wish success to all the winners in their lives.”
- Akfen Infrastructure Holding and TİKAV Board Member Pelin Akin Ozalp stated that she herself completed all categories and won an award in the first years of the Award Program, and added that their aim is to reach 20 million young people in Turkey. Özalp noted that, with the establishment of The Duke of Edinburgh's International Award-Turkey Alumni Group, the scope of the program will expand further in Turkey.
- The Duke of Edinburgh's International Award-Turkey has reached more than 15,000 young people in Turkey by 2018, the 15th year of the program. The program has reached more than 8 million young people worldwide

INVESTING IN THE FUTURE OF TURKEY

Abdullah Gül University

Since 2011, Akfen Holding has been contributing to the Abdullah Gül University Support Foundation, which was established in order to help Abdullah Gül University achieve a position line with its vision as soon as possible and to reduce the obligations of the public in the field of education and training.

London School of Economics

Akfen Holding is a Permanent Member of the Advisory Board for the Chair for Contemporary Turkish Studies which was created in London School of Economics with the initiative of the Ministry of Foreign Affairs of the Republic of Turkey. On behalf of the Holding, this duty is carried out by the Board Member Pelin Akın Özalp.

Our Schools

Ülkü Akın Secondary School

The school named in honour of Ülkü Akın, the late wife of Akfen Holding Chairman Hamdi Akın. The school is in Ankara and started education at the beginning of the 1993-1994 academic year with the protocol signed between Ankara Governor's Office and Hamdi Akın. The school has 24 classrooms, 2 kindergarten classrooms, 1 laboratory, 1 multi-purpose hall and a library. Currently the school has 397 students.

Hikmet Akın Secondary School

Hikmet Akın Middle School, located in the Hamidiye Quarter of Düzce, started education at the beginning of the 2004-2005 academic year. The school was built by Hamdi Akın, Chairman of the Board of Directors of Akfen Holding, in honour of his late mother Hikmet Akın. The school has 452 students.

SOCIAL RESPONSIBILITY

Turkish Businesswomen's Association (TİKAD)

Akfen Holding Board Member Pelin Akin Ozalp, who serves on the Board of Turkish Businesswomen's Association (TIKAD), supports projects organised by TIKAD that works with a mission of taking responsility in Turkey's democratization and integration with the modern world.

HeForShe Project

Akfen Holding Chairman of Board Hamdi Akın and Board Member Pelin Akın Özalp support HeForShe, a global solidarity movement for gender equality. Hamdi Akın and Pelin Akin Ozalp participated as speakers in a HeForShe panel discussion held as part of the Gala of the Vodafone Turkey Foundation.

The panel, which was organised to support HeForShe, a global solidarity movement for gender equality, was moderated by the television programmer Beyazıt Öztürk. At the panel, Akfen Holding executives discussed the place of women in social life and business life, and their experiences regarding gender equality.

Turkish Enterprise and Business Confederation (TÜRKONFED)

Akfen Holding Board Member Pelin Akın Özalp, a member of the Board of Directors of Turkish Enterprise and Business Confederation (TÜRKONFED), serves as a member of the Women in Business Commission and supports the Women's All-Around Empowerment project. In 2016, Pelin Akın Özalp continued to support the project by attending the meetings held in Samsun as part of the Women's All-Around Empowerment Project of Turkish Enterprise and Business Confederation (TÜRKONFED).

Akfen Holding has been the signatory of Women's Empowerment Principles (WEPs)

The WEPs platform, which was established in 2010 under the partnership of the United Nations Global Compact and the United Nations Gender Equality and Women's Empowerment Unit (UN Women), presents the private sector with important points to consider in order to ensure gender equality in workplaces, markets and society in general.

In Turkey, Akfen Holding was the first holding to sign Women's Empowerment Principles (WEPs) which was created by the United Nations Gender Equality and Women's Empowerment Unit (UN Women) and the UN Global Compact, and which aims to create awareness for gender equality in the business world. The initiative has 47 signatories to Turkey initiative and 900 signatories globally.

Hamdi Akın Kayseri Microfinance Branch

- Turkey Grameen Microfinance Program (TGMP) is a non-profit economic institution. Instead of traditional charity and donations, TGMP offers microcredit services to reduce poverty in Turkey. The purpose of the microcredit system is to help low-income women to engage in sustainable income generating activities and contribute to their family budgets.
- Turkey Foundation for Waste Reduction, which began operations in 1998 in Ankara, has been also conducting Turkey Grameen Microfinance Program since 2003 in order to help poor women involve in income generating activities.
- Turkey Foundation for Waste Reduction (TİSVA) Chairman Prof. Dr. Aziz Akgül said they reached approximately 170 thousand micro-entrepreneur women through the 91 branches in 61 provinces since 2003, when the Microfinance program was born in Turkey.
- On 6 March 2018, checks were given to women who will use Microcredit from Kayseri Microfinance Branch, which functions under Turkey Grameen Microfinance program and has supported 1574 micro-entrepreneurs so far. Speaking at the ceremony, Akfen Group Honorary President Hamdi Akın said that the women who met with the Microcredit Project could overcome poverty, stand on their feet economically and help their families.
- Stating that it is a great pride for him to launch the Microcredit program in Kayseri, Akın said, “The Islamic religion commands that the right hand does not see what the left hand gives, and that the poor are invisible. For this reason, such aids will continue to be provided by philanthropists, but no one will make it an advertising material. We don't accustom you to laziness by donating and helping. On the contrary, we are trying to integrate you into a system. We are trying to make each of you a player in the system."

Intercompany Mentoring Program for More Women on the Boards Program

- At Akfen, in line with our corporate culture, we believe that each job is important and that each employee is valuable. In addition to supporting our female employees' roles in society with our practices, we also offer professional career opportunities. Akfen Holding Chairman Hamdi Akın, within the context of "Intercompany Mentoring Program for More Women on Boards Program" which is created in collaboration with Praes Turkey and Forbes Turkey, has been mentoring female managers in order to prepare them for positions on boards of directors.

Support for Young People and Entrepreneurs

Under Akfen Group Honorary Chairman Hamdi Akın's leadership, Akfen Holding managers have participated as the country in various conferences and summits around Turkey in order to contribute to Turkey's economic growth, and to inspire young entrepreneurs and managers.

Some of the events Akfen executives attended throughout the year are as follows:

- *5. Turkey Women Directors Meeting*
- *Tülin Kanun BI-RE-Y Event*
- *Uludağ Economic Summit*
- *Women in Energy Club - The Bosphorus Energy Club*
- *International Traditional and Complementary Medicine Congress and Fair*
- *DEİK PPP Committee Meeting*
- *Credit Suisse - Young Investor Program*
- *Young Executive and Business People Association (GYİAD) Equality Time Presentation*
- *Ünlü & Co 3. Women Entrepreneurs Academy*
- *YKKD (Women on Boards of Directors) 25th Hour Gatherings Event*
- *YKKD (Women on Boards of Directors) - "KPMG Global Women Leaders Research" Event*

Tülin Kanun BI-RE-Y Event

Women In Energy Club - The Bosphorus Energy Club

YKKD 25th Hour Gatherings Event

FOREIGN ECONOMIC RELATIONS BOARD

Founded in 1986, the Foreign Economic Relations Board (DEIK) is responsible for coordinating the foreign economic relations, researching domestic and international investment opportunities and increasing Turkey's exports and similar business development studies for the Turkish private sector, and serves primarily foreign trade, international investment, services, contracting and logistics activities.

DEIK gained a new structure on 11 September 2014 with the passing of Law No 6552 and thereby undertook the task of "conducting the foreign economic relations of the Turkish private sector". DEIK is a volunteer "business diplomacy" organization created by Turkey's leading entrepreneurs and business representatives together with Founding Institutions, members and the Business Councils.

Europe

Akfen's top executives continued to take part in different working groups to represent Turkey in 2018. Pelin Akın Özalp, Member of the Board of Directors at Akfen Holding, continued to serve in the Foreign Economic Relations Board (DEİK) as a member of the Turkish-Spanish Business Council, the Turkish-Irish Business Council and the Turkish-British Business Council.

USA

Akfen Infrastructure Holding Vice President Pelin Akın Özalp serves as the Chairperson of the Committee for Member Relations of Turkey-America Business Council (TAİK).

Far East

Süha Güçsav, General Manager of Akfen Holding, is the Chairman of DEİK Turkish-Singapore Business Council. Güçsav, in addition to these duties, was appointed as the Honorary Business Representative of Turkey at the International Trade and Investment Agency under the Ministry of Industry and Trade in Singapore in October 2014 (IESingapore).

Sponsorships and Donations

Akfen Group also contributes to periodic projects. Some of them are as follows:

- *World Angel Investment Congress*
- *EBRD Annual Meeting*
- *Hikmet Akın Kindergarten*
- *Kıyıcak Lions Primary School Sports Hall Construction*
- *Red Crescent*
- *Tatlıdil Forum*
- *Special projects of TÜSİAD*

Non-Governmental Organizations We Are a Member of

Akfen and its senior executives have memberships in many institutions, organizations and associations which work for the economic, social and cultural development of our country. Relevant managers contribute to sustainable development by taking an active role in these institutions.

- *B-20 Executive Board - Infrastructure and Investments Committee*
- *Member of the Board of Directors at the Association of Executives of Companies Listed on the Stock Exchange (KOTEDER)*
- *Clean Sea Association / TURMEPA*
- *World Economic Forum - Global Shapers*
- *Real Estate and Real Estate Investment Trust Association (GYODER)*
- *Young Presidents Organization (YPO)*
- *Center for Public Policy and Democracy Studies (PODEM)*
- *Corporate Communicators Association (KİD)*
- *Turkish Enterprise and Business Confederation (TÜRKONFED)*
- *Turkish Industrialists and Businessmen Association (TÜSİAD)*
- *Family Businesses Association of Turkey (the TAİD)*
- *Young Businessmen Association of Turkey (TUGIAD)*
- *Human Resources Association of Turkey (PERYÖN)*
- *Turkish Business Women Association (TIKAD)*
- *Confederation of Employers' Unions of Turkey (TISK)*
- *Corporate Governance Association of Turkey (TKYD)*
- *Tourism Investors Association of Turkey (BLS)*
- *Investor Relations Association (TÜYİD)*

GENERAL INFORMATION

Account period:

This report is for the accounting period 01.01.2018-31.12.2018.

Company registration and contact information:

Title: Akfen Altyapı Holding A.Ş.

Tax Office: Cumhuriyet

Tax Number: 023 030 3984

Trade Registry Number: 249432

Head Office: Koza Caddesi No:22 GOP Ankara

Phone Number: +90 (312) 408 10 00

Fax Number: 090 (312) 441 07 82

Under the prohibition of competition and transactions:

In 2018, the Board of Directors and senior executives did not engage in any activities with the company on their own behalf or on behalf of others, and did not engage in any activities within the scope of the non-compete clause.

Rights granted to board members and senior executives:

In 2018, no payment was made to the members of the Board of Directors under the name of salary, bonus, attendance fee or any other name.

Total short term benefits provided to top management of Akfen Infrastructure Holding and its subsidiaries for the period ended 31.12.2018 is 13.03 million TL (31.12.2017: TL 10.28 million).

Research and development activities of the company:

Information about the projects that our Company is developing for the future is given in the “Group Companies” section of this report.

The company's activities and important developments related to the activities:

Information on the company's activities is presented in the Group Companies section of this report, and information on investments and financial developments is presented in the Financial Results section.

Information about the company's internal control system and internal audit:

In order to establish an operating system, internal control system, reporting system, risk management system, and to meet these activities, the company conducts studies to establish an information systems department, an internal audit department, and a budget reporting and risk department.

With the establishment of these departments, the mentioned systems, processes and reporting will be made systematic and regular.

Information on the company's own shares acquired:

The Company does not have its own shares.

Information on private and public audits carried out during the accounting period::

In 2018, there was no public audit at Akfen Altyapı Holding. Special audits are Ernst & Young (financials), KPMG (tax), and other audits conducted under the Commercial Code.

Information on lawsuits filed against the company that may affect the financial position and activities of the company and their possible consequences:

There is no lawsuit filed against the Company.

Explanations on administrative or judicial sanctions imposed on the company and the members of the Board of Directors due to practices contrary to the provisions of the legislation:

There are no administrative or judicial sanctions imposed on the Company and its executives.

Information and assessment on whether the targets set in the previous periods have been achieved and whether the resolutions of the General Assembly have been fulfilled:

The company's management has achieved its targets in 2018 and the decisions taken at the General Assembly have been complied with.

Information on the Extraordinary General Assembly, including the date of the General Assembly, the decisions taken, and the related transactions:

In 2018, the Extraordinary General Assembly was held once. In this Extraordinary General Assembly Meeting held on 13.08.2018, it was unanimously decided;

- to increase the company's capital from 43,300,000 TL to 580,000,000 TL in accordance with the approval of the Turkish Ministry of Customs and Trade, General Directorate of Internal Trade.
- That the Board of Directors will consist of 5 members; that İrfan Erciyas, Sıla Cılız İnanç, Selim Akın and Pelin Akın Özalp as well as Hamdi Akın were elected as members of the Board of Directors for 1 (one) year at the Ordinary General Assembly held on 22.05.2018 to serve until 22.05.2019,
- No remuneration, attendance fee or any other right will be paid to the Members of the Board of Directors;
- to allow the activities of the members of the Board of Directors within the scope of Articles 395 and 396 of the TCC.

Information on donations and grants made by the company and expenditures made within the framework of social responsibility projects:

In 2018, Akfen Infrastructure Holding did not make any donations or sponsorship expenses.

Determinations and assessments of whether the capital of the company remains unrequited or not in debt:

The company's capital is 580 million TL and the shareholders' equity is 4,299.42 million TL. In other words, the company maintained its capital.

Information on dividend distribution policy:

The company determines the profit distribution decisions in accordance with the Turkish Commercial Code, tax legislation, other relevant legislation and the company's articles of association. There is no privilege between dividend groups in dividend distribution.

Long-term Holding strategies, capital requirements of the group companies, investment and financing policies, profitability and cash position are taken into consideration in the profit distribution decision.

The manner and time of distribution of the profit to be distributed shall be decided by the General Assembly upon the proposal of the Board of Directors.

Assessment of risks and governing body:

Necessary measures are taken against the risks predicted in the sectors in which the company operates and developments in related sectors are monitored. The developments in the sectors the company operates in are summarized in the “Group Companies” section of this report.

(Convenience translation of the independent auditors' report and condensed consolidated interim financial statements originally issued in Turkish)

Akfen Altyapı Holding Anonim Şirketi and its Subsidiaries

Consolidated financial statements as of and for the year ended December 31, 2018 with the independent auditor's report

CONTENTS

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Akfen Altyapı Holding Anonim Şirketi and its subsidiaries

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Akfen Altyapı Holding A.Ş. ("the Company") and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards (IAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

3) Key Audit Matters

According to our professional judgment, the key audit matters are of the utmost importance in the independent audit of the financial statements for the current period. Key audit issues have been addressed in the context of independent audit of financial statements as a whole and in the formation of our opinion on the financial statements, and we do not express a separate opinion on these matters

Key Audit Matter	Audit
Revenue and cost accounting using the percentage of completion method for construction and contracting contracts	
As explained in footnote 2, the Group applies percentage of completion method in determining revenue and cost related to ongoing construction and contracting contracts. Important assumptions are used to determine percentage of completion and total project cost. The determination of total project cost and percentage of completion is considered a key audit issue as it involves significant estimates.	Our audit procedures to assess determination of percentage of completion and total contract costs by the management are as follows: - The estimation process applied by the Group in determining the percentage of completion and the income and cost amounts reflected in the financial statements has been examined, For the projects we selected (selected by sampling method); - The changes in the estimated total cost and total revenue amounts between periods are examined and questioned, - The percentage of completion of the projects was recalculated by proportioning the actual costs to the total project cost, - Actual expenses have been tested with supporting documents, - Contracts, addendums and requests for changes were examined to test the total contract revenue, - Revenue amounts reflected in the financial statements have been recalculated according to the percentage of completion of the projects, - Provision for expected losses is recalculated.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Key Audit Matter	How the Key Audit Matter is Addressed in the Audit
TFRS Comment 12 - Service Concession Agreements	
Taking into account the terms of the service concession agreement with the government, the Group applied TFRS Comment 12 financial asset model and defined a financial asset in its financial statements. The Group considers the service concession agreements as hybrid contracts that contain the main products in the nature of financial assets. Related contracts contain more than one embedded derivative product and vary with contractual cash flows, a certain inflation rate and exchange rate changes. The Group recognizes financial assets arising from service concession agreements at their amortized cost for ongoing projects, which is calculated by discounting the cash flows of the contractual cash flows with the effective interest rate, at the fair value of the projects that started to operate.	- The service concession agreement was obtained, and the terms of the agreement were examined. - Since the assumptions and estimates used in the calculation of fair value cause fair value change, the estimates and assumptions used, and the fair value calculation were tested. - Assumptions and estimates used in the calculation of amortized costs calculated by discounting the contractual cash flows with effective interest rate in projects under investment are tested. - The end-of-period financial asset figure generated in the service concession model is mutually confirmed by the end-of-year financial statements. - In addition, within the scope of the above-mentioned special accounting, we questioned the appropriateness of the information contained in the financial statements and the explanatory footnotes and the adequacy of the information disclosed for the readers of the financial statements.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Key Audit Matter	How the Key Audit Matter is Addressed in the Audit
Valuation of investment properties and important information disclosed	
As explained in Footnotes 2 and 10, the Group, after initial recognition, appraises its investment properties using the fair value method. As December 31, 2018, the fair value of the investment properties amounting to TRY 2,814,516 shown in the financial statements has been determined by the independent valuation company with CMB license and the details are explained in Footnote 10. The valuation of investment properties is considered as a key subject by us since the investment properties constitute a significant portion of the Group's total assets and the valuation methods applied include significant estimates and assumptions.	- Competence and impartiality of the real estate appraisal experts appointed by the management were evaluated by us. -In the audit we conducted, the appropriateness of the valuation methods used by the valuation experts in the valuation reports of investment properties was evaluated. In the appraisal reports, the reconciliation of the values appraised by the appraisal experts to the amounts explained in the footnote 10 was checked. In addition, we have checked the compliance of the inputs, such as precedents, rental income, duration of lease agreements, occupancy rates and department and operating expenses with previous filed amounts. -Our audit procedures include the evaluation of market data against the assumptions (including real discount rate, market data and estimated occupancy rates) used by valuation experts in their valuation. For this evaluation, appraisal experts from another organization included in the same audit network as our organization were included in our studies. -Due to the existence of high level judgments used in the valuation report, as well as alternative estimates and valuation methods, we have assessed whether the value appreciated by the valuation experts is within an acceptable range. -In addition, the appropriateness of the information in the financial statements and explanatory footnotes and the importance of the information disclosed for the readers of the financial statements were taken into consideration and questioned by us.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Key Audit Matter	How the Key Audit Matter is Addressed in the Audit
Deferred tax assets recognized under investment incentive certificates	
The Group received an investment incentive certificate within the scope of "the Council of Ministers Decision on State Aids in Investments", which regulates investment incentives. As of December 31, 2018, investment expenditures amounting to TRY 2,608,105 have been made within the scope of these incentive certificates. The Group limits the investment incentive advantage to the amount of tax advantage that it foresees that it can use within the year it has determined as a foreseeable future. As of December 31, 2018, deferred tax assets amounting to TRY 511,148 have been accounted for related investment incentives. Since the extent to which these assets are accounted for depends on the Group management's significant estimates and assumptions, deferred tax assets recognized under investment incentive certificates are considered as a key audit issue by us. Explanations on deferred tax assets are disclosed in Note 29.	-In the audit of deferred tax assets accounted for under investment incentive certificates, the support of tax experts of another organization included in the same audit network was obtained. The measurement of the related deferred tax assets is presented for the examination and evaluation of the tax experts. -Taxable profit estimates based on future annual business plans approved by management have been questioned in terms of recoverability of related deferred tax asset. - In the scope of our audit, the key assumptions used by the Group management in the related business plans were examined and their suitability was evaluated. - The amount of investment expenditure during the period which is the basis of the deferred tax asset calculations is confirmed by the accounting records. - In addition, the conformity of the disclosures in the notes to the financial statements in accordance with TAS 12 has been evaluated.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with IAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

IWe communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

B) Report on Other Legal and Regulatory Requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1, - December 31, 2018 and financial statements are not in compliance with law and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Mehmet Can Altıntaş.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Mehmet Can Altıntaş, SMMM
Associate Partner

May 22, 2019
Istanbul, Turkey

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Consolidated statement of financial position as at December 31, 2018

(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)

Assets	**References**	**Audited December 31, 2018**	**Audited December 31, 2017**	**Audited January 1, 2017**
Current assets		**3,281,825**	**3,433,388**	**777,165**
Cash and cash equivalents	4	2,032,357	2,310,258	155,332
Financial investments	20	239,882	2,718	60,938
Trade receivables	6	67,512	56,775	80,931
- Trade receivables from related parties	*6-30*	*8,965*	*15,283*	*24,328*
- Trade receivables from third parties	*6*	*58,547*	*41,492*	*56,603*
Inventories	14	331,403	288,670	249,559
Other receivables	7	18,476	294,434	6,427
- Due from related parties	*7-30*	*160*	*289,437*	*5,888*
- Due from third parties	*7*	*18,316*	*4,997*	*539*
Receivables from ongoing construction projects and service contracts	9	-	134,563	69,492
Financial assets related to concession agreements	9	377,874	97,014	-
Prepaid expenses	8	67,834	174,740	94,653
Current income tax assets	27	58,073	21,753	941
Other current assets	21	88,414	52,463	58,892
Non-current assets		**11,222,103**	**7,544,198**	**5,921,170**
Financial investments	20	1,939,953	885,146	62,802
Trade receivables	6	16,908	20,738	130
- Trade receivables from third parties	6	16,908	20,738	130
Other receivables	7	493,220	472,995	249,629
- Due from related parties	7-30	457,519	446,192	230,654
- Due from third parties	7	35,701	26,803	18,975
Receivables from ongoing construction and service contracts	9	153,891	1,157,981	1,233,705
Financial assets related to concession agreements	9	3,813,869	1,076,315	-
Derivative financial assets	11	3,463	12,371	2,887
Investments accounted using the equity method	18	1,068,111	1,070,004	2,130,803
Investment property	10	2,814,516	2,071,486	1,692,538
Property, plant and equipment	12	111,349	124,022	128,357
Intangible assets	13	101,956	106,014	91,106
Prepaid expenses	8	12,911	9,123	17,579
Deferred tax assets	29	554,546	324,801	97,600
Other non-current assets	21	137,410	213,202	214,034
Total assets		**14,503,928**	**10,977,586**	**6,698,335**

The accompanying notes form an integral part of the consolidated financial statements.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)
Consolidated statement of financial position as at December 31, 2018
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)

Liabilities	References	Audited December 31, 2018	Audited December 31, 2017	Audited January 1, 2017
Current liabilities		**2,846,539**	**1,582,706**	**1,894,442**
Short term borrowings	5	75,795	2,540	372,603
Short term portion of long-term borrowings	5	839,132	1,053,205	1,182,573
Trade payables	6	1,650,593	207,612	136,944
-Due to related parties	*6-30*	*1,584,051*	*6,032*	*3,776*
-Due to third parties	*6*	*66,542*	*201,580*	*133,168*
Employee benefit obligations		1,172	997	540
Other payables	7	83,322	110,145	79,514
-Due to related parties	*7-30*	*225*	*347*	*20,957*
-Due to third parties	*7*	*83,097*	*109,798*	*58,557*
Deferred revenue	15	166,459	94,429	113,831
Income tax payable	27	15,389	98,797	-
Current provisions		7,877	12,818	6,081
-Provision for employee benefits	*16*	*7,877*	*9,068*	*5,881*
-Other current provisions	*16*	-	*3,750*	*200*
Other current liabilities	21	6,800	2,163	2,356
Non-current liabilities		**7,357,971**	**3,683,985**	**2,632,847**
Long term borrowings	5	6,532,516	3,376,954	2,378,441
Trade payables	6	256,078	513	273
-Due to related parties	*6-30*	*256,078*	-	-
-Due to third parties	*6*	-	*513*	*273*
Other payables	7	253,990	126,103	95,486
-Due to related parties	*7-30*	*191,070*	*86,881*	*55,382*
-Due to third parties	*7*	*62,920*	*39,222*	*40,104*
Derivative financial liabilities	11	30,794	1,816	751
Deferred revenue	15	19,894	1,622	1
Current provisions	16	5,476	20,109	3,451
-Provision for employee benefits		*5,476*	*3,841*	*3,451*
-Other non-current provisions		-	*16,268*	-
Deferred tax liabilities	29	254,935	126,711	126,305
Other non-current liabilities	21	4,288	30,157	28,139
Equity		**4,299,418**	**5,710,895**	**2,171,046**
Equity attributable to equity holders of the parent		**4,241,204**	**5,672,618**	**2,143,981**
Issued capital	22	580,000	43,300	43,300
Share premiums		2,376	3,221	2,915
Additional contributions of shareholders	22	20,764	-	-
Treasury shares (-)		(1,289)	(1,289)	-
Restricted reserves appropriated from profits	22	2,782,348	7,251	7,251
Effect of business combinations under common control	3	(1,964,597)	1,529,008	1,969,667
Other accumulated comprehensive income that will not be reclassified to profit or loss		260,273	6,941	11,371
- (Losses)/gains on remeasurement of defined benefit plans		(4,026)	(4,014)	58
- Increases on revaluation of property, plant and equipment	22	5,217	10,955	11,313
- Other gains on revaluation and remeasurement	22	259,082	-	-
Other accumulated comprehensive income that will be reclassified to profit or loss		407,157	121,408	8,229
- Currency translation difference	22	401,195	115,446	8,229
- Gains on hedge	22	5,962	5,962	-
Retained earnings		1,091,961	101,057	101,248
Net profit for the period		1,062,211	3,861,721	-
Non-controlling interests	22	58,214	38,277	27,065
Total liabilities and equity		**14,503,928**	**10,977,586**	**6,698,335**

The accompanying notes form an integral part of the consolidated financial statements.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)
Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2018
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)

	References	Audited January 1- December 31, 2018	Audited January 1,- December 31, 2017
Revenue	23	1,416,397	1,291,568
Cost of sales (-)	23	(877,419)	(999,776)
Gross profit		**538,978**	**291,792**
General administrative expenses (-)	24	(107,712)	(119,441)
Marketing expenses (-)	25	(6,681)	(41,219)
Other income from operating activities	26	1,478,220	261,809
Other expenses from operating activities (-)	26	(22,163)	(39,732)
Share of profit from investments accounted using the equity method	18	(174,242)	12,751
Operating profit from operating activities		**1,706,400**	**365,960**
Income from investment activities	28	166,605	3,942,137
Expense from investment activities (-)	28	(54,879)	(20)
Profit before finance income/(expense)		**1,818,126**	**4,308,077**
Finance income	27	1,536,522	391,263
Finance expenses (-)	27	(2,222,289)	(919,308)
Profit before tax from continuing operations		**1,132,359**	**3,780,032**
Tax (expense)/income		(47,531)	87,651
- Current period tax expense	*29*	*(140,425)*	*(137,304)*
- Deferred tax income	*29*	*92,894*	*224,955*
Profit for the period		**1,084,828**	**3,867,683**
Attributable to			
Non-controlling interests		22,617	5,962
Equity holders of the parent		1,062,211	3,861,721
Statement of other comprehensive income			
That will not be reclassified to profit or loss		255,796	(4,403)
-Losses on remeasurement of defined benefit plans		*(36)*	*(4,045)*
-Financial asset value increase fund		*259,082*	*-*
-Decreases on revaluation of property, plant and equipment		*(3,250)*	*(358)*
That will be reclassified to profit or loss		291,234	117,863
- Currency translation difference		*291,234*	*111,915*
- Gains on hedge		*-*	*6,464*
- Revaluation and reclassification gains/losses		*-*	*(516)*
Other comprehensive income		**547,030**	**113,460**
Total comprehensive income		**1,631,858**	**3,981,143**
Distribution of total comprehensive income			
Non-controlling interests		28,101	10,673
Equity holders of the parent		1,603,757	3,970,470

The accompanying notes form an integral part of the consolidated financial statements.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)
Consolidated statement of changes in equity for the year ended December 31, 2018
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)

						Other comprehensive income and expenses accumulated that will be reclassified in profit or loss	
	Issued capital	Share premiums /(discounts)	Adjustment to share capital	Treasury shares	Effects of combinations of entities or businesses under common control	Currency translation differences	Gains on hedge
Balances as of January 1, 2017	**43,300**	**2,915**	**-**	**-**	**1,969,667**	**8,229**	**-**
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**-**	**107,217**	**5,962**
Profit for the period	-	-	-	-	-		
Other comprehensive income/(expense)					-	107,217	5,962
Decrease through treasury share transactions	-	-	-	(1,289)	-	-	-
Effects of business combinations under common control (*)	-	-	-	-	(440,659)	-	-
Increase through other changes	-	306	-	-	-	-	-
Balances as of December 31, 2017	**43,300**	**3,221**	**-**	**(1,289)**	**1,529,008**	**115,446**	**5,962**
Balances as of January 1, 2018	**43,300**	**3,221**	**-**	**(1,289)**	**1,529,008**	**115,446**	**5,962**
Adjustments related to accounting policy changes (**)	-	-	-	-	-	-	-
Balances after adjustments	**43,300**	**3,221**	**-**	**(1,289)**	**1,529,008**	**115,446**	**5,962**
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**-**	**285,749**	**-**
Profit for the period	-	-	-	-	-	-	-
Other comprehensive income/(expense)	-	-	-	-	-	285,749	-
Capital increase	536,700	-	-	-	-	-	-
Transfers	-	(845)	-	-	-	-	-
Other contributions of shareholders	-	-	20,764	-	-	-	-
Effects of business combinations under common control (*)	-	-	-	-	(3,493,605)	-	-
Increase/(decrease) due to changes in shareholding ratio that do not result in loss of control in subsidiaries	-	-	-	-	-	-	-
Balances as of December 31, 2018	**580,000**	**2,376**	**20,764**	**(1,289)**	**(1,964,597)**	**401,195**	**5,962**

(*) Mergers and acquisitions, details of which are disclosed in Note 1 and Note 3, are considered as Business Combinations Under Common Control and accounted for using the Merging of Rights method. In order to offset the discrepancies in assets and liabilities under the control of joint control, the effect of business combinations under common control is used under equity.

(**) The effect of TFRS 15 adjustment on opening balance.

The accompanying notes form an integral part of the consolidated financial statements.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)
Consolidated statement of changes in equity for the year ended December 31, 2018
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)

Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss				Retained earnings				
Increases/ (decreases) on revaluation of property, plant and equipment	Other gains on revaluation and remeasurement	Gains/(losses) on remeasurement of defined benefit plans	Restricted appropriated from profits	Retained earnings/ (losses)	Net profit for the period	Total	Non-controlling interests	Total equity
11,313	**-**	**58**	**7,251**	**101,248**	**-**	**2,143,981**	**27,065**	**2,171,046**
(358)	**-**	**(4,072)**	**-**	**-**	**3,861,721**	**3,970,470**	**10,673**	**3,981,143**
					3,861,721	3,861,721	5,962	3,867,683
(358)	-	(4,072)	-	-	-	108,749	4,711	113,460
-	-	-	-	-	-	(1,289)	-	(1,289)
-	-	-	-	(191)	-	(440,850)	-	(440,850)
-	-	-	-	-	-	306	539	845
10,955	**-**	**(4,014)**	**7,251**	**101,057**	**3,861,721**	**5,672,618**	**38,277**	**5,710,895**
10,955	**-**	**(4,014)**	**7,251**	**101,057**	**3,861,721**	**5,672,618**	**38,277**	**5,710,895**
-	-	-	-	(4,667)	-	(4,667)	-	(4,667)
10,955	**-**	**(4,014)**	**7,251**	**96,390**	**3,861,721**	**5,667,951**	**38,277**	**5,706,228**
(3,250)	**259,082**	**(35)**	**-**	**-**	**1,062,211**	**1,603,757**	**28,101**	**1,631,858**
-	-	-	-	-	1,062,211	1,062,211	22,617	1,084,828
(3,250)	259,082	(35)	-	-	-	541,546	5,484	547,030
-	-	-	-	-	-	536,700	-	536,700
(2,488)	-	-	2,775,097	1,089,957	(3,861,721)	-	-	-
-	-	-	-	-	-	20,764	-	20,764
-	-	23	-	(97,022)	-	(3,590,604)	-	(3,590,604)
-	-	-	-	2,636	**-**	**2,636**	**(8,164)**	**(5,528)**
5,217	**259,082**	**(4,026)**	**2,782,348**	**1,091,961**	**1,062,211**	**4,241,204**	**58,214**	**4,299,418**

The accompanying notes form an integral part of the consolidated financial statements.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)
Consolidated statement of cash flows for the year ended December 31, 2018
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)

	References	Audited December 31, 2018	Audited December 31, 2017
A. Cash Flows from Operating Activities		**300,712**	**(1,080,467)**
Profit for the period		**1,084,828**	**3,867,683**
Adjustments to reconcile profit		**(115,637)**	**(3,226,156)**
Adjustments for depreciation and amortization	23-24	9,024	9,085
Adjustments for provisions related with employee benefits		444	3,577
Adjustments for dividend income	28	(27,527)	(15,572)
Adjustments for participation fee and income from other financial instruments	28	(27,719)	-
Adjustments for fair value profit		(1,157,801)	(229,685)
Adjustment for fair value gain of financial assets	26-28	(554,765)	-
Adjustment for fair value gain of property, plant and equipment	26	(603,036)	(229,685)
Adjustments for impairment loss	26-27	3,477	30,274
Adjustments for other provisions	26	2,894	6,671
Adjustments for the fair value losses / (gains) of derivative financial instruments	27	40,737	(8,074)
Adjustments for the undistributed profits of investments accounted using the equity method	18	174,242	(12,751)
Adjustments for unrealized foreign exchange		938,584	329,295
Adjustments regarding gains related to changes in share or disposal of associates, joint ventures, and financial investments	28	(111,359)	(3,925,030)
Adjustments for interest income and expenses	26-27	67,521	479,820
Adjustments for tax (income) / expenses	29	(47,531)	87,651
Oher adjustment for profit / loss reconciliation	27	19,377	18,583
Changes in working capital		**(390,460)**	**(1,678,368)**
Adjustments for increases in trade receivables		(12,395)	(5,203)
Adjustments for decreases/(increases) in other receivables related with operations		240,139	(388,147)
Adjustments for decrease in receivables from ongoing service contracts	9	170,812	73,706
Adjustments for increase in financial assets related to concession agreements	9	(948,694)	(959,487)
Adjustments for increases in inventories	14	(72,616)	(39,111)
Other adjustments for other increase/(decrease) in working capital		106,114	(85,162)
Adjustments for (decreases)/increases in trade payables		(134,267)	73,168
Adjustments for increases/(decreases) in other payables from operations		260,447	(348,132)
Cash flows from/(used in) operations		**578,731**	**(1,036,895)**
Tax payments		(277,457)	(43,091)
Payments related with provisions for employee benefits		(562)	(481)

The accompanying notes form an integral part of the consolidated financial statements.

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)
Consolidated statement of cash flows for the year ended December 31, 2018
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)

	References	Audited December 31, 2018	Audited December 31, 2017
B. Cash Flows (used in)/from Investment Operations		**(2,353,063)**	**3,836,518**
Interest received		18,691	39,537
Dividends received		36,109	38,713
Cash outflow of property, plant, equipment and intangible assets	12-13	(5,048)	(7,169)
Proceeds from sales of property, plant, equipment and intangible assets	12-13	12,755	-
Cash outflow from the purchase of investment property	10	(33,859)	(40,763)
Cash outflow from acquisition of shares or borrowing instruments of other businesses or funds	5	(170,000)	-
Cash inflows caused by share sales or capital decrease of associates and / or joint ventures		-	3,806,200
Cash outflows due to share purchase or capital increase of associates and / or joint ventures		(1,528,324)	-
Cash outflow from participation fee and other financial instruments		(683,387)	-
C. Cash Flows from/(used in) Financing Activities		**1,774,406**	**(601,184)**
Proceeds from borrowings	5	2,288,046	1,636,279
Repayments of borrowings	5	(792,779)	(1,887,800)
Interests paid	5	(408,184)	(331,080)
Cash inflows from capital advances		536,700	-
Cash inflow from issuing shares and other equity instruments	5	170,000	-
Other cash flow decreases	27	(19,377)	(18,583)
Net (decrease)/increase in cash and cash equivalents		**(277,945)**	**2,154,867**
Cash and cash equivalents at the beginning of the period	**4**	**2,310,199**	**155,332**
Cash and cash equivalents at the end of the period	**4**	**2,032,254**	**2,310,199**

The accompanying notes form an integral part of the consolidated financial statements.

[Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish]
Notes to the consolidated financial statements as at and for the year ended December 31, 2018
[All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.]

1. Organization and nature of the operations

Akfen Altyapı Holding Anonim Şirketi ("Akfen Infrastructure" or the "Company") was incorporated in 2008 to provide infrastructure investment services. Akfen Infrastructure is one of the leading companies in Turkey with diversified activities in, construction, ports, and real estate sectors. The consolidated financial statements as at and for the year ended December 31, 2018 comprise the Company, its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

As of May 24, 2018, trade title of the Company has been changed as Akfen Altyapı Holding A.Ş while it was Akfen Altyapı Danışmanlık A.Ş.

The company's address is Gaziosmanpaşa district, Koza Sk, No: 22, 06700, Çankaya, Ankara, Turkey.

The number of employees of the Group as at December 31, 2018 is 119 (December 31, 2017: 114).

As of December 31, 2018, the number of personnel employed by the Group is 7,082 (December 31, 2017: 267, January 1, 2017: 199).

As of December 31, 2018, 2017 and January 1, 2017, the shareholder structure is as follows:

	December 31, 2018 Share ratio (%)	December 31, Share ratio (%)	January 1, 2017 Share ratio (%)
Pelin Akın Özalp	**50**	50	50
Selim Akın	**50**	50	50
	100	100	100

The main activities in which Akfen Infrastructure operates through its subsidiaries are summarized below:

Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen Construction")

Akfen Construction, one of the oldest companies of the Akfen Group, was initially established to perform the feasibility and engineering services of industrial facilities, and then expanded its range of services with the manufacture, installation and installation of industrial facilities. To date, the company has built a wide range of infrastructure such as airport terminals and associated infrastructure constructions, natural gas pipelines / distribution systems, hospitals, schools, student dormitories, residential housing projects, industrial power plants, hydroelectric power plants, water distribution, sewage systems and wastewater treatment plants.

Currently, Akfen Construction's field of activity includes HEPP construction projects, hospital Public Private Partnership projects (currently Isparta, Eskişehir and Tekirdağ hospital projects), various dormitory and real estate (housing / hotel) projects.

A contract was signed between Akfen Holding and Akfen Infrastructure on March 13, 2018 on the transfer of priority rights and participation in the capital increase of Akfen Construction, a wholly-owned subsidiary of Akfen Infrastructure. As a result, Akfen Holding had a 48.81% stake in Akfen Construction as it registered the capital increase of Akfen Construction on 30 May 2018. The remaining shares of Akfen Construction are owned by Akfen Infrastructure.

Akfen Holding A.Ş. ("Akfen Holding")

Akfen Holding was established in 1999 in Turkey. Akfen Holding's core business is to invest in and manage its subsidiaries and affiliates operating in industry branches such as airports management and operations, construction, port management, maritime transport, water distribution and wastewater services, energy and real estate.

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Notes to the consolidated financial statements as at and for the year ended December 31, 2018
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)

1. Organization and nature of the operations (cont'd)

Following the share transfer transaction carried out at Akfen Holding on August 6, 2018, Akfen Infrastructure, which had a 9.87% stake in Akfen Holding prior to the transaction, acquired 99.36% of Akfen Holding's capital. Within the scope of this share transfer transaction; 572,450,967 shares of Hamdi Akın, 85.80% of Akfen Holding's shares with a nominal value of TL 667.180.686, all shares of Selim Akın and Akfen Turizm Yatırımları ve İşletmecilik A.Ş. ("Akfen Tourism"), which owns 3.47% and 0.43% shares respectively, were transferred to Akfen Infrastructure.

2. Basis of presentation of financial statements

i. Basis of presentation of financial statements

These financial statements are prepared from the statutory financial statements of the Company and presented in TL, with the necessary adjustments and reclassifications for the purpose of fair presentation in accordance with TFRS. The related adjustments mainly consist of deferred tax calculation, presentation of loans with discounted value, financial assets accounted for at fair value in accordance with TFRS 9, fair value adjustments of derivative instruments and investment properties and adjustments related to TFRIC 12.

The Group maintains its books of account and prepares its statutory financial statements in Turkish Lira (TL) in accordance with the Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

The Group's consolidated financial statements has been approved by the Company's Board of Directors on May 22, 2019.

Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the functional currencies of the relevant Group companies over the exchange rate on the date when the transaction took place. Foreign currency-denominated monetary assets and liabilities are translated into the functional currency over the exchange rate on the reporting date. Foreign currency-denominated non-monetary assets and liabilities that could be measured by their historical costs are translated over the exchange rate on the transaction date. Exchange differences due to translation are recorded in the consolidated other comprehensive income statement.

Group companies prefer to use USD, EUR or TRY as the functional currency since they are widely used or have a significant impact on the operations of the relevant Group companies and reflect the key economic events and developments pertaining to such companies. All currencies except for the currency used to measure the items in financial statements are called a foreign currency. As per the relevant provisions of TAS 21 (Effects of Changes in Foreign Exchange Rates) standard, transactions and balances not calculated over the functional currencies are re-calculated over the relevant currencies. The Group adopts TRY as the reporting currency.

The assets and liabilities of Group companies that employ a functional currency other than the Group's reporting currency are translated into the Group's reporting currency over the exchange rate on the balance sheet date. The income and expenditures or such Group companies are translated into the reporting currency over the average exchange rate for the period. Equity capital items are reported over their cost value. Foreign currency translation differences are indicated in the equity capital under the item "Foreign currency translation difference". When the relevant Group companies are disposed of partially or fully, the relevant amount under "foreign currency translation difference" is classified into consolidated profit or loss.

End-of-period exchange rates and average exchange rates as of December 31, 2018,2017 and January 1, 2017 are as follows:

	Average Exchange Rate		Exchange Rate at Period End		
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	January 1, 2017
US Dollar	4.8301	3.6445	5.2609	3.7719	3.5192
Euro	5.6789	4.1159	6.0280	4.5155	3.7099
Russian Ruble ("RUB")	0.0761	0.0625	0.0759	0.0651	0.0573

2. Basis of presentation of financial statements (cont'd)

Foreign operations

Assets and liabilities from operations abroad including fair value adjustments due to acquisition as well as goodwill are translated into TRY over the exchange rates on the reporting date. Income and expenditures from operations abroad are translated into TRY over the average rates for the relevant period.

Foreign currency translation differences are recorded under foreign currency translation differences under equity. In the event that operations abroad are sold out partially or fully, the relevant amount in the foreign currency translation difference is transferred to the profit or loss.

ii. Going concern

The Group prepared its financial statements in accordance with the going concern principle.

iii. Comparative information and the adjustment of consolidated financial statements from previous periods

The accompanying consolidated financial statements are prepared comparatively with the prior period in order to determine the financial position, performance and cash flow trends of the Group. Consolidated financial statements and the accompanying notes to the consolidated financial statements as of December 31, 2018, 2017 and January 1, 2017, and profit or loss and other comprehensive income, cash flow and equity changes for the years ended December 31, 2018 and 2017 are presented comparatively.

iv. Amendments to the Turkish Financial Reporting Standards

Standards, amendments and improvements published but not yet effective and not early adopted:

- TFRS 16 - Leases
- Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)
- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRIC 23 Uncertainty over Income Tax Treatments

These standards, amendments and improvements have no material impact on the consolidated financial statements of the Group.

The Group has applied the new and revised standards and interpretations issued by POA in accordance with TFRS 1 and effective from December 31, 2018 for all periods presented starting from the opening balance sheet. However, since the differences arising from the application of TFRS 9 and TFRS 15 have no significant effect on the consolidated financial statements as of January 1, 2018, the effect of these differences is recognized in the financial statements as of December 31, 2018.

The Group has begun to apply the Revenue Standards from TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers for the period beginning on January 1, 2018. The financial statement effects of the TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers and the accounting policies applied are explained below.

In the application of TFRS 9 Financial Instruments Standard, the Group benefited from the exemption allowing for the restatement of comparative information on prior periods' changes in classification and measurement (including impairment). The effect of such differences has been recognized in the Consolidated Financial Statements at December 31, 2018 as differences in the carrying amount of financial assets and financial liabilities arising from the application of TFRS 9 are not material to the Consolidated Financial Statements at January 1, 2018.

2. Basis of presentation of financial statements (cont'd)

TFRS 9 Financial Instruments Impact Measurement and Applied Accounting Policies

The final version changes the current application of TFRS 9 "Financial Instruments" Standard, TAS 39 "Financial Instruments: Recognition and Measurement" issued on January 19, 2017. Applications related to the accounting, classification, measurement and derecognition of financial instruments in TAS 39 are now carried forward to TFRS 9. The latest version of TFRS 9 also includes applications published in previous versions of TFRS 9, including a new anticipated credit loss model for the calculation of impairment in financial assets, as well as updated applications for new general hedge accounting requirements. TFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Group has changed the methodology for the separation of impairment of financial assets in accordance with TFRS 9's new anticipated credit loss model.

The Group allocates impairment provision for the following financial assets according to expected credit loss model:

- Trade receivables
- Cash and cash equivalents
- Other receivables

The Group uses the simplified approach in TFRS 9 to calculate the expected credit losses of such financial assets. This method requires the recognition of expected life-time losses for all trade receivables.

Classification and Measurement - Financial Assets

The classification and measurement of financial assets in accordance with TFRS 9 Financial Instruments standard is determined by the business model in which the financial asset is managed and whether it is based on contractual cash flows, including interest payments on principal and principal balance only.

TFRS 9 contains three basic categories of financial assets: amortized cost (AC), fair value other comprehensive income (FVOCI) and fair value gain or loss (IFRIC). The standard eliminates the categories of financial assets that are held to maturity, loans and receivables and available-for-sale financial assets in the current TAS 39 standard.

There are new classification criteria, consumer financing credits, trade receivables, borrowing instruments, cash and cash equivalents and other financial asset accounting effects. In order to assess the Group's management, some of the related assets may be held or held in a business model and require fair value measurement.

Impairment - Financial assets and contract assets

TFRS 9 replaces the "realized loss" model in IAS 39 with the forward "expected credit loss" (ECL) model. In this context, it has been necessary to evaluate how the economic factors that will be determined by weighting according to the probabilities of realization affect the DBAs.

The new impairment model is applied to financial assets measured at amortized cost or FVOCI (excluding investments in equity instruments) and contract assets.

2. Basis of presentation of financial statements (cont'd)

In accordance with TFRS 9, loss provisions are measured on the following basis;

- 12-month ECL's: ECL's arising from possible default events within 12 months after the reporting date; and
- Lifetime ECL's: ECL's arising from all possible default events during the expected lifetime of a financial instrument.

The lifetime ECL measurement is applied at the reporting date if the credit risk associated with a financial asset increases substantially after the first accounting date. In all other cases where there is no related increase, a 12-month ECL calculation is applied.

If the financial asset has a low credit risk at the reporting date of the credit risk, the Group can determine that the credit risk of the financial asset has not increased significantly. However, the lifetime ECL measurement (simplified approach) is always valid for commercial receivables and contract assets, without significant financing. The group applied the lifelong ECL measurement.

Revenue from TFRS 15 Revenue from Contracts with Customers

The Group has reviewed customer contracts and calculated the effect of TFRS 15. The Company has carried the maintenance and repair income invoiced in advance within the scope of its contracts with its customers as deferred income to the consolidated statement of financial position.

Transition

The Group benefited from an exemption allowing for the reclassification of comparative information on prior periods for changes in classification and measurement (including impairment). Since the differences in the book value of the financial assets and financial liabilities arising from the application of TFRS 9 have no material impact on the consolidated financial statements as of January 1, 2018, the effects of these differences are accounted in the consolidated financial statements as of December 31, 2018.

The effects of TFRS 15 and TFRS 9 have been evaluated and accounted for in the financial statements and the other standards did not have any impact on the financial position or performance of the Group.

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2. Basis of presentation of financial statements (cont'd)

TFRS 9 and TFRS 15 have been evaluated by the Group and the standard has started to be applied prospectively and as of December 31, 2018, the impact on the Group's consolidated financial statements is shown below.

Assets	December 31, 2018	Effects of TFRS 9	Effects of TFRS 15	*Excluding effects* December 31, 2018
Current and non-current assets				
Cash and cash equivalents	2,032,357	(26)	-	2,032,383
Trade receivables	84,420	(2,726)	-	87,146
Receivables from ongoing construction or service contracts	4,345,634	4,345,634	-	-
Financial assets related to concession agreements	-	(4,004,011)	-	4,004,011
Financial investments	2,179,835	272,687	-	1,907,148
Other receivables	511,696	(725)	-	512,421
Prepaid expenses	80,745	-	6,811	73,934
Deferred tax assets	554,546	(74,401)	2,374	626,573
Liabilities and equity				
Non-current liabilities				
Deferred revenues	186,353	-	18,618	167,735
Deferred tax liabilities	254,935	13,483	-	241,452
Equity				
Currency translation difference	401,195	17,477	-	383,718
Retained earnings/(losses)	1,091,961	-	(4,621)	1,096,582
Net profit/(loss) for the period	1,062,211	246,421	(4,813)	820,603
Profit or loss				
Revenue	1,416,397	-	(11,627)	1,428,024
Cost of sales (-)	(877,419)	-	4,440	(881,859)
Other income from operating activities	1,478,220	609,644	-	868,576
Other expenses from operating activities	(22,163)	(3,450)	-	(18,713)
Finance income/(expense)	1,536,522	(285,523)	-	1,822,045
Deferred tax income/(expense)	92,894	(74,250)	2,374	164,770
Profit/(loss) for the period	**1,084,828**	**246,421**	**(4,813)**	**843,220**
Other comprehensive income				
Currency translation difference	291,234	17,477	-	273,757
Revaluation increases/(decreases) of intangible assets	259,082	259,638	-	(556)
Total comprehensive income/(expense)	**1,631,858**	**523,536**	**(4,813)**	**1,113,135**

(*) Only items affected by the new standard are shown clearly in the balance sheet.

Principles of consolidation

Business combinations

The Group recognizes business combinations when the control is transferred to the Group using the purchase method. Consolidation transferred in the acquisition is generally measured at fair value, such as identifiable net assets purchased. Any goodwill that arises is tested for impairment each year. Any gain from a bargain purchase is recognized in profit or loss. Measurement and liquidation are accounted in equity. Otherwise, other contingent consolidation amounts are remeasured at fair value at each reporting date and any changes in subsequent conditional consolidated financial statements are accounted for in profit or loss.

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2. Basis of presentation of financial statements (cont'd)

v. Summary of Significant Accounting Policies and assessment methods:

A business combination under common control is a combination in which all merging entities or entities are ultimately controlled by the same party or parties before and after the merger and this control is not temporary. Assets and liabilities subject to business combinations under common control are considered in the consolidated financial statements starting from the beginning of the year in which the transaction takes place. Retained earnings of the subsidiary purchased are accounted under equity under the influence of "Business combinations under common control".

Affiliates

Affiliates are entities controlled by the Group. The Group controls the asset if it is entitled to, or is subject to, variable returns on account of its involvement in the asset, and it may affect it with control over the asset. The financial statements of the affiliates are included in the financial statements of the Group from the beginning of the control power to the date when the control power ceases. As of December 31, 2018, 2017 and January 1, 2017, the direct and indirect ownership and voting right ratios of the principal subsidiaries included in the consolidated financial statements are as follows:

	December 31, 2018		December 31, 2017		January 1, 2017	
	Ownership ratio(%)	Voting right	Ownership ratio (%)	Voting right	Ownership ratio (%)	Voting right
Direct affiliates						
Akfen Holding A.Ş. (****)(1)	99.36	99.36	9.87	9.87	9.87	9.87
Akfen Construction (*****)(2)	100	100	100	100	100	100
Akınısı Makina Sanayi ve Ticaret A.Ş. ("Akınısı")(3)	99.99	99.99	99.99	99.99	99.99	99.99
Akfen Danışmanlık ve Proje Geliştirme A.Ş.(3)	100	100	100	100	100	100
Akfen Tourism(3)	99.99	99.99	99.99	99.99	99.99	99.99
Akfen Gayrimenkul Portföy Yönetimi A.Ş.(**)(3)	100	100	100	100	-	-
Akfen Merter Gayrimenkul Turizm ve Inşaat A.Ş. (*) ("Akfen Merter")(3)	20.58	75.00	20.58	75.00	20.58	75.00
BISS Savunma Sanayi A.Ş.(3)	86	100	86	100	-	-
Indirect affiliates						
Isparta Şehir Hastanesi Yatırım İşletme A.Ş. ("Isparta")(2)	99.88	99.88	99.88	99.88	98.65	98.65
Eskişehir Şehir Hastanesi Yatırım İşletme A.Ş. ("Eskişehir")(2)	100	100	100	100	100	100
Tekirdağ Şehir Hastanesi Yatırım İşletme A.Ş. ("Tekirdağ")(2)	100	100	100	100	100	100
Isparta Yurt Yatırımları A.Ş. ("Isparta Yurt")(2)	100	100	100	100	100	100
Şehir Hastaneleri İşletmeciliği A.Ş. (***) ("City Hospitals Management")(2)	-	-	100	100	100	100
Hacettepe Teknokent Eği. ve Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro. San. Tic. A.Ş. (*) ("Hacettepe Teknokent")(2)	45	66	45	66	45	-
Akfen Merter Gayrimenkul Turizm ve Ins. A.Ş. ("Akfen Merter") (**)(3)	46.92	75	46.92	75	46.92	75
Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen REIT") (****)(1)	56.88	73.29	-	-	-	-
Akfen Enerji Üretim ve Ticaret A.Ş. (****)(1)	99.25	99.25	-	-	-	-
Akfen International BV ("Akfen International") (****)(1)	100.00	100.00	-	-	-	-

(*) The Group controls Akfen Merter Gayrimenkul Turizm ve İnşaat A, Ş by holding the majority of the voting rights.
(**) The Company was established on October 4, 2017.
(***) Akfen Construction acquired Daire İnşaat on 6 December 2017. On 2 March 2018, Daire İnşaat ve City Hospitals Management merged under Akfen Construction.
(****) The transfer of shares in Akfen Holding was completed on August 6, 2018. The number shares of Hamdi Akın, who holds 85.80% of Akfen Holding with a nominal value of TRY 667,180,686, are 572,450,967, all the number shares of Selim Akın, who holds 3.47% of the shares and half of the shares of Akfen Tourism, which holds 0.43% of the shares, were transferred to Akfen Infrastructure. Following the share transfers, Akfen Infrastructure owns shares with a nominal value of TL 662,895,383, which corresponds to 99.36% of Akfen Holding's capital. With this transfer, the affiliates in Akfen Holding were transferred to Akfen Infrastructure indirectly.
(*****) Was transferred from Akfen Infrastructure to Akfen Holding with the transfer on May 3, 2018, but since the ownership of Akfen Holding is also belonging to Akfen Infrastructure, it continues to be indirectly included in the consolidation of Akfen Infrastructure.*

(1) Akfen Holding's affiliates.
(2) Akfen Construction's affiliates.
(3) Akfen Infrastructure's affiliates.

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2. Basis of presentation of financial statements (cont'd)

v. Summary of Significant Accounting Policies and assessment methods (cont'd):

Joint Agreements / Financial Investments

Joint ventures are established through an agreement for the Company and its subsidiaries to undertake an economic activity in a way to be jointly managed by one or more enterprising partners.

In the equity method, the joint venture investment is initially recognized via the acquisition cost. Following the date of acquisition, the share of the investor in the profits or losses of the invested enterprise is reflected in the financial statements by increasing or decreasing the carrying amount of the investment. The share the investor will get from the profits or losses of the invested enterprise is recognized as the profit or loss of the investor. Any distributions (of dividend, etc.) received from an invested enterprise reduce the carrying amount of the investment. The carrying amount of the invested enterprise needs to be adjusted in a way to correspond to the share the investor gets from the changes in the other comprehensive income of the enterprise. The details of the Company's direct joint ventures as of December 31, 2018, 2017 and January 1, 2017 are as follows.

	December 31, 2018		December 31,2017		January 1,2017	
	Ownership ratio (%)	Voting right (%)	Ownership ratio (%)	Voting right (%)	Ownership ratio (%)	Voting right (%)
Direct financial investments						
Travelex Doviz Ticaret A.S. ("Travelex)	10.00	10.00	10.00	10.00	10.00	10.00
Tepe Reformer (2)	26.00	26.00	26.00	26.00	26.00	26.00
Indirect financial investments						
Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP") (*)(1)	10.00	10.00	-	-	-	-
Indirect subsidiaries						
TAV Yatırım Holding A.Ş. ("TAV Investment") (*)(1)	21.68	21.68	-	-	-	-
PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş. ("PSA Port") (*) (1)	50.00	50.00	-	-	-	-
Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Water") (*)(1)	50.00	50.00	-	-	-	-
Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable Energy")(*)(1)	68.04	68.04	-	-	-	-
İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ("İDO") (*)(1)	30.00	30.00	-	-	-	-
Acacia Maden İşletmeleri A.Ş. ("Acacia Mine") (*)(1)	30.00	30.00	-	-	-	-
IBS Sigorta ve Reasürans Sigorta Brokerliği A.Ş. ("IBS Insurance") (*) (1)	37.00	37.00				
Tav Havalimanları Holding A.Ş. ("TAV Airports")(1) (**)	-	-	-	-	-	-

(*)The transfer of shares in Akfen Holding was completed on August 6, 2018. The number shares of Hamdi Akın, who holds 85.80% of Akfen Holding with a nominal value of TRY 667,180,686, are 572,450,967, all the number shares of Selim Akın, who holds 3.47% of the shares and half of the shares of Akfen Tourism, which holds 0.43% of the shares, were transferred to Akfen Infrastructure. Following the share transfers, Akfen Infrastructure owns shares with a nominal value of TL 662,895,383, which corresponds to 99.36% of Akfen Holding's capital. With this transfer, the affiliates in Akfen Holding were transferred to Akfen Infrastructure indirectly.

(**) The sale of Akfen Holding's 8.119% shares in TAV Airports was completed as of July 7, 2017.

(1) Akfen Holding's subsidiaries

(2) Akfen Infrastructure's subsidiaries

2. Basis of presentation of financial statements (cont'd)

v. Summary of Significant Accounting Policies and assessment methods (cont'd):

Non-controlling interests

Non-controlling interests are measured at the proportionate interests of the acquirer's net assets at the date of acquisition. Changes in the Group's shares without losing control of the Group are accounted for as equity transactions.

Transactions eliminated in consolidation

Intercompany balances and transactions and unrealized income and expenses arising from intra-group transactions are eliminated. Unrealized gains on transactions with equity are eliminated to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same manner as unrealized gains if there is no impairment.

Loss of control

When the Group loses control of a subsidiary, the entity derecognizes the assets and liabilities of the subsidiary, non-controlling interests and other components. Gains or losses are recognized in profit or loss. In cases where control is lost, interest amounts held in previous subsidiaries are measured at their fair values.

Shares in associates and joint ventures

The Group's shares in associates, valued by equity method, consist of shares in associates and a joint venture. Associates are those assets that have significant influence on the Group's financial and operating policies but do not have control or joint control.

Shares in associates and joint ventures are accounted for using the equity method. Initially, it is recorded with the cost, including transaction costs. After initial recognition, the consolidated financial statements include the Group's profit or loss and other comprehensive income from the investments valued by equity method until the date when significant influence ceases.

Financial assets at fair value through other comprehensive income

Financial assets that are less than 20% of the total voting rights of the Group or that the Group does not have a significant effect and that have quoted market prices in active markets and whose fair values can be reliably calculated are reflected in the consolidated financial statements with their fair values.

Business combinations under common control

Business combinations that result from the transfer of shares of the companies controlled by the controlling stakeholder are recognized at the beginning of the earliest comparative period presented, and subsequently recognized at the date of joint control. For this purpose, comparative periods are restated. Acquired assets and liabilities are recorded at the book value previously recorded in the consolidated financial statements of the Group's controlled stakeholders. The equity items of the acquired companies are added to the same items in the Group's equity, except for the capital, and the resulting profit or loss is recognized in the equity.

Financial instruments

Financial assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase. Financial assets are not reclassified after initial recognition unless the business model that the Group uses in the management of financial assets has changed; In the event of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

2. Basis of presentation of financial statements (cont'd)

v. Summary of Significant Accounting Policies and assessment methods (cont'd):

Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings. Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Financial assets at fair value through profit or loss

Taking into account the terms of the service concession agreement with the government, the Group applied IFRIC 12 financial asset model and defined a financial asset in its financial statements.

The Group considers the service concession agreements as mixed contracts that contain the main products in the nature of financial assets. Related contracts contain more than one hidden derivative product and vary with contractual cash flows, a certain inflation rate and exchange rate changes.

The Group recognizes financial assets arising from service concession agreements at their fair values and classifies these changes in fair value as reflected in profit or loss.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

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2. Basis of presentation of financial statements (cont'd)

v. Summary of Significant Accounting Policies and assessment methods (cont'd):

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets. Provision for loss measured as below; - 12- Month ECL: results from default events that are possible within 12 months after reporting date, -Lifetime ECL: results from all possible default events over the expected life of financial instrument. Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12-month ECL measurement if it has not.

The Group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Trade receivables

Trade receivables, generated by the Group by providing goods or services to a buyer, are presented as netted off unaccrued financing income. Trade receivables that are not accrued after the unearned financing income are calculated by discounting the amounts to be obtained in the subsequent periods from the original invoice amount. Short-term receivables with no stated interest rate are measured at the cost value unless the effect of the original effective interest rate is significant.

In case there is objective evidence that there is no possibility of collection, the Group provides provision for doubtful receivables for trade receivables. The amount of this provision is the difference between the carrying amount of the receivable and the amount that can be collected. The amount that can be collected is the discounted value of all cash flows, including the amounts collected from guarantees and collateral, based on the original effective interest rate of the trade receivable.

After the collection of doubtful receivables, in case of collecting all or part of the doubtful receivable amount, the collected amount is deducted from the provisioned doubtful receivable and recorded in other income.

For the purpose of calculating the depreciation of trade receivables, which are accounted for at amortized cost and which do not include a significant financing component (less than a year), the simplified approach is implemented. In cases where the trade receivables are not impaired due to certain reasons (except fort he realized impairment losses), the provision for losses related to trade receivables are measured by an amount equal to the expected loan losses.

Cash and cash equivalents

Cash and cash equivalents are cash in hand, demand deposits and other short-term investments with a maturity of 3 months or less than 3 months, which are easily convertible into cash and do not carry a significant risk of change in value (Note 4). Bank deposits with a maturity of longer than 3 months and less than 1 year are classified as short-term financial investments.

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2. Basis of presentation of financial statements (cont'd)

v. Summary of Significant Accounting Policies and assessment methods (cont'd):

Financial liabilities

Financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the burden of related financial liability are also added to the fair value.

Financial liabilities are classified as equity instruments and other financial liabilities.

Trade payables

Trade payables are the debts arising from the purchase of products and services directly from the suppliers. Trade payables and other liabilities are carried at amortized cost. Trade payables and other liabilities after unaccrued financial expenses are calculated by discounting the amounts payable from the original invoice value in the following periods by using the effective interest method. Short-term payables with no stated interest rate are measured at cost unless the effect of the original effective interest rate is significant.

Effects of exchange rate changes

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates prevailing at the reporting date and the foreign exchange gains or losses arising are recognized in the statement of comprehensive income. Non-monetary items that are measured in terms of cost and denominated in foreign currencies are converted to the functional currency using the exchange rates at the date of the first transaction. Non-monetary items that are denominated in foreign currencies that are measured at fair value are re-converted to the functional currency at the exchange rates prevailing at the date that the fair value was determined.

Conversion to presentation currency

Transactions in foreign currencies during the period have been converted at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities at the date of the financial statements have been converted into TL from the Republic of Turkey Central Bank buying rate.

Monetary assets and liabilities denominated in foreign currencies have been converted into the functional currency at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities that are measured in terms of actual cost in foreign currency are converted using the exchange rate at the date of the transaction. Exchange differences arising on conversion are recognized in the consolidated statement of comprehensive income.

Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the statements of comprehensive income. Foreign exchange gains / losses arising from trade receivables and payables related to the principal activity are recorded in the operating income / expenses item and the other items are included in the financial income / expenses account.

2. Basis of presentation of financial statements (cont'd)

Related parties

Is the person or entity that is associated with the entity that prepares its financial statements (to be used as "the reporting entity" in this Standard).

(a) A person or a member of that person's immediate family is considered to be related party with the reporting entity if:

Related person,

(i) has control or joint control over the reporting entity,

(ii) have significant impact on the reporting entity,

(iii) the reporting entity or a parent of the reporting entity is a member of key management personnel.

(b) If any of the following conditions exist, the entity is considered to be related party with the reporting entity:

(i) Where the entity and the reporting entity are members of the same group (each parent, subsidiary and other subsidiary is related party with others).

(ii) If the entity is an associate or joint venture of another entity (or a member of a group of which the other entity is a member).

(iii) If both entities are joint ventures of the same third party.

(iv) If one of the entities is a joint venture of a third entity and the other entity is an associate of that third entity.

(v) The entity has post-employment benefit plans for employees of the reporting entity or of an entity that is associated with the reporting entity. If the reporting entity itself has such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in paragraph (i) of article (a) has significant influence on the entity or is a member of the key management personnel of that entity (or its parent).

A transaction with a related party is the transfer of resources, services or liabilities between a reporting entity and a related party, regardless of whether there is a consideration.

The Company's senior management is designated as board members, general manager and assistant general managers.

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2. Basis of presentation of financial statements (cont'd)

Current tax expense and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Furthermore, provisional corporate taxes are paid at 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) over profits declared for interim periods in order to be deducted from the final corporate tax.

As of December 31, 2018, and 2017 and January 1, 2017, income tax provisions have been accrued in accordance with the prevailing tax legislation.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax.

Since the applicable tax rate has been changed to 22% for the 3 years beginning from January 1, 2018, 22% tax rate is used in the deferred tax calculation of December 31, 2017 for the temporary differences expected to be realized/closed within 3 years (for the years 2018, 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are mutually offset if there is a legally enforceable right to offset current tax assets from current tax liabilities, subject to the tax legislation of the same country.

Transfer pricing

Transfer pricing are stated in article 13 of the CTL headed "distribution of concealed gains via transfer pricing". Communique of November 18, 2007 on the distribution of concealed gains via transfer pricing regulates practical details.

If a taxpayer trades goods or services with related persons over the fee or price that it sets in breach of the arm's length principle, the gains are partly or entirely distributed by concealed means via transfer pricing. Such distribution of concealed gains via transfer pricing is considered as non-deductible expenses for corporate tax.

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2. Basis of presentation of financial statements (cont'd)

Inventories

The Group's inventories mainly include the costs of construction projects in progress and the units available for sale. Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Tangible assets

Recognition and measurement

Property, plant and equipment other than land, land and buildings are carried at cost less accumulated depreciation and impairment losses. Land, land and buildings; at the fair value at the revaluation date is measured at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land, buildings and buildings are accounted according to net method with revaluation model. Unless there is a significant economic change that will affect the value of these properties, a revaluation is routinely carried out every three years. In this context, a revaluation has been made in order to reflect the financial statements as of December 31, 2018.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in the current period.

Subsequent costs

Maintenance and repair expenses incurred for a tangible asset are recognized as expense. Investment expenditures, which increase the capacity of the tangible asset and increase the future benefit from it, are added to the cost of the tangible asset and depreciated over the estimated useful life of the tangible asset.

Depreciation

Depreciation is calculated using the straight-line method over the estimated useful lives of the cost of property, plant and equipment and is recognized in the income statement. Assets acquired under finance leases are depreciated over the periods between the lease term and their useful lives, unless the Group does not permit the acquisition of property by the end of the lease term. Land is not depreciated.

The estimated useful lives of tangible assets are as follows for the current and comparative periods:

Type of tangible asset	Useful life
Building	50 year
Machinery and equipments	4-15 year
Motor vehicles	5 year
Furniture and fixtures	3-10 year
Special costs	10 year
Other tangible assets	4-5 year

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

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2. Basis of presentation of financial statements (cont'd)

Intangible assets

Accounting and measurement

Other intangible assets

Intangible assets held by the Group in a limited economic period are carried at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditures

Subsequent expenditure is capitalized only if it increases the future economic benefits of the specific asset. All other expenditures are recognized in the income statement as incurred.

Amortization

Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of the intangible assets. Amortization is not allocated to goodwill.

The estimated useful lives of the current and previous periods are as follows:

Intangible assets	Useful life
Rights	3-49 years
Other intangible assets	3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Investment properties

Investment properties are initially valued at their cost and recognized at fair value at each reporting date. Gains or losses on the disposal of investment properties (calculated as the difference between the net income from disposal and property, plant and equipment) are recognized in the income statement. Fair value increases are recognized in the income statement.

Income and expenses

The accrual basis is applied in the determination of income and expense items. Accordingly, revenue, income and profits are accounted for in comparison with the costs, expenses and losses of the same period.

Interest income is accrued by calculating the effective interest rate. In case of unpaid interest accrual before the acquisition of interest-bearing securities; the interest collected subsequently is divided into pre-acquisition and post-acquisition periods and only post-acquisition portion is recognized as income in the consolidated financial statements.

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2. Basis of presentation of financial statements (cont'd)

Revenue

The Group recognizes a contract with its customer under TFRS 15 only if all the following conditions are met.

- The parties to the agreement ratify the contract and undertake to carry out their own actions.
- The Group may define rights pertaining to the goods or services to be transferred by each party.
- The Group may define terms of payment for goods or services to be transferred.
- The contract has commercial importance.
- The Group is likely to charge a price for goods or services to be transferred to the customer.

Sale of goods

Where significant risks and rewards of revenue are transferred to the customer, the possibility of recovery of the goods, the associated costs and the return of the possible goods can be calculated reliably, and the amount of revenue can be measured reliably in the absence of an ongoing management relationship with the goods. Revenues; reclaimed goods, sales discounts, volume discounts are measured.

The timing of the transfer of risks and services varies depending on the terms of the sales contract.

Rental revenue

Rental revenues from investment properties are recognized in the consolidated comprehensive income statement by using the straight-line method during the term of the rental agreement. Revenue is measured at the fair value of the consideration received or receivable. Income is realized when the economic benefits obtained by the Group and amount of the related income is measured confidingly.

Construction contracts

Contract revenue includes any difference, claim, incentive payments within the contract that may result in revenue or is likely to be measured reliably in addition to the initial amount accepted in the contract.

If the outcome of the construction contract can be estimated reliably, the contract revenue is recognized in the income statement in proportion to the stage of completion of the contract.

The completion stage of the work is measured by reference to a work study performed. Otherwise, contract revenue is recognized only at the cost of the contract which is likely to be collected.

Contract costs are recognized as they are incurred unless they create an asset related to future contract activities. An expected loss in a contract is immediately recognized in profit or loss.

Service concession agreements

TFRS Interpretation 12 provides an overview of the infrastructure investments made by companies (operators) that have acquired the right to operate for a certain period by signing a concession agreement with the public and how the services they provide during the operation should be accounted for. It requires the operators to account for the investments made in the scope of TFRS Comment 12 as financial assets and / or intangible assets in accordance with the terms of the agreement instead of accounting for the investments as buildings, fixed assets and fixtures. The Company recognizes the amount calculated as per the construction model based on the service concession agreement as a financial asset, as it is a guaranteed income in the contract made with the Ministry of Health. The accounting policy for the measurement and classification of financial assets is included in 2. Note "Classification and Measurement - Financial Assets" (Isparta Hospital and Eskisehir Hospital).

2. Basis of presentation of financial statements (cont'd)

Receivables from ongoing service contracts

Company financial assets in the financial statements covered by the Republic of Turkey Health Ministry signed City Hospital, which was prepared in accordance with the Agreement Tekirdağ City Hospital construction model compatible with the right to demand fees associated with the use of the concession infrastructure are accounted for. Related assets The Company takes financial assets arising from service concession agreements as ongoing receivables from service concession agreements to the financial statements in the projects under construction. Financial assets received as provision for construction or remediation services in a concession agreement are measured at amortized cost on the initial recognition date. The estimated useful life of a financial asset arising from a concession agreement is the period during which the Company may collect from the public sector until the end of the concession period to use the infrastructure. (Tekirdağ Hospital).

- The Company management makes assumptions for inflation and foreign exchange rates during the contract period in order to calculate receivables from concession agreements. In addition, IFRIC 12 interest income is calculated using the internal rate of return foreseen future cash inflows.

The Group recognizes financial assets arising from service concession agreements as receivables from service concession agreements at reduced cost in the projects under construction.

Construction and construction services are evaluated within the scope of TFRS 15 but not defined as a separate performance obligation.

Isparta, Eskişehir and Tekirdağ City Hospitals are obliged to provide the necessary equipment for the operation of the hospitals after they have completed their construction works and to install them. These equipments are purchased from manufacturers. It can be defined separately from construction services. Supply of equipment is therefore defined as a separate performance obligation. The Group's customer commitment includes the installation of these equipment, but these are simple installations, although not specific installations that require high integration. Therefore, the installation service is not separated from the equipment and is not considered as a separate performance obligation. Revenue from equipment provision is recognized when the control is passed to the customer (when the equipment is delivered to the customer).

The recognition of revenue for contractual hospital service performance obligations may be assessed under clause the criteria set out in paragraph 15 of TFRS 15. The customer consumes the benefits of the hospital services performed by the enterprise at the same time. Therefore, revenue related to these acts is accounted in time. As a practical method, the entity receives the invoiced amount in the financial statements if the customer obtains the right to collect the amount in proportion to the value of the customer's completed performance to date.

Employee benefits

In accordance with current social legislation, the Group is required to pay accumulated compensation to each employee who has completed a one-year service with the Group and whose employment is terminated for retirement or for reasons other than resignation and misconduct.

Pursuant to Turkish law and trade union agreements, retirement or unintentional payments are made to employees who leave the Group. Such payments are considered to be a part of defined retirement benefit plan under No. 19, "Accounting Standard for Turkey (revised) Employee Benefits" ("TAS 19") under.

In the accompanying consolidated financial statements, the Group has provided a reserve for "employee termination benefits" in accordance with TAS 19- (revised) "employee benefits" by discounting the current market returns of government bonds on the balance sheet date.

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2. Basis of presentation of financial statements (cont'd)

The main assumptions used as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Interest rate %	**15.00**	10.77	10.35
Inflation rate %	**9.50**	6.00	5.50
Turnover rate for retirement probability estimate %	**96.83**	92.53	89.00

TAS 19 ("Employee Benefits") has been restated for the accounting periods starting after January 1, 2017. In accordance with the revised standard, actuarial gains / losses on employee benefits are recognized in the statement of comprehensive income.

As of 1 January 2017, the Group has calculated actuarial gain / (loss) related to severance pay in the income statement in order to evaluate the effect. Since the effect of the change in accounting policy on the consolidated financial statements is not significant, the Group management does not measure the actual gain / (loss) value in the comprehensive income statement.

In accordance with existing social legislation in Turkey, leaving due to retirement or resignation and the end of the job for reasons other than misconduct staff is obliged to pay a certain amount of severance pay. These compensations are calculated on the basis of the 30-day wage for each year of employment, based on the salary at the date of termination or dismissal (As of December 31, 2018, 2017 and January 1, 2017, the ceiling for employee termination benefits is TRY 5,434 / year, TRY 4,732 / year and TRY 4,297, respectively).

The basic assumption is that the ceiling for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRY 6,017 effective from January 1, 2019 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

In the normal workflow, in activities abroad, it contributes to the relevant governmental body for the retirement plan of the employees in the country where they work. Mandatory contributions to the state pension plan are recognized as an expense when incurred.

Financing revenues and financing costs

The Group's financing income and financing costs include:

- interest income,
- interest expense,
- dividend income,
- foreign exchange gains and losses on financial assets and financial liabilities

FaiInterest income is shown to the maturity date using effective interest rate and effective interest rate is taken into consideration. Interest income is included in the statement of profit or loss and in the statement of comprehensive income.

Subsequent events

The Group adjusts the amounts recognized in its financial statements to reflect the adjusting events after the reporting date and If there are non-adjusting events after the reporting date, they are disclosed in the related period.

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2. Basis of presentation of financial statements (cont'd)

Contingent assets and liabilities

Liabilities and assets that can be confirmed by the occurrence or occurrence of one or more uncertain events in the future that are not fully controlled by the entity are considered as contingent assets and liabilities.

Provisions

Provisions are accounted for when there is a legal or structural obligation arising from the past, the possibility of the outflow of resources providing economic benefits to settle the obligation and a reliable estimate can be made about the amount of the obligation.

Financial leasing

Financial leasing amounts

Leases of property and equipment to which all risks and events of ownership are substantially transferred to the Group are classified as finance leases. Leased assets are initially measured at an amount equal to the fair value of the minimum lease payments and the present value. After initial recognition, assets are accounted for in accordance with the accounting policy applied to those assets. Other leases are classifiable leases and are not included in the Group's statement of financial position.

Financial lease payments

Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease. The minimum lease payments made in frame leases are allocated between the frame expenses and the reduction of outstanding debt. The cost of the framework is allocated to each period during the lease term to produce a constant periodic interest rate on the remaining balance of the liability.

Service concession agreements

IFRIC 12 provides an overview of the infrastructure investments made by companies (operators) that have acquired the right to operate for a certain period by signing a concession agreement with the public and how the services they provide during the operation should be accounted for. In accordance with IFRIC 12, it is necessary for the operators to account for the investments they have made as financial assets and / or intangible assets in accordance with the terms of the agreement rather than as buildings, fixed assets and fixtures.

Cash flow statement

In the statement of cash flows, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows generated from the Group's commitment and land development, tourism and energy activities.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible investments and financial investments).

Cash flows related to financing activities represent the cash flows from the Group's financing activities and the repayment of these funds.

2. Basis of presentation of financial statements (cont'd)

Determination of fair values

The Group's various accounting policies and disclosures require the determination of fair value in both financial and non-financial assets and liabilities. Fair values are determined by the following methods for valuation and / or disclosure purposes. If applicable, the assumptions used in determining the fair values are presented as additional information in the notes to the asset or liability.

Valuation methods according to levels are defined as follows:

Level 1: For identical assets or liabilities in active markets (unadjusted) prices;

Level 2: 1st place other than quoted prices and asset or liability, either directly (as prices) or indirectly (i.e. derived from prices) observable data;

Level 3: Asset or liability is not based on observable market data in relation to the data (non- observable data).

While the fair value of the receivables or payables arising from the transactions made for interest rate swap transactions is within the scope of level 2 according to the method of income reduction approach from valuation method techniques; the fair value of receivables arising from service concession agreements, financial assets related to concession agreements and investment properties are evaluated within the scope of level 3. The movement table of changes in fair values is given in Note 33.

Significant accounting evaluation, estimation and assumptions

In the preparation of consolidated financial statements; The Group management has made judgments, estimates and evaluations affecting the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assessments are reviewed continuously. Adjustments regarding the estimates are made prospectively.

Information on the accounting policies, assumptions and judgments made in applying the estimates that have the most significant impact on the amounts presented in the financial statements are presented in the following notes:

- Not 9 – Revenue recognition under TFRS 15
- Not 13 – Use of previous year losses
- Not 12 – Tangible assets
- Not 13 – Intangible assets
- Not 10 – Investment properties
- Fair value measurement of financial assets in accordance with TFRS 9

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3. Business combinations and sale of equity shares

Sale of equity shares

Akfen Renewable Energy

As of June 9, 2017, Akfen Renewable Energy paid-in capital was increased, on premium, to TRY 793,000 from TRY 705,000, with the EBRD and the IFC transferring USD 55,476,752.80. Thus, the shares of EBRD and IFC increased to 19.99% while the share of our Company was 80.01%. Due to this transaction, the effect of change in the net assets of Akfen Renewables amounting to TRY 44,147 has been accounted in the income statement under income from investment activities in the Group's consolidated financial statements.

As of March 9, 2018, the share capital of Akfen Renewable has increased from TRY 793,000 to TRY 864,381, which has been transferred by EBRD and IFC to a total of USD 44,999,998 in Akfen Renewable. Thus, in Akfen Renewable, the shares of EBRD and IFC increased to 13.297% while Akfen Holding's share was 73,405%. In addition, on June 26, 2018, the capital of Akfen Renewables increased from TRY 864,381 to TRY 932,590, which was transferred by EBRD and IFC to a total of USD 42,999,975 in Akfen Renewable. Thus, in Akfen Renewable, the shares of EBRD and IFC increased to 15.982% while Akfen Holding's share was 68.036%. Due to these transactions, the effect of change in the net assets of Akfen Renewables amounting to TRY 111,359 has been accounted under income from investment activities in the Group's consolidated financial statements (Note 28).

TAV Airports

On June 9, 2017, Akfen Holding signed a share sale agreement to sell its 8% share at TAV Airports to Tank ÖWA Alpha GmbH for USD 160 million. As of 7 July 2017, share transfer has been completed. The positive difference between the related sale price and the net asset derecognized is recognized as income from investment activities in the consolidated statement of profit or loss and other comprehensive income.

Sales price	579,568
Derecognized net asset	(253,296)
Classifications from other comprehensive income to the period profit / (loss)	77,612
Gain on sale of shares of subsidiaries (Note 28)	**403,884**

MIP

A share sale agreement was signed on July 28, 2017 regarding the sale of 40% of Akfen Holding's share in MIP to Global InfraCo SP NEUM SLU for a price of USD 869 million. The said transaction was completed on October 27, 2017. The positive difference between the related sale price and the net asset derecognized is recognized as income from the investment activities in the consolidated statement of profit or loss and other comprehensive income.

Sales price	3,272,741
Sales cost (-)	(45,558)
Net sales price	**3,227,183**
Derecognized net asset	(742,864)
Classifications from other comprehensive income to the period profit / (loss)	360,211
Gain on sale of shares of subsidiaries (Note 28)	**2,844,530**

Business combinations and sale of equity shares

Based on the decision of the Board of Directors of Akfen Holding dated January 5, 2018; the merger of Akfen Engineering, which has the same partnership with the Company, was completed on February 28, 2018, with no liquidation and participation in the Company as a whole. As a result of this merger, Akfen Enerji Dağıtım ve Ticaret A.Ş. "(Akfen Energy Distribution"), one of the other subsidiaries and affiliates of Akfen Mühendislik A.Ş. ("Akfen Engineering"), and Acacia Mine became Akfen Holding's subsidiary and joint ventures together with all companies subject to partial division in 2017 and included in the consolidation scope. The merger transaction on February 28, 2018 was evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method.

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3. Business combinations and sale of equity shares (cont'd)

Following the transfer of shares in Akfen Holding in August 2018, Akfen Infrastructure, which had a share of 9.87% in Akfen Holding prior to the transaction, acquired 99.36% of Akfen Holding's capital. Within the scope of this share transfer transaction; 572,450,967 shares of Hamdi Akın, 85,80% of Akfen Holding's shares with a nominal value of TL 667.180.686, all shares of Selim Akın and Akfen Tourism, which own 3.47% and 0.43%, respectively were transferred to Akfen Infrastructure. On May 10, 2018, the Company acquired 100% shares of Selim Akın in Masanda Turizm. These acquisitions are considered as "Business Combinations under Common Control" and are accounted for using the "Combination of Rights" method.

Participation in Hacettepe Teknokent

Akfen Construction and Renkyol reached an agreement to acquire a 45% stake in Hacettepe Teknokent on May 12, 2014 and in accordance with this agreement, a total of TL 12.809 was paid in cash. In order to pay an advance payment of TL 1,509, 9 flats were provided from İncek Loft and a payment of TL 50 was made. The remaining TL 82 was recorded in the current account. The Company has started to account its share in Hacettepe Teknokent by equity method since the date of share purchase. With the decision taken at the Extraordinary General Assembly Meeting held on January 4, 2017, the Group was given the right to elect the majority of the Board of Directors and the control power was transferred to the Group.

This transaction is considered as a business combination without transfer of shares in accordance with IFRS 3. Since the initial recognition of the transaction has not been completed as of the reporting period, the Group has recognized the amounts related to the merger on the provincial amounts.

	Book value	Acquisition effect	Fair value (**)
Trade receivables	8,146	-	**8,146**
Inventories	20	-	**20**
Trade payables	(28,289)	-	**(28,289)**
Other current assets	-	-	**-**
Deferred tax asset	1,457	-	**1,457**
Investment property	66,316	-	**66,316**
Tangible assets	53	-	**53**
Intangible assets	-	42,649	**42,649**
Goodwill	-	-	**-**
Other non-current assets	20	-	**20**
Deferred tax liabilities	-	(7,108)	**(7,108)**
Cash and cash equivalents	659	-	**659**
Loans	(82,940)	-	**(82,940)**
Identifiable assets and liabilities	**(34,558)**	35,541	**983**
Less: Investments accounted for using the equity method at the acquisition date (Note 18)			**(442)**
Non-controlling interest			**541**

Business combinations under common control

To offset asset and liability inconsistency which is occurred from under common control effect, "Effects of business combinations under common control" account is used under equity.

Akfen Energy Distribution	**January 1, 2017**
Total assets	15,180
Total liabilities	(16,729)
Net assets obtained from operation	**(1,549)**
Carrying value of investment in Akfen Infrastructure	**(1)**
Akfen Energy Distribution liquidation adjustment	**752**
Business combination under common control effect	**(798)**

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3. Business combinations and sale of equity shares (cont'd)

Business combinations under common control (cont'd)

Akfen REIT	January ,1 2017
Total assets	1,504,286
Total liabilities	(937,224)
Net assets obtained from operation	**567,062**
Non-controlling interest	16,236
Equity holders of the parent	550,826
Carrying value of investment in Akfen Infrastructure	**(202,341)**
Non-controlling interest of Akfen REIT in Akfen Infrastructure	**234,821**
Business combination under common control effect	**113,664**

Akfen Termik Enerji Yatırımları A.Ş. ("Akfen Thermal Energy")	January 1, 2017
Total assets	288,853
Total liabilities	(15,978)
Net assets obtained from operation	**272,875**
Non-controlling interest	11,403
Equity holders of the parent	261,472
Carrying value of investment in Akfen Infrastructure	**(315,090)**
Akfen Enerji Termik liquidation adjustment	**91,139**
Non-controlling interest of Akfen Thermal Energy in Akfen Infrastructure	**932**
Business combination under common control effect	**36,589**

TAV Investment	January 1, 2017
Total assets	3,901,566
Total liabilities	(3,629,250)
Net assets obtained from operation	**272,316**
Group's share in TAV Investment's net assets (Note 18)	**59,039**
Carrying value of investment in Akfen Infrastructure	**(21,784)**
Business combination under common control effect	**37,255**

İDO	January 1, 2017
Total assets	1,893,358
Total liabilities	(1,884,058)
Net assets obtained from operation	**9,300**
Group's share in İDO's net assets (Note 18)	**2,790**
Carrying value of investment in Akfen Infrastructure	**(100,026)**
Business combination under common control effect	**(97,236)**

Akfen Water	January 1, 2017
Total assets	105,307
Total liabilities	(72,631)
Net assets obtained from operation	**32,676**
Group's share in Akfen Water's net assets (Note 18)	**16,338**
Carrying value of investment in Akfen Infrastructure	**(25,900)**
Business combination under common control effect	**(9,562)**

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3. Business combinations and sale of equity shares (cont'd)

Business combinations under common control (cont'd)

Acacia Mine	**January 1, 2017**
Total assets	477,339
Total liabilities	(482,790)
Net assets obtained from operation	**(5,451)**
Group's share in Acacia Mine's net assets	**(1,635)**
Mining property reserves (Note 18)	53,514
Goodwill carried at Group level (Note 19)	3,670
Total value (Note 18)	**55,549**
Carrying value of investment in Akfen Infrastructure	**(37,561)**
Contingent liability (Note 21)	(24,635)
Carrying value of investment in Akfen Infrastructure	**(62,196)**
Business combination under common control effect	**(6,647)**

Masanda Turizm	**January 1, 2017**
Total assets	21,179
Total liabilities	(14,284)
Net assets obtained from operation	**6,895**
Group's share in Masanda Turizm's net assets	**6,895**
Capital increase prior to the acquisition of Masanda Turizm	**2,830**
Carrying value of investment in Akfen Infrastructure	**(139,285)**
Business combination under common control effect	**(129,560)**

Akfen Holding	**January 1, 2017**
Total assets	4,625,246
Total liabilities	(2,167,913)
Net assets obtained from operation	**2,457,333**
Non-controlling interest	254,316
Equity holders of the parent	2,203,017
Carrying value of investment in Akfen Infrastructure	**(3,762,438)**
Sales Profit Adjustment related to Akfen Tourism	**8,071**
POI at Akfen Holding	**(139,988)**
Other Adjustments for Akfen Holding	**(445,694)**
Business combination under common control effect	**(1,882,716)**

As of December 31, 2018, in addition to business combination under common control affects mentioned above, there is a business combination under common control affect in amount of TRY 25,584 related to Akfen Construction, Akfen Tourism and Akınısı.

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4. Cash and cash equivalents

As of December 31, 2018, 2017 and January 1, 2017, cash and cash equivalents are as follows

	December 31, 2018	December 31, 2017	January 1, 2017
Cash on hand	**787**	910	581
Banks	1,017,628	2,279,239	149,682
- Demand deposits	*704,078*	*26,180*	*74,791*
- Time deposits	*313,550*	*2,253,059*	*74,891*
Other cash and cash equivalents (*)	1,013,968	30,109	5,069
Impairment (Note 2)	(26)	-	-
Cash and cash equivalents	**2,032,357**	**2,310,258**	**155,332**
Restricted bank balance (-)	(129)	(59)	-
Impairment (Note 2)	26	-	-
Cash and cash equivalents in the cash flow statement	**2,032,254**	**2,310,199**	**155,332**

(*) As of December 31, 2018, 2017 and January 1, 2017 all the other cash and cash equivalents consist of Akfen Holding's overnight repos and investment funds whose duration is less than 3 months.

As of December 31, 2018, the Group has restricted bank balances amounting to TRY 129 and the relevant balances for insurance payments are blocked and the blockage are canceled during the insurance payments (December 31, 2017: TRY 55, January 1, 2017: None).

Demand deposits

As of December 31, 2018, 2017 and January 1, 2017, the TL equivalent of demand deposits in currency terms is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
US Dollar	**700,235**	21,062	8,379
TRY	**3,115**	3,079	11,370
Euro	**697**	1,953	54,968
Other	**31**	86	74
Total	**704,078**	**26,180**	**74,791**

Time deposits

As of December 31, 2018, 2017 and January 1, 2017, the TL equivalent of time deposits in currency terms is as follows:

	Maturity	**Interest rate(%)**	**Dec. 31, 2018**	Maturity	Interest rate (%)	Dec. 31, 2017	Maturity	Interest rate (%)	Jan. 1, 2017
Euro	Jan.-Feb. 2019	**0.01-2.36**	**134,569**	Jan. 2018	0.01-2.36	50,906	Jan. 2017	0.01-2.5	73,069
US Dollar	January 2019	**0.1-4.15**	**126,206**	Jan. 2018	0.25-4.1	2,184,407	-	-	-
TRY	Jan.-Feb. 2019	**13.85-24.33**	**52,775**	Jan. 2018	3.5-12.75	16,607	Jan. 2017	7.5-11.16	1,822
Other	-	-	-	Jan. 2018	8.5	1,139	-	-	-
Total			**313,550**			2,253,059			74,891

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5. Financial borrowings

The details for financial borrowings as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Short-term financial borrowings	**914,927**	**1,055,745**	**1,555,176**
Short-term secured bank loans	75,795	2,540	372,603
Short term portion of long-term secured bank loans	752,976	981,116	761,923
Short term portion of long-term bonds	86,156	54,089	410,972
Unsecured bank loans	-	18,000	9,678
Long-term financial liabilities	**6,532,516**	**3,376,954**	**2,378,441**
Secured bank loans	6,062,942	3,073,126	2,377,103
Bonds issued	296,574	303,828	
Borrowing instruments issued based on share and other equity	173,000	-	-
Financial lease payables, net	-	-	1,338
Total	**7,447,443**	**4,432,699**	**3,933,617**

The details for financial borrowings as of December 31, 2018, 2017 and January 1, 2017 are as follows:

December 31, 2018	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
Collateralized project bank loan	Euro	3M Euribor + 4.75	2034	1,002,978	997,190
Collateralized project bank loan	Euro	3M Euribor + 6.10	2034	1,002,978	998,216
Collateralized bank loan	Euro	6.80	2025	636,145	626,673
Collateralized project bank loan	Euro	3M Euribor + 5.05	2029	583,289	590,158
Collateralized project bank loan	Euro	3M Euribor + 5.75(**)	2035	526,799	523,573
Collateralized bank loan	Euro	6.80	2025	338,260	334,637
Collateralized bank loan	Euro	5.50	2019	206,640	206,753
Collateralized bank loan	Euro	6.80	2025	171,996	169,766
Collateralized bank loan	Euro	Euribor + 6.55	2022	87,105	87,286
Collateralized bank loan	Euro	6.80	2025	85,998	84,891
Collateralized project bank loan	Euro	3M Euribor + 6.00	2029	77,907	78,997
Collateralized bank loan	Euro	Euribor + 0.60	2021	27,126	27,148
Collateralized bank loan	Euro	4.92	2019	2,030	2,032
Collateralized project bank loan	US Dollar	3M Libor + 5.15	2029	565,153	575,113
Collateralized bank loan	US Dollar	3.55	2021	368,263	369,280
Collateralized bank loan	US Dollar	3.47	2021	315,654	317,229
Collateralized bank loan	US Dollar	USD Libor + 0.60	2021	286,719	288,127
Collateralized bank loan	US Dollar	3.47	2021	263,045	265,097
Collateralized project bank loan	US Dollar	3M Libor + 6.20	2029	75,193	76,702
Collateralized project bank loan	US Dollar	6M Libor + 4.90	2027	113,515	113,630
Collateralized bank loan	TRY	13.80-31.50	2019-2021	153,858	159,215
Bond	TRY	GDDS (*) + 4.50	2020	252,570	286,403
Bond	TRY	GDDS (*) + 4.50	2020	92,012	96,327
Convertible bond	TRY	12.00	2021	170,000	173,000
				7,405,234	**7,447,443**

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5. Financial borrowings (cont'd)

December 31, 2017	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
Collateralized project bank loan	Euro	3M Euribor +4.75	2034	517,025	514,637
Collateralized project bank loan	Euro	3M Euribor + 6.10	2034	517,025	513,820
Collateralized bank loan	Euro	6.80	2024	505,401	499,462
Collateralized project bank loan	Euro	3M Euribor + 5.05	2029	453,474	458,805
Collateralized bank loan	Euro	7.20	2025	264,075	262,309
Collateralized project bank loan	Euro	3M Euribor + 5.75(**)	2035	191,909	176,358
Collateralized bank loan	Euro	1.25	2018	160,300	162,382
Collateralized bank loan	Euro	5.50	2018	154,791	155,468
Collateralized bank loan	Euro	7.20	2025	134,276	133,061
Collateralized bank loan	Euro	4.15	2018	79,021	80,156
Collateralized bank loan	Euro	7.20	2025	67,138	66,502
Collateralized project bank loan	Euro	3M Euribor + 6.00	2029	60,567	61,411
Collateralized bank loan	Euro	5.50	2018	39,736	40,594
Collateralized bank loan	Euro	4.92	2019	10,365	10,370
Collateralized project bank loan	US Dollar	3M Libor + 5.15	2029	420,536	426,880
Collateralized bank loan	US Dollar	2.35	2018	196,139	196,481
Collateralized project bank loan	US Dollar	6M Libor + 4.90	2027	86,099	86,179
Collateralized project bank loan	US Dollar	3M Libor + 6.20	2029	55,951	56,930
Collateralized bank loan	TRY	13.80-15.00	2018-2021	121,660	124,141
Collateralized bank loan	TRY	17.00	2018	23,440	23,562
Unsecured bank loan	TRY	16.70 - 17.50	2018	18,000	18,000
Collateralized bank loan	TRY	16.00	2018	5,000	5,007
Collateralized bank loan	TRY	17.00 - 18.50	2018	2,267	2,267
Bond	TRY	GDDS (*) + 4.50	2020	252,570	264,560
Bond	TRY	GDDS (*) + 4.50	2020	92,013	93,357
				4,428,778	**4,432,699**

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5. Financial borrowings (cont'd)

January 1, 2017	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
Collateralized bank loan	Euro	7.20	2024	430,348	429,184
Collateralized project bank loan	Euro	3M Euribor + 5.05	2029	384,293	384,620
Collateralized project bank loan	Euro	3M Euribor + 4.75	2034	255,983	257,173
Collateralized bank loan	Euro	7.20	2025	218,884	218,560
Collateralized bank loan	Euro	5.50	2018	158,969	159,816
Collateralized bank loan	Euro	1.25	2018	131,701	131,744
Collateralized bank loan	Euro	7.20	2025	111,297	111,487
Collateralized bank loan	Euro	3.84-5.75	2017-2019	76,019	76,414
Collateralized bank loan	Euro	4.15	2018	64,923	65,848
Collateralized bank loan	Euro	4.60	2018	60,100	60,572
Collateralized bank loan	Euro	4.60	2017	55,649	56,234
Collateralized bank loan	Euro	7.20	2025	55,649	55,672
Collateralized project bank loan	Euro	3M Euribor + 6.00	2029	51,326	51,367
Collateralized bank loan	Euro	Euribor + 5.50	2017	33,388	33,522
Collateralized bank loan	Euro	5.50	2018	32,648	33,352
Collateralized bank loan	Euro	5.10	2017	32,277	32,577
Collateralized bank loan	Euro	3.80	2018	25,969	26,458
Collateralized bank loan	Euro	4.00	2018	24,708	24,793
Collateralized bank loan	Euro	4.70	2018	24,708	24,769
Collateralized bank loan	Euro	6.12	2017	18,549	18,618
Collateralized bank loan	Euro	6.25	2017	16,324	16,598
Collateralized bank loan	Euro	4.75	2017	16,324	16,526
Collateralized bank loan	Euro	4.38	2017	4,043	4,044
Leasing debt	Euro	4.70	2019	1,337	1,337
Collateralized project bank loan	US Dollar	3M Libor + 5.15	2029	404,708	404,933
Collateralized bank loan	US Dollar	2.00	2017	182,998	183,110
Collateralized bank loan	US Dollar	3.75	2017	175,960	182,455
Collateralized bank loan	US Dollar	6.50	2017	105,576	105,617
Collateralized project bank loan	US Dollar	3M Libor + 6.20	2029	53,844	53,901
Collateralized bank loan	US Dollar	6.00	2017	50,549	50,594
Collateralized bank loan	US Dollar	6.00-6.95	2017	47,979	48,096
Collateralized bank loan	US Dollar	4.50	2017	24,634	24,642
Collateralized bank loan	US Dollar	Libor + 5.25	2017	21,115	21,599
Collateralized bank loan	US Dollar	5.60	2017	21,115	21,479
Collateralized bank loan	TRY	13.80-15.25	2017-2020	125,116	125,256
Bond	TRY	GDDS (*) + 3.50	2017	200,000	206,765
Bond	TRY	GDDS (*) + 3.25	2017	140,000	143,677
Bond	TRY	GDDS (*) + 3.00	2017	60,000	60,529
Collateralized bank loan	TRY	13.90	2017	5,000	5,174
Collateralized bank loan	TRY	14.00	2017	4,500	4,504
				3,908,510	**3,933,617**

(*) The "Benchmark Interest" rate of Government Domestic Debt Securities ("GDDS") bonds that sets the basis for annual compound rate of return is calculated as the weighted arithmetic mean of weighted average annual compound interest rates arising in BİAŞ Outright Purchases and Sales Market for Bonds and Securities within the last three working days for the discounted benchmark government bond that is issued by the Republic of Turkey Undersecretariat of Treasury ("Treasury") and has the highest number of days to maturity.
(**) The interest rate will be 3MEuribor + 5.50 when the Tekirdağ City Hospital is in operation.

Secured project bank loans are secured by the following instruments:

- Assignment of receivables.
- Assignment of consecutive receivables.
- Pledge of accounts.
- Mortgage of rights of construction.
- Share pledge.
- Construction completion guarantee for on-going hospital projects

Collateralized bank loans are secured by the main Shareholder and other Group Companies.

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5. Financial borrowings (cont'd)

As of December 31, 2018, 2017 and January 1, 2017, the breakdown of short- and long-term financial borrowings according to their maturities is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Within 1 year	914,927	1,055,745	1,555,177
Between 1 – 2 year	866,355	356,345	646,772
Between 2 – 3 year	1,846,486	569,519	169,627
Between 3 – 4 year	555,877	282,473	161,272
Over 5 year	3,263,798	2,168,617	1,400,769
Total	**7,447,443**	**4,432,699**	**3,933,617**

The movements in financial borrowings for the periods ended December 31, 2018 and 2017 are as follows:

	2018	2017
Financial liabilities at the beginning of the year	**4,432,699**	**3,933,617**
Proceeds from borrowings	*2,288,046*	*1,636,279*
Cash inflows from issuing instruments based on shares and other equity	*170,000*	-
Repayments of borrowings	*(792,779)*	*(1,887,800)*
Amendments to shareholders' contributions to additional capital	*(20,764)*	-
Interest paid	*(408,184)*	*(331,080)*
Accrual	*469,980*	*294,290*
Foreign exchange difference	*1,278,099*	*676,295*
Currency translation differences	*30,346*	*28,158*
Change in consolidation (Note 3)	-	*82,940*
Financial liabilities at the end of the year	**7,447,443**	**4,432,699**

6. Trade receivables and payables

The short-term trade receivables of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Trade receivables due from related parties (Note 30)	8,965	15,283	24,328
Trade receivables due from third parties	58,547	41,492	56,603
- Receivables from the Ministry of Health (*)	*27,538*	*12,074*	-
- Notes receivables (**)	*10,358*	*3,293*	*29,333*
- Other trade receivables (***)	*20,651*	*26,125*	*27,270*
Total	**67,512**	**56,775**	**80,931**

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6. Trade receivables and payables (cont'd)

The long-term trade receivables of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Trade receivables from third parties	16,908	20,738	130
- Notes receivables (**)	*16,908*	*20,738*	*130*
Total	**16,908**	**20,738**	**130**

(*) As at December 31, 2018 and 2017, trade receivables from the Ministry of Health consist of the trade receivables from the agreements signed with the Ministry of Health (January 1, 2017: None).
(**) As of December 31, 2018, 2017 and January 1, 2017, notes receivable consists of notes receivable from Incek-Loft and Bulvar-Loft sales.
(***)As of December 31, 2018, amounting to TRY 17,062 of the trade receivables from third parties is consisting Akfen REIT's rental income from hotels in Turkey and Russia. (December 31, 2017: 13,092, January 1, 2017: 18,467).

The short-term trade payables of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Trade payables due to related parties (Note 30)	1,584,051	6,032	3,776
Trade payables due to third parties	66,542	201,580	133,168
- Trade payables from construction contracts	*55,906*	*112,036*	*70,566*
- Other trade payables	*10,192*	*22,878*	*20,770*
- Other expense accruals	*444*	*66,666*	*41,832*
Total	**1,650,593**	**207,612**	**136,944**

The long-term trade payables of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Trade payables due to related parties (Note 30)	256,078	-	-
Trade payables due to third parties	-	513	273
- Other trade payables	-	*513*	*273*
Total	**256,078**	**513**	**273**

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7. Other receivables and payables

The short-term other receivable of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Other receivables due from related parties (Note 30)	160	289,437	5,888
Other receivables due from related parties	18,316	4,997	539
- Receivables from tax office	*13,722*	*3,287*	*-*
- Deposits and guarantees given	*171*	*7*	*-*
- Other receivables	*4,423*	*1,703*	*539*
Total	**18,476**	**294,434**	**6,427**

The long-term other receivables of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Other receivables due from related parties (Note 30)	457,519	446,192	230,654
Other receivables due from related parties	35,701	26,803	18,975
- Deposits and guarantees given	*367*	*2,296*	*272*
- Receivables from tax Office	*77*	*-*	*-*
- Other long-term receivables (*)	*35,257*	*24,507*	*18,703*
Total	**493,220**	**472,995**	**249,629**

(*) As of December 31, 2018, 2017 and January 1, 2017 other non- current receivables are comprised of capital receivables of Akfen Trade related to capital paid on behalf other shareholders of Akfen Karaköy.

The short-term other payables of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Other payables to related parties (Note 30)	225	347	20,957
Other payables to third parties	83,097	109,798	58,557
- Deposit and guarantees received	*43,222*	*76,493*	*37,751*
- Taxes and funds payable (*)	*32,642*	*28,855*	*12,938*
- Land lease payables (Not 10)	*6,620*	*3,776*	*4,729*
- Other payables	*613*	*674*	*3,139*
Total	**83,322**	**110,145**	**79,514**

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7. Other receivables and payables (cont'd)

The long-term other payables of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Other payables to related parties (Note 30)	191,070	86,881	55,382
Other payables to third parties	62,920	39,222	40,104
- Deposit and guarantees received	*11*	*13*	*6,834*
- Land lease payables (Not 10)	*44,220*	*30,299*	*29,772*
- Taxes and funds payable (*)	*5,606*	-	-
- Other payables	*13,083*	*8,910*	*3,498*
Total	**253,990**	**126,103**	**95,486**

(*) As of December 31, 2018 TRY, 11,979 and TRY 5,606 of short-term and long-term taxes and funds payable, respectively, consist of the discount amount of Akfen REIT's final debt related to the tax case in Turkish Republic of Northern Cyprus (TRNC), calculated according to the maturity of payment. (December 31, 2017 and January 1, 2017: None)..

8. Prepaid expenses

As of December 31, 2018, 2017 and January 1, 2017, short-term prepaid expenses are stated as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Advance given (*)	61,049	168,551	92,750
Prepaid expenses (**)	6,175	6,189	1,903
Other	610	-	-
Total	**67,834**	**174,740**	**94,653**

As of December 31, 2018, 2017 and January 1, 2017, long-term prepaid expenses are stated as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Prepaid expenses (**)	12,911	9,123	17,579
Total	**12,911**	**9,123**	**17,579**

(*)As of December 31, 2018, 2017 and January 1, 2017, advances given for the ongoing construction of Şehir Hospital and Bulvar Loft projects.
(**)As of December 31, 2018, 2017 and January 1, 2017, a significant portion of the expenses for the upcoming months and years consists of prepaid expenses for insurance policies.

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9. Financial assets related to concession agreements / Receivables from ongoing service contracts

As of December 31, 2018, 2017 and January 1, 2017, financial assets related to short- and long-term concession agreements and receivables from ongoing service contracts are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Isparta City Hospital			
Short-term financial assets related to concession agreements (*)	145,871	97,014	-
Short-term receivables from ongoing service contracts (*)	-	-	69,492
Long-term financial assets related to concession agreements (*)	1,257,923	1,076,315	-
Long-term receivables from ongoing service contracts (*)	-	-	966,580
	1,403,794	**1,173,329**	**1,036,072**
Eskişehir City Hospital			
Short-term financial assets related to concession agreements (*)	232,003	-	-
Short-term receivables from ongoing service contracts (*)	-	134,563	-
Long-term financial assets related to concession agreements (*)	2,555,947	-	-
Long-term receivables from ongoing service contracts (*)	-	1,138,401	267,125
	2,787,950	**1,272,964**	**267,125**
Tekirdağ City Hospital			
Short-term financial assets related to concession agreements (*)	-	-	-
Short-term receivables from ongoing service contracts (*)	-	-	-
Long-term financial assets related to concession agreements (*)	-	-	-
Long-term receivables from ongoing service contracts (*)	153,891	19,580	-
	153,891	**19,580**	**-**
Total City Hospital			
Short-term financial assets related to concession agreements (*)	**377,874**	**97,014**	**-**
Short-term receivables from ongoing service contracts (*)	**-**	**134,563**	**69,492**
Long-term financial assets related to concession agreements (*)	**3,813,869**	**1,076,315**	**-**
Long-term receivables from ongoing service contracts (*)	**153,891**	**1,157,981**	**1,233,705**
Total	**4,345,634**	**2,465,873**	**1,303,197**

(*) The purchase of service concession contracts includes the right to charge fees for the use of the concession infrastructure arising from the City Hospital contract for the construction of City Hospitals models signed with the Ministry of Health. The estimated amortization period of a financial asset in concession agreements is the period during which the Group can allocate to the public to use the infrastructure until the end of the concession period.

As of March 31, 2017, and October 27, 2018, Isparta and Eskişehir started operations, respectively and collections related to the operation of hospitals. Construction of the Tekirdağ City Hospital project is ongoing as of December 31, 2018.
For the period ended December 31, 2018 and 2017, financial asset / receivables movements are as follows:

	2018	2017
Balance as of January 1, beginning of the period	2,465,873	1,303,197
Increase in value arising from the calculation of fair value of Service Concession Agreements (Note 26)	609,644	-
Additions to financial assets	948,694	959,487
IFRIC 12 interest income (Note 27)	-	113,122
Collections	(170,812)	(73,707)
Foreign currency translation difference	492,235	163,774
December 31,	**4,345,634**	**2,465,873**

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10. Investment properties

As of December 31, 2018, 2017 and January 1, 2017, the movement of investment property is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Operating investment properties	2,763,676	2,037,415	1,608,267
Ongoing investment properties	-	-	49,770
Land leases	50,840	34,071	34,501
	2,814,516	**2,071,486**	**1,692,538**

As of December 31, 2018, pledge on property, plant and equipment and investment property is TRY 2,375,776 (December 31, 2017: TRY 2,173,710. January 1, 2017: TRY 1,488,977).

As of December 31, 2018, 2017 and January 1, 2017, the types of investment properties are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Hotel	2,048,838	1,567,221	1,305,993
Building	407,084	188,153	86,714
Land	307,754	282,041	265,330
Land leases	50,840	34,071	34,501
	2,814,516	**2,071,486**	**1,692,538**

For the periods ended at December 31, 2018 and 2017, the movement table of the operating and ongoing investment properties is as follows:

	2018	2017
Net book value at the beginning of the period – January 1,	2,037,415	1,608,267
Additions	35,480	41,067
Disposals	(1,621)	(304)
Transfer from inventories (Note 14)	29,883	-
Transfers from investment properties	-	49,770
Foreign currency translation difference	59,483	42,614
Fair value increase (Note 26)	603,036	229,685
Changes in the scope of consolidation (Note 3)	-	66,316
Net book value at the ending of the period – December 31,	**2,763,676**	**2,037,415**

Land leases

The Group classifies its rights for the lands that are rented to develop investment real estate as investment real estates. In such a case, the rights to the related land are recognized as if it were a financial lease and in addition, the fair value model is used for the related land that is accounted for. The fair values of the investment properties developed on the leased land have been deducted from the estimated cash flows to be paid for the rents and therefore the discounted values of rentable rentals related to the related land are accounted for in the investment property and other liabilities accounts.

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10. Investment properties (cont'd)

As of December 31, 2018, 2017 and January 1, 2017 the fair value classifications of investment properties are as follows:

December 31, 2018		**Fair value level**	
	1. Level TRY	**2. Level TRY**	**3. Level TRY**
Investment properties – Hotel (Note 10)	-	-	2,048,838
Investment properties – Building (Note 10)	-	-	407,084
Investment properties – Land (Note 10)	-	307,754	-

December 31, 2017		**Fair value level**	
	1. Level TRY	**2. Level TRY**	**3. Level TRY**
Investment properties – Hotel (Note 10)	-	-	1.567.221
Investment properties – Building (Note 10)	-	-	188.153
Investment properties – Land (Note 10)	-	282.041	-

January 1, 2017		**Fair value level**	
	1. Level TRY	**2. Level TRY**	**3. Level TRY**
Investment properties – Hotel (Note 10)	-	-	1.305.993
Investment properties – Building (Note 10)	-	-	86.714
Investment properties – Land (Note 10)	-	265.330	-

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11. Derivative instruments

As of December 31, 2018, 2017 and January 1, 2017, assets and liabilities from derivative instruments are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Assets from derivative instruments	3,463	12,371	2,887
Liabilities from derivative instruments	(30,794)	(1,816)	(751)
Total	**(27,331)**	**10,555**	**2,136**

December 31, 2018				
	Currency	Original contract value	Asset	Liability
Derivative liabilities	US Dollar	40,300	3,463	-
Derivative assets	Euro	187,549	-	(30,794)
Total			**3,463**	**(30,794)**

December 31, 2017				
	Currency	Original contract value	Asset	Liability
Derivative liabilities	US Dollar	126,325	-	(1,816)
Derivative assets	Euro	102,556	12,371	-
Total			**12,371**	**(1,816)**

January 1, 2017				
	Currency	Original contract value	Asset	Liability
Derivative liabilities	US Dollar	542	-	(751)
Derivative assets	Euro	34,003	2,887	-
Total			**2,887**	**(751)**

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12. Tangible assets

The movements of tangible assets as of December 31 are as follows:

Cost	Land and buildings	Machinery and equipment	Vehicles	Furnitures and fixtures	Ongoing investments	Special costs	Other	Total
Balance as of January 1, 2017	38,900	9,268	2,761	12,454	84,030	2,645	62	150,120
Additions	1,187	469	-	1,480	2,507	28	-	5,671
Transfers (*)	-	-	-	-	(4,071)	-	-	(4,071)
Impairment (Note 26) (**)	-	-	-	-	(3,598)	-	-	(3,598)
Disposals	(976)	(10)	-	-	-	-	-	(986)
Changes in the scope of consolidation (Note 3)	-	-	-	113	-	10	-	123
Balance as of December 31, 2017	**39,111**	**9,727**	**2,761**	**14,047**	**78,868**	**2,683**	**62**	**147,263**
Balance as of January 1, 2018	39,111	9,728	2,761	14,047	78,868	2,683	62	147,260
Additions	13	844	376	1,380	1,391	83	-	4,087
Disposals	(12,800)	-	(157)	(57)	-	-	-	(13,014)
Balance as of December 31, 2018	**26,324**	**10,572**	**2,980**	**15,370**	**80,259**	**2,766**	**62**	**138,333**
Accumulated depreciation								
Balance as of January 1, 2017	1,348	7,655	1,345	10,698	-	661	62	21,769
Current period depreciation	784	369	285	766	-	180	-	2,384
Disposals	(976)	(10)	-	-	-	-	-	(986)
Changes in the scope of consolidation (Note 3)	-	-	-	61	-	9	-	70
Balance as of December 31, 2017	**1,156**	**8,014**	**1,630**	**11,525**	**0**	**850**	**62**	**23,237**
Balance as of January 1, 2018	1,156	8,015	1,630	11,525	-	850	62	23,238
Current period depreciation	1,637	309	824	1,037	-	198	-	4,005
Disposals	(109)	-	(117)	(33)	-	-	-	(259)
Balance as of December 31, 2018	**2,684**	**8,324**	**2,337**	**12,529**	**0**	**1048**	**62**	**26,984**
Net book value as of December 31, 2018	**23,640**	**2,248**	**643**	**2,841**	**80,259**	**1,718**	**0**	**111,349**
Net book value as of December 31, 2017	**37,955**	**1,713**	**1,131**	**2,522**	**78,868**	**1,833**	**-**	**124,022**
January 1, 2017	37,552	1,613	1,416	1,756	84,030	1,990	-	128,357

(*) The transfer of costs related to the SAP program that has been completed and started to be used as of December 31, 2017 to intangible assets.
(**) The impairment as of December 31, 2017 is due to the termination of the EIA process and the cancellation of the production license of Laleli Dam and HPP project in the area of Thermal Energy.

As of December 31, 2018, mortgages and pledges on property, plant and equipment and investment properties amount to TRY 2,375,776 (December 31, 2017: TRY 2,173,710, January 1, 2017: TRY 1,488,977).

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13. Intangible assets

The movements of intangible assets as of December 31, are as follows:

Cost	**Rights**	**Other**	**Total**
Balance as of January 1, 2017	110,390	2,153	112,543
Additions	1,412	79	1,491
Transfers from tangible assets (*)	4,071	-	4,071
Changes in the scope of consolidation (Note 3)	42,654	-	42,654
Impairment (Note 26) (**)	(26,676)	-	(26,676)
Balance as of December 31, 2017	**131,851**	**2,232**	**134,083**
Balance as of January 1, 2018	131,851	2,233	134,084
Additions	182	779	961
Balance as of December 31, 2018	**132,033**	**3,012**	**135,045**
Accumulated amortization	**Rights**	**Other**	**Total**
Balance as of January 1, 2017	19,789	1,648	21,437
Current period amortization	6,310	322	6,632
Balance as of December 31, 2017	**26,099**	**1,970**	**28,069**
Balance as of January 1, 2018	26,099	1,970	28,069
Current period amortization	4,595	425	5,020
Balance as of December 31, 2018	**30,694**	**2,395**	**33,089**
Net book value			
Balance as of December 31, 2018	**101,339**	**617**	**101,956**
Balance as of December 31, 2017	**105,752**	**262**	**106,014**
Balance as of January 1, 2017	90,601	505	91,106

(*) The transfer of costs related to the SAP program that has been completed and started to be used as of December 31, 2017 from tangible assets.

(**) Real estate investment and development is Akfen Merter's core business. Akfen Merter rented a land in Zeytinburnu Merkez Efendi Disctrict. The lease agreement of the land started on October 21, 2011. The duration of the contract is 30 years and the rights include impairment amounting to TL 26.676 recognized in 2017.

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14. Inventories

As of December 31, 2018, 2017 and January 1, 2017, inventories are as follows:

	December 31, 2018	December 31,2017	January 1, 2017
Finished goods	83,712	186,172	201,123
Semi-finished goods	247,102	102,362	44,520
Trade goods	-	-	-
Food and beverage stocks	589	136	3,916
Total	**331,403**	**288,670**	**249,559**

As of December 31, 2018, 2017 and January 1, 2017, the products consist of the existing apartments for sale in İncek and Gölbaşı related to the social housing project and the semi-finished products consist of the apartments constructed in Ankara Bulvar Loft social housing project.

As of December 31, 2018, and 2017, the movement of inventories is as follows:

	2018	2017
January 1,	288,670	249,559
Additions	155,313	97,799
Disposals	(82,697)	(58,688)
Transfers to investments (Note 10)	(29,883)	-
December 31,	**331,403**	**288,670**

15. Deferred revenues

As of December 31, 2018, 2017 and January 1, 2017, short-term deferred revenue is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Advances received (*)	165,786	94,429	113,831
Lease revenues	508	-	-
Other	165	-	-
Total	**166,459**	**94,429**	**113,831**

As of December 31, 2018, 2017 and January 1, 2017, long-term deferred revenue is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Deferred hospital service revenue (Note 2) (**)	18,618	-	-
Other	1,276	1,622	1
Total	**19,894**	**1,622**	**1**

(*) As of December 31, 2018, 2017 and January 1, 2017, the majority of the advances received consisted of advances received for İncek Loft, Bulvar Loft and Bodrum Loft projects.
(**) The Group has evaluated the service contract presented to the Ministry of Health within the scope of TFRS 15 and reflected its effect to the consolidated financial statements as of December 31, 2018. As of December 31, 2018, deferred revenue consists of income received in advance for extraordinary maintenance and repair services provided to the Ministry of Health.

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16. Provisions

As of December 31, 2018, 2017 and January 1, 2017, short term provisions are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Short term provisions for employee benefits	7,877	9,068	5,881
Other provisions (1)	-	3,750	200
Total	**7,877**	**12,818**	**6,081**

As of December 31, 2018, 2017 and January 1, 2017, long term provisions are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Long term provisions for employee benefits	5,476	3,841	3,451
Other provisions (1)	-	16,268	-
Total	**5,476**	**20,109**	**3,451**

(1) On December 5, 2017, the tax lawsuit regarding Akfen Trade and Lefkoşa Tax Office ("Tax Office") in TRNC for the period of 2007-2017 has been finalized whether rental income withholding tax can utilized or not by investment allowance and it has been decided that Akfen GT cannot benefit from 100% investment incentives of TRNC for the stoppage of mentioned rental income. As a result of the lawsuit, provision for tax provision for the period 2007-2017 has been allocated as of December 31, 2017 and as of December 31, 2018, the amount of the liability has been recalculated using the discount method according to the maturity of the debt and accounted under other liabilities in the consolidated financial statements as of December 31, 2018.

Provisions for employee benefits

As of December 31, 2018, 2017 and January 1, 2017, employee benefits are comprised of provisions for employee termination benefits and provisions for employee termination benefits.

Employee benefits for the periods ended December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Provision for unused vacation - short-term	7,877	9,068	5,881
Provision for employee termination benefits - long-term	5,476	3,841	3,451
Total	**13,353**	**12,909**	**9,332**

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17. Government incentives and grants

In accordance with the Investment Incentives Law No. 47/2000, Akfen REIT has a 100% investment incentive without any time restrictions for its investments in the TRNC until December 31, 2008.

With the decision of the Council of Ministers dated July 1, 2003 and numbered 2003/5868, the amount of the vessels carrying cargo and passengers exclusively in the cabotage line registered to the Turkish International Ship Registry and National Ship Registry, commercial yachts, service and fishing vessels shall be determined according to the technical characteristics of each ship and has decided to reduce the special consumption tax amount of the fuel to be given to the logbook of the vessel that will use this fuel to zero since the beginning of 2004. Since 2004, IDO has been benefiting from the special consumption tax deduction.

The resolution of the Council of Ministers No. 2004/5266 of December 2, 2004 provides that the revenues from the operation and transfer of ships and yachts registered in the Turkish International Register of Ships are exempt from income and corporate taxes and funds. Therefore, purchasing, sales, mortgage, registration, loan and freight contracts pertaining to ships and yachts to be registered in the Turkish International Register of Ships are not subject to stamp duty, levies, banking and insurance transactions tax and funds. To this end, İDO enjoys corporate tax and income tax discounts.

For HEPP investments, the Group has investment incentives in the form of VAT exemption and customs duty exemption that it has obtained by submitting various documents.

Moreover, solar panels to be imported are removed from the scope of incentives and VAT exemption through the "Communique (Communique No: 2016/2) on Amending the Communique (Communique No: 2012/1) on the Implementation of the Decision on State Aid for Investments", which was published in the Official Gazette No. 28329 of June 25, 2016. Out of our SPP projects, those that have not applied for or received VAT exemption and investment incentive before the date of publication of the Communique cannot benefit the VAT exemption and customs duty exemption for the solar panels they will import.

Acacia Mine has received an investment incentive certificate from the Ministry of Economy under the "Large Scale Investment" plan for the mining facility in Kastamonu on April 27, 2014. Under this incentive, 40% of the total investment amount is based on tax exemption and 80% of the future tax amount of the company will not be paid within the scope of incentive until reaching the base for tax exemption. In addition, Acacia Mine benefits from SSK employer feel support.

Akfen Construction's hospital projects are subject to corporate tax at reduced rates, effective from the financial year in which the investment is partially or fully operational until the investment reaches the contribution amount. In this context, the Group recognizes the tax advantage that it expects to benefit from investment incentive companies as deferred tax asset in the financial statements.

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18. Investments accounted using the equity method

As of December 31, 2018, 2017 and January 1, 2017, the carrying values of the Group's investments accounted using the equity method are as follows:

	Ownership ratio (%)	December 31, 2018	Ownership ratio (%)	December 31, 2017	Ownership ratio (%)	January 1, 2017
Akfen Renewable Energy	68.04	847,134	80.01	981,649	90.00	1,009,327
Hacettepe Teknokent (*)	-	-	-	-	45.00	9,728
Acacia Mine (**)	30.00	253,700	30.00	47,947	30.00	55,548
TAV Investment (**)	21.68	10,497	21.68	35,253	21.68	59,038
Akfen Water (**)	50.00	21,492	50.00	21,101	50.00	16,338
IBS Insurance (***)	37.00	14,200	37.00	12,343	37.00	9,316
İDO (**)	30.00	(78,912)	30.00	(28,289)	30.00	2,790
MIP (****)	-	-	-	-	50.00	734,023
TAV Airports (*****)	-	-	-	-	8.12	234,695
		1,068,111		**1,070,004**		**2,130,803**

(*) By the decision taken at the Extraordinary General Assembly Meeting dated January 4, 2017, by giving the Group the right to elect the majority of the Board of Directors, the control power was transferred to the Group and as of December 31, 2017, Hacettepe Teknokent is accounted by full consolidation method in the consolidated financial statements.

(**) Companies acquired as a result of the merger of Akfen Engineering on 28 February 2018 were accounted for by merging rights (Note 3).

(***) On March 17, 2018, IBS shares were acquired and accounted for by merging rights (Note 3).

(****) Due to the sale of shares, MIP is carried as financial investment in the balance sheet with the new ownership rate of 10% and the method of taking the share from equity has been stopped.

(*****) Akfen Holding sold all its 8.119% stake in TAV Airports as of July 7, 2017.

The Group's shares in the profits of its investments accounted using the equity method in the profit or loss statement for years ended on December 31 are as follows:

	2018	2017
Acacia Mine	151,829	(7,243)
IBS Insurance	10,380	6,115
Akfen Water	(8,552)	177
TAV Investment	(31,400)	(28,477)
İDO	(50,623)	(31,713)
Akfen Renewable Energy	(245,876)	(71,825)
MIP (*)	-	135,852
TAV Airports (**)	-	19,151
Hacettepe Teknokent	-	(9,286)
	(174,242)	**12,751**

(*) As of December 31, 2018, MIP is accounted for as financial investment in the consolidated financial statement with the new ownership rate of 10% due to the sale of shares (Note 20).

(**) Akfen Holding sold all of its 8.119% stake in TAV Airports as of July 7, 2017.

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18. Investments accounted using the equity method (cont'd)

As of December 31, 2018, and 2017, the movements in investments accounted using the equity method are as follows:

	January 1, 2018	Period (loss) /profit	Other equity movements	Liability cap adjustment (*)	Gains due to the change in the share of partnership (**)	Other adjustments related to profit or loss in consolidation (***)	December 31, 2018
Akfen Renewable Energy	981,649	(222,089)	-	-	111,361	(23,787)	847,134
Acacia Mine	47,947	155,520	53,924	-	-	(3,691)	253,700
TAV Investment	35,249	(31,401)	6,653	-	-	-	10,501
Akfen Water	21,101	(8,552)	8,943	-	-	-	21,492
IBS Insurance	12,347	10,380	(8,527)	-	-	-	14,200
İDO	(28,289)	(304,717)	-	254,094	-	-	(78,912)
	1,070,004	**(400,859)**	**60,993**	**254,094**	**111,361**	**(27,478)**	**1,068,115**

	January 1, 2017	Period (loss)/ profit	Other equipment movement	Liability cap adjustment (*)	Trans-fer (****)	Gains due to the change in the share of partnership (**)	Share sales	Dividend distribution	Other adjustments related to profit or loss in consolidation (***)	Transfer to long-term financial invest-ments	Dec. 31, 2017
Akfen Renewable Energy	1,009,327	(36,763)	-	-	-	44,147	-	-	(35,062)	-	981,649
MIP (****)	734,023	135,852	58,706	-	-	-	(742,864)	-	-	(185,717)	-
TAV Airports (*****)	234,695	19,151	19,582	-	-	-	(253,296)	(20,132)	-	-	-
Hacettepe Teknokent	9,728	(9,286)	-	-	(442)	-	-	-	-	-	-
TAV Investment	59,038	(28,481)	4,690	-	-	-	-	-	-	-	35,247
Acacia Mine	55,548	(3,552)	(360)	-	-	-	-	-	(3,691)	-	47,945
Akfen Water	16,338	177	4,586	-	-	-	-	-	-	-	21,101
IBS Insurance	9,316	6,115	(3,084)	-	-	-	-	-	-	-	12,347
İDO	2,790	(129,135)	634	97,426	-	-	-	-	-	-	(28,285)
	2,130,805	**(45,922)**	**84,754**	**97,426**	**(442)**	**44,147**	**(996,160)**	**(20,132)**	**(38,753)**	**(185,717)**	**1,070,004**

(*) According to the guarantee and equity contribution agreement between IDO and the Company, sponsorship contributions and guarantee payments shall not exceed US Dollar 7,500,000 per year.
(**) Note 3.
(***) Net assets of Acacia Mine include mining property reserves and goodwill. Regarding the recognized the mining property reserves, amortization expense amounted to TRY 4,614 (December 31, 2017: TRY 4,614) and deferred tax assets amounted to TRY 923 (December 31, 2017: TRY 923) have been recognized under "Share in profits / (losses) on investments accounted for using the equity method "in the consolidated financial statements.
As of January 1, 2017, Goodwill is belonging to Akfen Renewable was accounted provisionally in the consolidated financial statements has been distributed to related financial statements as of, December 31, 2018, 2017 and January 1, 2017 as a result of the valuation report made in accordance with the sale date in 2017, regarding TRY 29,734 (December 31, 2017: TRY 43,827) depreciation expense has been accounted to under property, plant and equipment and intangible assets, and deferred tax income amounting to TRY 5,947 (December 31, 2017: TRY 8,765) under "Share in profits/(losses) on investments accounted for using the equity method".
(****) Due to the sale of shares, MIP is carried as financial investment in the balance sheet with the new ownership rate of 10% and the method of taking the share from equity has been stopped.
(*****) Akfen Holding signed a share sale agreement to sell the 8.119% shares of TAV Airports to Tank OWA Alpha GmbH on June 9, 2017. Assets and liabilities of TAV Airports in the light of the Board of Directors' resignation dated June 30, 2017 are presented in the group of assets held for sale in the consolidated financial statements. The sale of such shares has been completed as of July 7, 2017.
Hedging agreements concluded by joint ventures and the equity impact from functional currency differences between Akfen Holding and its joint ventures are recognized under other comprehensive income items.
(*****)By the decision taken at the Extraordinary General Assembly Meeting dated January 4, 2017, by giving the Group the right to elect the majority of the Board of Directors, the control power was transferred to the Group and as of December 31, 2017, Hacettepe Teknokent is accounted by full consolidation method in the consolidated financial statements.

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18. Investments accounted using the equity method (cont'd)

Akfen Renewable Energy:

Summary financial information on Akfen Renewable Energy is provided below:

	December 31, 2018	December 31, 2017	January 1, 2017
Assets Total	2,955,355	1,630,257	1,339,227
Liabilities Total	2,484,761	1,219,538	1,078,977
Net Assets	470,594	410,719	260,250
Group's share in Akfen Renewable Energy's net Assets	**320,173**	**328,627**	**234,225**
Fair value increase of tangible assets (*)	412,102	425,936	446,328
Fair value increase of intangible assets (*)	588,124	604,023	627,458
Deferred tax liabilities (*)	(200,045)	(205,992)	(214,757)
Change in the share of partnership (**)	(273,220)	(170,945)	(83,927)
Carrying value	**847,134**	**981,649**	**1,009,327**

	January 1,- December 31, 2018	January 1,- December 31, 2017
Revenue	244,798	194,416
Gross profit/	117,286	59,033
General administrative expenses	(21,650)	(17,665)
Other operating expense, (net)	4,847	49,856
Operating profit	100,483	91,224
Loss before tax	(337,701)	(34,300)
Loss after tax	(315,163)	(48,454)
Loss for the year from parent company shares	(314,329)	(48,353)
Group's share in Akfen Renewable's loss for the year before purchase price allocation	**(222,087)**	**(36,763)**
Group's share in Akfen Renewable's loss for the year after purchase price allocation (*)	**(245,876)**	**(71,825)**
Depreciation and amortization expenses	63,298	45,663

(*) As of January 1, 2017, Goodwill is belonging to Akfen Renewable was accounted provisionally in the consolidated financial statements has been distributed to related financial statements as of December 31, 2018, 2017 and

January 1, 2017 as a result of the valuation report made in accordance with the sale date in 2017, regarding TRY 29,734 depreciation expense has been accounted to under property, plant and equipment and intangible assets, and deferred tax income amounting to TRY 5,947 under "Share in profits/(losses) on investments accounted for using the equity method". (December 31, 2017: TRY 43,827 and TRY 8,765, January 1, 2017: None)

(**) The ownership rate of Akfen Holding in Akfen Renewable is decreased from 100% to 90% in 2016, from 90% to 80.01% in 2017, from 80.01% to 73.41% as of March 31, 2018 and from 73.41% to 68.04% as of June 30, 2018, and the adjustments related to this change were reflected in the consolidated financial statements.

Kuzeybatu Elektrik Üretim A.Ş. ("Kuzeybatu"), which is subsidiary of Akfen Renewable, has purchased 4 WEPP project, which are Derbent Enerji Üretim Pazarlama İthalat ve İhracat A.Ş. ("Derbent"), Isıder Enerji Üretim Pazarlama İthalat ve İhracat A.Ş. ("Isıder), Korda Enerji Üretim Pazarlama İthalat ve İhracat A.Ş. ("Korda"), Kovancı Enerji Üretim Pazarlama İthalat ve İhracat A.Ş. (Kovancı) from Turquoise Investments B.V. for USD 33,500,000 as of 13 June 2017. Akfen Renewable has completed the "Purchase Price Allocation" report required by TFRS 3 - "Business Combinations" standard as of December 31, 2017.

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18. Investments accounted using the equity method (cont'd)

TAV Investment:

The summary financial information of TAV Investment as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	December 31, 2017	January 1,2017
Assets Total	5,060,209	3,914,235	3,901,566
Liabilities Total	5,011,784	3,751,593	3,629,250
Net Assets	48,425	162,642	272,316
Group's share in TAV Investment's net asset	**10,496**	**35,253**	**59,038**

	January 1,- December 31, 2018	January 1,- December 31, 2017
Revenue	3,156,600	2,877,530
Gross profit	118,953	84,674
General administrative expenses	(102,270)	(83,762)
Other operating expense, (net)	(71,249)	6,061
Operating profit/(loss)	(54,566)	6,973
Loss before tax	(149,868)	(65,009)
Loss after tax	(144,869)	(131,385)
Loss for the year from parent company shares	(144,869)	(131,385)
Group's share in TAV Investment's loss for the year	**(31,400)**	**(28,478)**
Depreciation and amortization expenses	19,321	27,136
Letter of guarantee commission expenses within the cost of sales	22,089	10,479

İDO:

The summary financial information of İDO as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	December 31, 2017	January 1,2017
Assets Total	2,049,725	1,705,805	1,893,358
Liabilities Total	3,095,666	2,124,853	1,884,058
Net Assets	(1,045,941)	(419,048)	9,300
Group's share in İDO's net asset	**(313,782)**	**(125,714)**	**2,790**
Accounted of Group's share in the net assets of IDO (*)	**(78,912)**	**(28,289)**	**2,790**

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18. Investments accounted using the equity method (cont'd)

	January 1,- December 31, 2018	January 1,- December 31, 2017
Revenue	540,787	479,071
Gross profit	5,698	39,825
General administrative expenses	(51,611)	(47,933)
Other operating income, (net)	(55,783)	(12,853)
Share of loss from investments accounted using the equity method	(615)	(2,269)
Operating loss	(102,311)	(23,230)
Loss before tax	(1,015,724)	(430,462)
Loss after tax	(1,015,724)	(430,462)
Loss for the year from parent company shares	(1,015,724)	(430,462)
Group's share in İDO's loss for the year	**(304,717)**	**(129,140)**
Accounted of Group's share in the net assets of IDO (*)	**(50,623)**	**(31,713)**
Depreciation and amortization expenses	91,538	95,792

(*) According to guarantee and equity contribution agreement between İDO and Company, sponsor contributions and guarantee payments would not exceed annual liabilities cap amounted to USD 7,500,000. Therefore, not all of the Group's share in the net loss for the period and other comprehensive income or expenses is included in the table of profit or loss in the consolidated financial statements, which will not exceed the related obligation.

As of January 1, 2017 Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. and BTA Maritime Lines are consolidated by İDO through the equity-accounting method.

Akfen Water:

The summary financial information of Akfen Water as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Assets Total	182,477	140,113	105,307
Liabilities Total	139,493	97,912	72,631
Net Assets	42,984	42,201	32,676
Group's share in the net assets of Akfen Water	**21,492**	**21,101**	**16,338**

	January 1, - December 31, 2018	January 1, - December 31, 2017
Revenue	37,369	25,564
Gross profit	18,847	12,788
General administrative expenses	(4,455)	(3,846)
Other operating expense, (net)	(23,522)	(1,180)
Operating (loss)/profit	(9,130)	7,762
(Loss)/profit before tax	(15,234)	5,125
(Loss)/profit after tax	(18,472)	2,094
(Loss)/profit for the year from parent company shares	(17,104)	354
Group's share in Akfen Water's (loss)/profit for the year	**(8,552)**	**177**
Depreciation and amortization expenses	614	584

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18. Investments accounted using the equity method (cont'd)

Acacia Mine:

The summary financial information of Acacia Mine as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Assets Total	2,223,240	688,228	477,339
Liabilities Total	1,543,583	706,714	482,790
Net Assets	679,657	(18,486)	(5,451)
Group's share in the net assets of Acacia Mine	**203,897**	**(5,546)**	**(1,635)**
Mining property reserves (*)	46,133	49,823	53,514
Goodwill carried at Group level (*)	3,670	3,670	3,670
Carrying value	**253,700**	**47,947**	**55,549**

	January 1,- December 31, 2018	January 1,- December 31, 2017
Revenue	-	-
Gross profit	-	-
General administrative expenses	(3,682)	(1,483)
Other operating expense, (net)	(1,294)	(3,861)
Operating loss	(4,976)	(5,344)
Profit/(loss) before tax	37,189	(14,789)
Profit/(loss) after tax	518,399	(11,841)
Profit/(loss) for the year from parent company shares	518,399	(11,841)
Group's share in Acacia Mine's profit/(loss) for the year before purchase price allocation	**155,519**	**(3,552)**
Group's share in Acacia Mine's profit/(loss) for the year after purchase price allocation (*)	**151,829**	**(7,243)**

(*) Net assets of Acacia Mine include mining property reserves and goodwill. Regarding the recognized the mining property reserves, amortization expense amounted to TRY 4,614 (December 31, 2017: TRY 4,614) and deferred tax assets amounted to TRY 923 (December 31, 2017: TRY 923) have been recognized under "Share in profits/ (losses) on investments accounted for using the equity method "in the consolidated financial statements.

On April 27, 2014, Acacia Mine received investment incentive certificate for the mining facility in Kastamonu in the "Large Scale Investment" plan from Ministry of Economy. Within the scope of this incentive, 40% of total investment amount constitutes the basis for tax exemption and 80% of the future tax amount of the company will not be paid under the incentive until it reaches the base of tax exemption. The Group's share of deferred tax income accounted by Acacia Mine is TRY 149,985 for the period ended December 31, 2018 (December 31, 2017: None).

IBS Insurance:

On March 17, 2018, the Company acquired 37% of IBS Insurance from Akfen Infrastructure with a price of TRY 80,000 (Note 4). This purchase merger transaction was evaluated as "Effect of transactions under common control" and accounted for using the "Pooling of Interest " method. Accordingly, the consolidated statement of financial position at December 31, 2017 and January 1, 2017 and the profit or loss for the period ended at December 31, 2017 and the statement of other comprehensive income have been restated.

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18. Investments accounted using the equity method (cont'd)

IBS Insurance (cont'd):

The summary financial information of IBS Insurance as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Assets Total	229,492	173,883	199,923
Liabilities Total	191,113	140,525	174,745
Net Assets	38,379	33,358	25,178
Group's share in the net assets of IBS Sigorta	**14,200**	**12,342**	**9,316**

	January 1,- December 31, 2018	January 1,- December 31, 2017
Revenue	57,849	43,179
Gross profit	38,507	26,609
General administrative expenses	(9,508)	(9,741)
Other operating expense, (net)	6,985	3,870
Operating profit	35,984	20,737
Profit before tax	35,984	20,737
Profit after tax	28,053	16,528
Profit for the year from parent company shares	28,053	16,528
Group's share in IBS Insurance profit for the year	**10,380**	**6,115**
Depreciation and amortization expenses	878	813

MIP:

The summary financial information of MIP as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Assets Total	-	-	3,578,427
Liabilities Total	-	-	2,110,380
Net Assets	-	-	1,468,047
Group's share in the net assets of MIP	**-**	**-**	**734,023**

	January 1,- December 31, 2018	January 1,- October 31, 2017(**)
Revenue	-	882,560
Gross profit	-	514,446
General administrative expenses	-	(68,633)
Other operating expense, (net)	-	(28,751)
Operating profit	-	417,062
Profit before tax	-	347,997
Profit after tax	-	271,704
Profit for the year from parent company shares	-	271,704
Group's share in MIP's profit for the year	**-**	**135,852**
Depreciation and amortization expenses	-	131,959

(*) The shares were sold on October 27, 2017 and are accounted under long-term financial investments as of December 31, 2018 and 2017.

(**) Profit or loss and other comprehensive income and expense accounts of MIP are accounted for under equity from profits by investments accounted using the equity method until October 31, 2017, which is the closest reporting period to the transfer date.

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18. Investments accounted using the equity method (cont'd)

TAV Airports:

The summary financial information of TAV Airports as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	December 31, 2017(**)	January 1, 2017(*)
Assets Total	-	-	11,505,470
Liabilities Total	-	-	8,516,208
Net Assets	-	-	2,989,262
Group's share in the net assets of TAV Airports	**-**	**-**	**234,695**

	January 1,- December 31, 2018	January 1,- December 31, 2017(**)
Revenue	-	1,900,771
Gross profit	-	(1,204,314)
General administrative expenses	-	(297,861)
Other operating income, (net)	-	217,542
Share of profit from investments accounted using the equity method	-	2,512
Operating profit	-	618,650
Profit before tax	-	360,538
Profit after tax	-	241,924
Profit for the year from parent company shares	-	235,868
Group's share in TAV Airports' profit for the year	**-**	**19,151**
Depreciation and amortization expenses	-	231,329

(*) As of January 1, 2017, the share of the Group in the net assets of TAV Airports includes a negative goodwill in the amount of TRY 8,716. In addition, net assets of TAV Airports include non-controlling interests in the amount of

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(**) On July 7, 2017 shares were sold (Note 1). In addition, the profit or loss and other comprehensive income/(expense) accounts of TAV Airports consist of the balances up to June 30, 2017 which is the closest reporting period to the transfer date.

In the financial statements of January 1, 2017, ATÜ Turizm İşletmeciliği A.Ş., ATÜ Georgia Operation Services LLC, ATÜ Tunisie SARL, ATÜ Macedonia Dooel, AS Riga Airport Commercial Development, TAV Gözen Havacılık İşletme ve Ticaret A.Ş., Cyprus Airport Services Ltd., TGS Yer Hizmetleri A.Ş., SAUDI HAVAS Ground Handling Services Limited, BTU Lokum Şeker Gıda San. ve Tic. A.Ş., BTU Gıda Satış ve Paz. A.Ş., BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. ("BTA Maritime Lines"), Tibah Airports Development Company Limited, Tibah Airports Operation Limited, Medunarodna Zračna Luka Zagreb d.d., Upraviteli Zračne Luke Zagreb d.o.o and ZAIC-A companies are consolidated by TAV Airports through the equity accounting method.

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19. Commitments

Letters of guarantee, pledges and mortgages given

As of December 31, 2018, 2017 and January 1, 2017, the Group's statements on its position related to letters of guarantee/pledges/mortgages are as follows:

GPM given by the Group	December 31, 2018	December 31, 2017	January 1, 2017
A. Total Amount of GPM Given on Behalf of Own Legal Entity	12,456,878	6,375,920	5,481,510
B. Total Amount of GPM Given in Favor of Partnerships which are Fully Consolidated	1,008,396	-	122,086
C. Total Amount of GPM Given for Assurance of Third Parties Debts in Order to Conduct Usual Business Activities	-	-	-
D. Total Amount of Other GPM Given	2,282,269	1,480,345	713,074
i. Total Amount of GPM Given in Favor of the Parent Company	-	199,833	168,225
ii. Total Amount of GPM Given in Favor of Other Group Companies which B and C do not comprise	1,936,615	1,232,012	514,849
iii. Total Amount of GPM Given in Favor of Third Parties which C does not comprise	345,654	48,500	30,000
Total	**15,747,543**	**7,856,265**	**6,316,670**

As of December 31, 2018, the ratio of other GPM given by the Company to equity is 27% (December 31, 2017: 73% and January 1, 2017: 34%).

The breakdown, in foreign currency, of the GPM the Group has given is as follows:

	December 31, 2018 (*)			December 31, 2017 (*)			January 1, 2017 (*)		
	TRY	**Euro**	**US Dollar**	TRY	Euro	US Dollar	TRY	Euro	US Dollar
GPM given on behalf of the Group's own legal entity	**748,543**	**7,992,166**	**3,716,169**	565,345	3,187,943	2,622,631	481,271	2,619,189	2,381,050
GPM given in favor of companies under full consolidation	**258,211**	**750,185**	**-**	-	-	-	87,300	34,786	-
Total of other GPMs given	**78,892**	**118,372**	**2,085,006**	186,984	426,213	867,148	34,500	538,918	139,656
	1,085,646	**8,860,723**	**5,801,175**	752,329	3,614,156	3,489,779	603,071	3,192,893	2,520,706

(*) All amounts are expressed in TRY equivalent.

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20. Financial investments

Short-term financial investments

The details for short-term financial investments as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31,2018	December 31, 2017	January 1,2017
Time deposits	213,612	2,718	-
Financial assets at fair value through profit or loss	26,270	-	-
Restricted bank balance	-	-	60,938
Total short-term financial investments	**239,882**	**2,718**	**60,938**

Long-term financial investments

The details for long-term financial investments as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31,2018	December 31, 2017	January 1,2017
Financial assets at fair value through profit or loss	568,089	-	-
Financial assets held to maturity	197,633	-	-
Time deposits	80,788	64,421	55,648
Other financial assets	1,093,443	820,725	7,154
Total long-term financial investments	**1,939,953**	**885,146**	**62,802**

Financial assets at fair value through profit or loss

As of December 31, 2018, short-term and long-term financial assets at fair value through profit or loss consist of financial assets with a longer maturity of 3 months than the Group, all of which are denominated in US dollars (December 31, 2017 and January 1, 2017: None). As of December 31,2018, fair value loss amounting to TRY 54,879 is accounted in consolidated statement of income and expense (Note 28) (December 31, 2017: None).

Time deposits

As of December 31, 2018, 2017 and January 1, 2017, the details of the maturity dates and interest rates of the 3-month long term deposits of the Group as short- and long-term deposits are as follows:

Short-term time deposits

Currency	Maturity (*)	Interest rate %	December 31, 2018	December 31, 2017	January 1, 2017
Euro (**)	February 2019	2.50 – 4.75	207,362	-	-
Euro (***)	January 2019	6.80 – 7.20	6,250	2,718	-
			213,612	**2,718**	**-**

(*) The maturity dates for the amounts stated at December 31, 2017 and January 1, 2017 are October 2018 and October 2017 respectively.

(**) Restricted time deposit.

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20. Financial investments (cont'd)

Time deposits (cont'd)

Long-term time deposits

Currency	Maturity	Interest rate %	December 31, 2018	December 31, 2017	January 1, 2017
Euro (***)	July 2025	6.80 – 7.20	80,788	64,421	55,648
			80,788	**64,421**	**55,648**

(***) As of December 31, 2018, 2017 and January1, 2017, time deposits with short- and long-term financial investments are used by Akfen Trade from Credit Europe Bank, described in Note 8 Financial Borrowings. The portion of the loan amounting to Euro 30,000,000 and is held in term blocked account as collateral for the credit used by HDI and RPI companies from the same bank. This amount is kept in the term account with the same interest rate as the loan and as the principal payments are made by HDI and RPI companies, the amount of collateral and credit balance kept in the block will be decreased at the same rate. The interest income earned is deducted from interest expense. The amount remaining in the short-term portion shows the amounts to be paid within one year and the amount of deposits to be released. As of December 31, 2018, the remaining amount in the mentioned blocked account is Euro 14,439,045 (December 31, 2017: Euro 14,868,293).

Restricted bank balance

As of January 1, 2017, the Group's short-term restricted short-term borrowing amounting to TRY 60,938 is USD denominated and there are no restricted bank balances belonging to the Group as of December 31, 2018 and 2017.

Financial assets held to maturity

As of December 31, 2018, the Group's financial assets to be held until maturity in the form of long-term financial investments amounting to TRY 197,633 consists of Akfen Holding's nominal amount of TRY 170,000 issued by Akfen REIT on 17 January 2018 and detailed in "Note 9 Financial Debt" the fair value of the convertible bond at fair value using the interest rate of 17% determined as the current market interest rate (December 31, 2017 and January 1, 2017: None). The difference amounting to TRY 27,633 between the nominal value of the related bond and the fair value is recognized in the profit or loss and other comprehensive income and expense table of the Group in "Income from investment activities" (Note 28).

Other financial assets

Long-term other financial assets

	2018	2017
Opening balance January 1,	**820,725**	**7,154**
Revaluation increases accounted for as other comprehensive income	272,718	-
Transfer to financial assets	-	185,716
Fair value increase	-	632,469
Disposals	-	(4,614)
Closing balance December 31,	**1,093,443**	**820,725**

As of December 31, 2018, TRY 1,016,551, TRY 42,669 and TRY 34,117 of other long-term financials are related to shares of MIP, Travelex and TAR, respectively (December 31, 2017: MIP; TRY 818,185, Travelex; TRY 554, TAR; TRY 1,913 and January 1, 2017: Travelex; 554 TL. TAR; 1.913 TL).

Akfen Holding signed an agreement with Global InfraCo SP NEUM SLU , to sell 40% of its stake in MIP for a consideration of USD 869 million on July 28, 2017. The sale has been completed as of October 27, 2017. Because of the Company has no significant control over the MIP as a result of the sales transaction, the fair value of the MIP is accounted under the long-term financial investments account.

Sales price (A)	3,272,741
Fair value of remaining shares at sales date (A / 40% x 10%)	**818,185**

The fair value of the MIP, which is accounted as a financial investment in the Group's financial statements, has been assessed under the TFRS 9 as of December 31, 2018 and the change in the value of the financial investment has been accounted in the consolidated statements of other comprehensive income or loss in the Group's consolidated financial statements.

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20. Financial investments (cont'd)

	2018
Opening January 1,	820,171
Revaluation increases accounted for as other comprehensive income	273,272
Closing December 31,	**1,093,443**

21. Other current assets/non-current assets and current/non-current liabilities

As of December 31, 2018, 2017 and January 1, 2017, other current assets are stated as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
VAT carryforward	86,953	37,687	16,326
Prepaid taxes and funds	414	14,079	42,392
Other	1,047	697	174
Total	**88,414**	**52,463**	**58,892**

As of December 31, 2018, 2017 and January 1, 2017, other non-current assets are stated as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
VAT carryforward	119,221	173,800	176,523
Prepaid taxes and funds	18,159	39,402	37,511
Other	30	-	-
Total	**137,410**	**213,202**	**214,034**

Other current and non-current liabilities

As of December 31, 2018, 2017 and January 1, 2017, other current liabilities are stated as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Rent expenses accrual (1)	1,801	1,687	1,557
Other (2)	4,999	476	799
	6,800	**2,163**	**2,356**

As of December 31, 2018, 2017 and January 1, 2017, other non-current liabilities are stated as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Rent expenses accrual (1)	4,288	3,750	3,504
Other (2)	-	26,407	24,635
	4,288	**30,157**	**28,139**

(1) Lease expense accruals consist of the accrual of the leasing expenses of the leased premises to the Akfen REIT by using straight line method.

(2) As of December 31, 2018, all of the other short- and long-term liabilities are realized in 2016 and 30% of Acacia Mine's shares are purchased from Ilbak Holding (December 31, 2017: TRY 26,405 and January 1, 2017: TRY 24,635). As of December 31, 2018, the related liability amounts are classified according to payment schedule.

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22. Equity

Issued Capital

As of December 31, 2018, 2017 and January 1, 2017, the Company's capital distribution is as follows:

	December 31, 2018		December 31, 2017		January 1, 2017	
Name of shareholder	**Share ratio (%)**	**Share amount**	Share ratio (%)	Share amount	Share ratio (%)	Share amount
Pelin Akın Özalp	**50**	**290,000**	50	21,650	50	21,650
Selim Akın	**50**	**290,000**	50	21,650	50	21,650
Nominal	**100**	**580,000**	100	43,300	100	43,300
Total issued capital	**100**	**580,000**	100	43,300	100	43,300

At the Extraordinary General Assembly Meeting held on August 14, 2018, the Company decided to increase its capital by TRY 536,700.

Treasuary shares

When the shares that were recognized as paid-in capital are bought back, the amount paid is deducted from equity in a way to include the amount resulting from the deduction of the tax impact of costs attributable to buyback. Shares bought back are indicated as a reduction in shareholders' equity. When the shares concerned are sold or re-issued, the amount obtained is registered as capital increase and the resulting transaction surplus/(deficit) is transferred to retained earnings.

As of January 1, 2016, 6,829,508 shares of Akfen Holding have been purchased by Akfen Holding amounting to TRY 42,506 within the framework of "Repurchase Program", which was decided by the Company's Extraordinary General Assembly held on January 15, 2015. The Company holds 7,989,806 Akfen Holding shares purchased in previous buy-back program. As of January 1, 2016, Akfen Holding's shares repurchased shares in total is 14,819,314 shares and capital ratio is 5.66%. As of January 1, 2016, the total amount of the repurchased shares is TRY 76,029. As of January 28, 2016, these shares have been deducted from Akfen Holding's capital by reducing capital.

When the paid-in share capital is reinstated, the amount paid is deducted from the equity to include the amount after deducting the tax effect of costs attributable to repurchase. The repurchased shares are shown as a decrease from equity.

As of December 31, 2018, all of the revoked shares amounting to TRY 1,289 consists of the shares received from Akfen REIT (December 31, 2017: TRY 1,289, Akfen REIT, January 1, 2017: None).

Restricted reserves appropriated from profits

In accordance with Article 520 of the Law no. 6102, reserve fund is allocated for the shares repurchased. As of December 31, 2018, the Group has provided a reserve fund amounting to TRY 1,289 for the restricted reserves appropriated from profit in the consolidated financial statements (December 31, 2017: TRY 1,289. January 1, 2017: None).

As of January 1, 2016, the Group has provided a reserve fund amounting to TRY 76,029 in the amount of restricted reserves appropriated from profit in the consolidated financial statements. As a result of capital decrease made on January 28, 2016, the reserves have been canceled. In addition, TRY 2,771,164, which is 75% of the profit obtained in the legal financial statements due to the sale of its shares in TAV Airports and MIP in 2017, has been exempted from the tax due to the fact that the ownership of these shares has exceeded the period of 2 years and as of January 1, 2018, a reserve fund has been provided for this amount. As of December 31, 2018, legal reserves in the financial statements is TRY 6,970

(December 31, 2017: TRY 3.,038 and January 1, 2017: TRY 3,038).

22. Equity (cont'd)

Foreign currency translation differences:

As of December 31, 2018 the translation reserve amounting to TRY 401,195 recognized in the equity is comprised of foreign exchange difference arising from the translation of the financial statements of Akfen International, TAV Investment, Akfen Water, Acacia Mine, Akfen REIT and Akfen Construction from their functional currency of USD, Euro and Ruble to the presentation currency TRY (December 31,2017: TRY 115,446 and January 1, 2017: TRY 8,229).

Hedging gains/(losses)

The hedging reserve is the effective portion of the cumulative change in the net fair value of cash flow hedging instruments that are not yet hedged. As of December 31, 2018, TRY 5,962 (IDO: TRY 5,962) of hedging reserve for interest rate and cross currency swap agreements is recognized in equity

(December 31, 2017: IDO; TRY 5,962, January 1, 2017: None).

Revaluation and measurement gains

As of December 31, 2018, the Group has revalued its land, buildings and buildings and accounted for the increase in value by considering the effects of deferred tax and non-controlling interests in shareholders' equity. As of December 31, 2018, the Group has tangible assets valuation increase fund in amount of TRY 5,217 in the consolidated financial statements (December 31, 2017: TRY 10,955 and January 1, 2017: TRY 11,313).

Effect of business combinations under common control

Based on the decision of the Board of Directors of Akfen Holding dated 5 January 2018; the merger of Akfen Engineering, which has the same partnership with the Company, was completed on February 28, 2018, with no liquidation and participation in the Company as a whole. The purchase transactions on March 17, 2018 of IBS Insurance and on May 30, 2018 of Akfen Construction were evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method. The "Effects of business combinations under common control" account is used under equity to offset the inconsistency of assets and liabilities arising under common control effects (Note 3).

The transfer of shares in Akfen Holding was completed on August 6, 2018. The number shares of Hamdi Akın, who holds 85.80% of Akfen Holding with a nominal value of TRY 667,180,686, are 572,450,967, all the number shares of Selim Akın, who holds 3.47% of the shares and half of the shares of Akfen Tourism, which holds 0.43% of the shares, were transferred to Akfen Infrastructure. Following the share transfers, Akfen Infrastructure owns shares with a nominal value of TL 662,895,383, which corresponds to 99.36% of Akfen Holding's capital.

Non-controlling interests

Out of the net assets of subsidiaries, the portions corresponding to the shares out of direct and/or indirect control of the parent company are classified within the item "Non-controlling interest" in the consolidated balance sheet.

As of December 31, 2018, the amount classified under non-controlling interests in the balance sheet is

TRY 58,214 (December 31, 2017: TRY 38,277, January 1, 2017: TRY 27,065). The net profit / (loss) of the subsidiaries that are not directly and / or indirectly controlled by the parent company is classified under the olmayan Non-controlling interest "in the consolidated statement of comprehensive income. For the periods ended at December 31, 2018 and 2017, non-controlling interests are TRY 22,617 and TRY 5,962, respectively.

Additional capital contributions of shareholders

In accordance with TAS 32, the difference between the fair value of the convertible bond issued by Akfen REIT on January 17, 2018 using the current market interest rate and the amount to be converted at the maturity date is TRY 20,764, which is the difference between the fair value and the original issue amount, "Additional capital contributions from owners" (December 31, 2017 and January 1, 2017: None).

Other revaluation and measurement (losses)/gains

The fair value of MIP, which is accounted as financial investment in the financial statements of the Group, has been evaluated within the scope of TFRS 9 standard as of December 31, 2018 and the amount of TRY 272,631 change in the value of the financial investment amounting to TRY 259,083 which is netted off from deferred income in the consolidated financial statements are accounted for as revaluation and measurement gains under other comprehensive (expenses)/incomes that will not be reclassified in profit or loss (December 31, 2017 and January 1, 2017: None).

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23. Sales and cost of sales

The breakdown of revenue for the years ended December 31 is as follows:

	January 1, - December 31, 2018	January 1, - December 31,2017
Construction revenues		
Eskişehir City Hospital project revenues	633,426	883,626
Tekirdağ City Hospital project revenues	315,268	19,581
Isparta City Hospital project revenues	-	56,280
Revenues from service concession projects (Note 9)	**948,694**	**959,487**
HEPP project construction revenues	52,170	29,880
Bulvar Loft project construction revenues	73,962	28,323
Hotel project construction revenues	7,074	762
	133,206	**58,965**
Operational revenues		
Hospital service revenues (*)	149,384	126,230
Investment properties lease revenues	98,124	63,543
İncek Loft apartment sales revenues	86,566	78,027
Sales returns (-)	(15,074)	(10,392)
Dormitory revenues	8,112	4,927
Commercial area revenues	4,159	266
Other	3,226	10,515
	334,497	273,116
	1,416,397	**1,291,568**

(*) Isparta and Eskişehir became operational in March 2017 and October 2018, respectively, and the Group started to generate revenue from hospital management activities.

For the years ended December 31, details of cost of sales are as follows:

	January 1, - December 31, 2018	January 1, - December 31,2017
Construction costs	716,139	890,326
Hospital service expenses (*)	117,486	87,232
Personnel expenses	16,152	9,621
Operational lease expenses	8,459	5,474
Depreciation and amortization expenses	3,128	2,141
Tax and duties expenses	3,098	2,311
Dormitory service expenses	2,221	-
Insurance expenses	1,427	1,220
Other	9,309	1,451
	877,419	**999,776**

(*) Isparta and Eskişehir became operational in March 2017 and October 2018, respectively, and the Group began to incur expenses from hospital management activities.

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24. General administrative expenses

General administrative expenses for the years ended December 31, are as follows:

	January 1, - December 31, 2018	January 1, - December 31,2017
Personnel expenses	44,939	39,968
Consultancy expenses	13,020	30,368
Travel and hosting expenses	12,204	6,264
Rent expenses	7,298	6,482
Depreciation expenses	5,896	6,944
Taxes, duties and fees	5,636	8,798
Donations	3,998	5,396
Office expenses	3,308	2,342
Advertising expenses	2,573	371
Insurance expenses	1,511	3,385
Other	7,329	9,123
	107,712	**119,441**

25. Selling and marketing expenses

Selling and marketing expenses for the years ended December 31, are as follows:

	January 1, - December 31, 2018	January 1, - December 31,2017
Advertising expenses	2,451	22,859
Dues expenses	3,661	5,690
Consultancy expenses	-	12,670
Other	569	-
	6,681	**41,219**

26. Other incomes and expenses from operating activities

Other incomes from operating activities for the years ended December 31, are as follows:

	January 1, - December 31, 2018	January 1, - December 31,2017
Increase in value due to Service Concession Agreements (Note 9)	609,644	-
Increase in value of investment properties, net (Note 10)	603,036	229,685
Rediscount interest income (Note 30)	238,417	-
Rent revenue	4,329	510
Cancellation against the case	3,750	-
Insurance income	352	-
Exchange difference income	150	484
Revenue from sales of tangible assets	135	-
Compensation income	-	17,491
Consultancy income	-	7,087
Other	18,407	6,552
	1,478,220	**261,809**

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26. Other incomes and expenses from operating activities (cont'd)

Other expenses from operating activities for the years ended December 31, are as follows:

	January 1, - December 31, 2018	January 1, - December 31,2017
Provision for doubtful receivables	6,644	2,921
Impairment of receivables (Note 2)	3,450	-
Exchange difference expense	1,656	440
Impairment of intangible assets (Note 12-13)	-	30,274
Litigation provision expense	-	3,750
Other	10,413	2,347
	22,163	**39,732**

27. Finance incomes and expenses

Finance incomes for the years ended December 31, are as follows:

	January 1, - December 31, 2018	January 1, - December 31,2017
Exchange difference income	1,374,236	207,398
Interest income	120,586	60,382
Discount interest income (Note 30)	36,421	2,260
Fair value increase of derivative instruments	5,279	8,074
IFRIC 12 interest income (Note 9)	-	113,122
Other	-	27
	1,536,522	**391,263**

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27. Finance incomes and expenses (cont'd)

Finance expenses for the years ended December 31, are as follows:

	January 1, - December 31, 2018	January 1, - December 31,2017
Exchange difference expense	1,693,923	471,385
Interest expense	462,944	427,260
Fair value decreases of derivative instruments	46,016	-
Commission expenses	14,673	-
Impairment (Note 2)	27	-
Discount loss on trade receivables and payables	-	2,080
Other	4,706	18,583
	2,222,289	**919,308**

28. Incomes and expenses from investment activities

Incomes from investment activities:

The breakdown of incomes from investment activities for the year ended December 31, is as follows:

	2018	2017
Gains due to the sale in the share of subsidiaries (Note 3)	*-*	*3,248,414*
Gains due to the changes in the share of subsidiaries (Note 3)	*111,359*	*44,147*
Gains due to the accounting of fair value (Note 3 and note 20)	*-*	*632,469*
Total of the gains arising from the disposal of subsidiaries, joint ventures and financial investments or changes in shares	**111,359**	**3,925,030**
Dividend income (*)	27,527	15,572
Income from other financial instruments (Note 20)	27,719	-
Other	-	1,535
	166,605	**3,942,137**

(*) As of December 31, 2018, and 2017, dividend income is composed of dividends obtained from MIP and Travelex.

Incomes from investment activities:

The breakdown of expenses from investment activities for the year ended December 31, is as follows:

	2018	2017
Fair value losses of financial assets (Note 20)	54,879	-
Other	-	20
	54,879	**20**

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29. Tax assets and liabilities

a) Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. Otherwise, the tax is also recognized in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

In the Turkish taxation system, financial losses can be offset against the financial profits of the subsequent five years and no (retrospective) deduction from previous years' earnings is possible.

Furthermore, provisional corporate taxes are paid at 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) over profits declared for interim periods in order to be deducted from the final corporate tax.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax.

Since the applicable tax rate has been changed to 22% for the 3 years beginning from January 1, 2018, 22% tax rate is used in the deferred tax calculation of December 31, 2017 for the temporary differences expected to be realized/closed within 3 years (for the years 2018, 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

b) Corporate tax

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 20% corporate tax rate will be applied to the profits of the entities related to their to 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 22%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) to be calculated based on earnings generated for each quarter and temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Dividend payments made to resident corporations in Turkey again from resident companies in Turkey are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to capital.

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29. Tax assets and liabilities (cont'd)

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Gains arising from the investments received within the scope of the hospital project related incentive certificates are subject to corporate tax at a discounted rate to be effective as of the fiscal year in which the investment is started to be fully or partially operated until the investment reaches the contribution amount. In this context, the Company recognizes the tax advantage that it expects to benefit in the foreseeable future in companies with investment incentives as deferred tax asset in the financial statements.

c) Transfer pricing arrangements

In Turkey, transfer pricing arrangements are stated in article 13 of the CTL headed "distribution of concealed gains via transfer pricing". Communique of November 18, 2007 on the distribution of concealed gains via transfer pricing regulates practical details.

If a taxpayer trades goods or services with related persons over the fee or price that it sets in breach of the arm's length principle, the gains are considered to be partly or entirely distributed by concealed means via transfer pricing. Such distribution of concealed gains via transfer pricing is considered as non-deductible expenses for corporate tax.

Tax income/(expense)

The details of tax income/(expense) for the years ended December 31, are as follows:

	January 1, - December 31, 2018	January 1, - December 31,2017
Current corporate tax expense	(140,425)	(137,304)
Deferred tax expense	92,894	224,955
Total tax (expense)/income	**(47,531)**	**87,651**

	December 31, 2018	December 31,2017
Profit/(loss) before tax	2,934,587	3,889,571
Local tax rate	22%	20%
Tax (expense)/income calculated over tax rate	(645,610)	(777,913)
Non-deductible expenses	(115,766)	(31,063)
Tax exemptions and exceptions (*)	424,348	565,364
Deferred tax on investment incentives	203,188	223,031
The effect of the shares in the profits of the investments accounted in equity method	11,483	69,875
Use of previous year losses	53,513	46,480
Previous period losses not subject to deferred tax income	(9,232)	4,798
Current year income not subjected to deferred tax income	20,812	(2,299)
Previous years' tax expenses	136	(19,003)
Investment incentives used	15,745	6,180
Effect of tax rate differences	1,188	11,340
Effect of tax rate differences in foreign subsidiaries	(1,159)	(2,650)
Basis increase	(64)	(935)
Other	(6,113)	(5,554)
Total tax income	**(47,531)**	**87,651**
Deferred tax income	92,894	224,955
Current period tax expense (A)	(140,425)	(137,304)
Tax deductible (B)	183,109	60,260
Current income tax assets (A+B)	**42,684**	**(77,044)**

(*) As of December 31, 2018, and 2017, tax exemptions and exceptions are the effect of the Company's emission premium earnings, associate earnings and exemptions arising from capital increase in cash, deductions and exemptions, and the fact that Akfen REIT is not subject to Corporate Tax.

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29. Tax assets and liabilities (cont'd)

Deferred tax assets and liabilities

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences of non-tax-deductible goodwill, and assets and liabilities that are not accountable and taxable and are recognized for the first time.

As of December 31, 2018, 2017 and January 1, 2017, the Group's deferred tax assets are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Investment incentives	511,148	311,866	80,082
Accumulated losses	91,299	13,093	15,248
Investment properties and fixed assets	(115,615)	(134,530)	(78,706)
Amendments to TAS 11	(69,101)	44,826	30,385
Discount on debts	(59,736)	39	-
Service concession agreements	(40,304)	14,259	(2,845)
Other	(18,080)	(51,463)	(72,869)
Deferred tax assets/(liabilities)	**299,611**	**198,090**	**(28,705)**

Deferred tax asset movements for the periods ended at December 31, 2018 and 2017 are as follows:

	2018	2017
Deferred tax asset as of January 1,	198,090	(28,891)
Recognized in the statement of profit or loss	92,894	224,955
Foreign currency translation differences	21,435	13,989
Changes in the scope of consolidation (Note 3)	-	(11,915)
Recognized in the statement of other comprehensive income	(12,808)	(48)
Deferred tax asset as of December 31,	**299,611**	**198,090**

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30. Related party disclosures

a) Trade receivables from related parties / Trade payables to related parties

As of December 31, 2018, 2017 and January 1, 2017, the Group's short-term trade receivables from related parties are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Invoiced receivables	**8,617**	**12,515**	**23,583**
Akfen Renewable Energy	3,272	-	8
Kurtal Elektrik Üretim A.Ş. ("Kurtal")	2,530	-	6,057
H.H.K. Enerji Elektrik Üretim A.Ş. ("H.H.K")	-	11,769	11,522
Keskin Holding A.Ş.	-	-	5,528
Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk")	-	557	468
Other	2,815	189	-
Income accruals	**348**	**2,768**	**745**
Kurtal	348	359	505
H.H.K	-	2,409	240
	8,965	**15,283**	**24,328**

As of December 31, 2018, 2017 and January 1, 2017, the Group's short-term trade payables to related parties are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Hamdi Akın (*)	1,576,804	-	-
IBS Insurance	6,002	1,073	1,679
Akfen Çevre ve Su	1,058	345	-
İDO	98	756	1,019
Tav Bilişim A.Ş. ("Tav Bilişim")	-	3,624	913
Other	89	234	165
	1,584,051	**6,032**	**3,776**

As of December 31, 2018, 2017 and January 1, 2017, the Group's long-term trade payables to related parties are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Hamdi Akın (*)	256,078	-	-
	256,078	**-**	**-**

(*) It is the amount of the trade debt that arises as a result of the transfer of Akfen Holding shares to Akfen Infrastructure, details of which are given in Note 1 and Note 3. Related debt amount has been accounted by discounting.

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30. Related party disclosures (cont'd)

b) Other receivables from related parties / Other payables to related parties

As of December 31, 2018, 2017 and January 1, 2017, the Group's short-term other receivables from related parties are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Selim Akın (*)		-	202,494 -
Acacia Mine (**)	-	80,781	-
Keskin Holding A.Ş	-	5,692	5,526
Other	160	470	362
	160	**289,437**	**5,888**

(*) A shareholder of the Company and the related balances consist of payables with interest rates under market conditions.

(**) It consists of the amounts given by the Company in order to finance the working capital and ongoing investments of the companies within the group and the Company calculates financial income for the related receivables at the same interest rates as the market conditions.

As of December 31, 2018, 2017 and January 1, 2017, the Group's long-term other receivables from related parties are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Acacia Acacia Mine (*)	189,944	60,693	95,743
Akfen Renewable Energy (*)	147,312	154,049	96,934
İDO (*)	64,812	28,044	86
İzbir Maden	26,761	-	-
Akfen Çevre ve Su (*)	24,537	12,782	7,213
Hamdi Akın	-	189,883	-
Hacettepe Teknokent (**)	-	-	19,705
Other	4,153	741	10,973
	457,519	**446,192**	**230,654**

(*) It consists of the amounts given by the Company in order to finance the working capital and ongoing investments of the companies within the group and the Company calculates financial income for the related receivables at the same interest rates as the market conditions.
(**) As of January 1, 2017, Hacettepe Teknokent is accounted for as an investment accounted for using the equity method. As of December 31, 2017, the control is transferred to the Company.

As of December 31, 2018, 2017 and January 1, 2017, the Group's short-term other receivables to related parties are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Selim Akın (*)	-	-	19,781
Other	225	347	1,176
	225	**347**	**20,957**

(*) These companies are shareholders of the Company and related balances consist of payables with interest rates under market conditions

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30. Related party disclosures (cont'd)

As of December 31, 2018, 2017 and January 1, 2017, the Group's long-term other receivables to related parties are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
MIP (*)		107,080	- -
Hamdi Akın (***)	52,113	-	-
TAV Investment (**)	17,086	12,597	10,581
Selim Akın (***)	10,657	13,276	-
Nesim Elektrik Üretim A.Ş. (***)	-	11,513	9,789
Kavança Elektrik Üretim A.Ş. (**)	-	8,612	7,322
Emd Enerji Üretim San. ve Tic. A.Ş. (**)	-	5,412	4,602
Seyir Elektrik Üretim A.Ş. (**)	-	4,838	4,113
Beyobası Enerji Üretimi A.Ş. (**)	-	3,447	2,676
Mares Elektrik Üretim A.Ş. (**)	-	2,705	2,300
Orçaner Elektrik Üretim A.Ş. (**)	-	2,236	1,901
Trim Elektrik Üretim A.Ş. (**)	-	1,995	1,696
Uçurtma Elektrik Üretim A.Ş. (**)	-	1,854	1,577
Ela Res Elektrik Üretim A.Ş. (**)	-	1,768	1,503
Ruba Elektrik Üretim A.Ş. (**)	-	1,761	1,497
Kontra Elektrik Üretim A.Ş. (**)	-	1,292	1,099
Sisam Elektrik Üretim A.Ş. (**)	-	684	581
Other	4,134	12,891	4,145
	191,070	**86,881**	**55,382**

(*) The Company is the financial investment of the shareholder and is accounted at discounted amount since the aforesaid payable has a certain maturity.
(**) These companies are the subsidiaries of the Company and the related balances consist of liabilities with interest rates under market conditions.
(***) These companies are shareholders of the Company and the related balances consist of debts with interest rates under market conditions.

The main transactions with related parties for the years ended December 31, are as follows:

		Jan.1 - Dec. 31, 2018	Jan.1 - Dec. 31, 2017
Acacia	Interest Income	36,028	6,523
H.H.K.	Construction revenue	31,138	20,710
Akfen Renewable Energy	Interest Income	24,759	16,100
Kurtal	Construction revenue	21,032	9,170
Hamdi Akın	Interest Income	16,942	489
Selim Akın	Interest Income	6,367	13,713
İDO	Interest Income	3,753	-
Akfen Renewable Energy	Construction revenue	2,977	-
MIP	Interest Income	2,243	241
Travelex	Dividend income	2,179	2,788
İBS	Dividend income	-	3,010
Akfen Çevre ve Su	Interest Income	2,027	-
Derbent Enerji Üretim Paz. İth. İhr. A.Ş.	Construction revenue	1,684	-
Korda Enerji Üretim Paz. İth. İhr. A.Ş.	Construction revenue	1,684	-
TAV Investment	Interest Income	1,119	-
Keskin Holding A.Ş.	Interest Income	1,113	1,080
Yeni Doruk	Interest Income	16	-
Other	Other	354	434
TAV Investment	Interest expense	(3,804)	(1,797)
Hamdi Akın	Rent expense	(1,113)	-
Pelin Akın Özalp	Rent expense	(567)	-
Selim Akın	Rent expense	(553)	-
İBS	Insurance expense	(327)	-
İDO	Consultancy expense	(308)	-
MIP	Interest expense	(161)	-
Nesim Elektrik	Rent expense	-	(6,683)
Nesim Elektrik	Interest expense	-	(1,462)
Other	Interest expense	(4,328)	(5,237)
Other	Rent expense	-	(1,066)
Other	Other	-	(1,695)

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31. Nature and level of risks from financial instruments

i. Credit risk

The credit risks exposed by types of financial instruments are as follows (TRY):

December 31, 2018	Receivables				Bank Deposits (*)	Other (**)
	Trade Receivables		Other Receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**8,965**	**75,455**	**457,679**	**54,017**	**2,920,355**	**197,633**
- Portion of the maximum risk that is guaranteed with a collateral, etc,	-	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	8,965	75,455	457,679	54,017	2,920,355	197,633
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-
C. C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-
- Portion guaranteed with a collateral, etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	(26)	-
- Overdue (gross book value)	-	12,355	-	-	-	-
- Impairment (-)	-	(12,355)	-	-	-	-
- Not overdue (gross book value)	-	2,726	-	-	-	-
- Impairment (-)	-	(2,726)	-	-	-	-
E. Elements including off-balance-sheet financing	-	-	-	-	-	-

December 31, 2018	Receivables	
	Trade Receivables	Other Receivables
0-3 months overdue	-	-
3-12 months overdue	-	-
1-5 years overdue	12,355	-
More than 5 years overdue	-	-
Total receivables overdue	-	-
Total provisions reserved	-	-
Portion guaranteed with a collateral, etc.	-	-

(*) As of December 31, 2018, investment funds of Akfen Holding amounting to TRY 1,013,966 and other short-term and long-term investment funds and deposits amounting to TRY 888,759 are included in the bank deposits.

(**) As of December 31, 2018, shares issued by Akfen REIT, details of which are disclosed in Note 20, relate to the fair value of the convertible bond amounting to TRY 197,633.

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31. Nature and level of risks from financial instruments (cont'd)

December 31, 2017	Receivables				Bank Deposits (*)	Other
	Trade Receivables		Other Receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**15,283**	**62,230**	**735,629**	**31,800**	**2,376,483**	**-**
- Portion of the maximum risk that is guaranteed with a collateral, etc,	-	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	15,283	62,230	735,629	31,800	2,376,483	-
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-
- Portion guaranteed with a collateral, etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	5,711	-	-	-	-
- Impairment (-)	-	(5,711)	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
E. Elements including off-balance-sheet financing	-	-	-	-	-	-

December 31, 2017	Receivables	
	Trade Receivables	Other Receivables
0-3 months overdue	-	-
3-12 months overdue	-	-
1-5 years overdue	5,711	-
More than 5 years overdue	-	-
Total receivables overdue	-	-
Total provisions reserved	-	-
Portion guaranteed with a collateral, etc.	-	-

(*) As of December 31, 2017, investment funds of Akfen Holding amounting to TRY 30,105 in cash and cash equivalents and short- and long-term investments amounting to TRY 67,139 are included in deposits in banks.

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31. Nature and level of risks from financial instruments (cont'd)

	Receivables				Bank Deposits (*)	Other
January 1, 2017	Trade Receivables		Other Receivables			
	Related Party	**Third Party**	**Related Party**	**Third Party**		
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**24,328**	**56,733**	**148,442**	**19,514**	**271,338**	**4.956**
- Portion of the maximum risk that is guaranteed with a collateral, etc,	-	- -	-	-	-	
A. Net book value of financial assets that are not overdue or not impaired	24,328	56,733	148,442	19,514	271,338	4.956
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	- -	-	-	-	
C. Net book value of assets that are overdue but not impaired	-	- -	-	-	-	
- Portion guaranteed with a collateral, etc.	-	- -	-	-	-	
D. Net book value of impaired assets	-	- -	-	-	-	
- Overdue (gross book value)	-	2,789	-	-	-	-
- Impairment (-)	-	(2,789)	-	-	-	-
- Not overdue (gross book value)	-	- -	-	-	-	
- Impairment (-)	-	- -	-	-	-	
E. Elements including off-balance-sheet financing	-	- -	-	-	-	

January 1, 2017	Receivables	
	Trade Receivables	**Other Receivables**
0-3 months overdue	-	-
3-12 months overdue	-	-
1-5 years overdue	2,789	-
More than 5 years overdue	-	-
Total receivables overdue	-	-
Total provisions reserved	-	-
Portion guaranteed with a collateral, etc.	-	-

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31. Nature and level of risks from financial instruments (cont'd)

ii. Liquidity risk

Possession of financial instruments also involves the risk that the counterparty will fail to comply with the terms of the agreement. The Group management meets these risks by limiting the average risk for the counterparty (excluding related parties) in each agreement and by obtaining collaterals if necessary.

December 31, 2018

Maturities under contract	Carrying amount	Total contractual cash outflow (I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	7,447,443	(9,925,040)	(184,797)	(581,189)	(4,465,352)	(4,693,702)
Trade payables to third parties	66,542	(66,542)	(66,542)	-	-	-
Due to related parties	2,031,424	(2,312,003)	(557,247)	(1,200,225)	(412,489)	(142,042)
Other payables	194,896	(940,779)	(128,940)	(23,299)	(87,261)	(701,279)

December 31, 2017

Maturities under contract	Carrying amount	Total contractual cash outflow (I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	4,432,699	(6,664,442)	(271,102)	(366,859)	(4,051,988)	(1,974,493)
Trade payables to third parties	202,093	(202,093)	(202,093)	-	-	-
Due to related parties	93,260	(93,260)	(6,032)	(347)	(86,881)	-
Other payables	323,129	(548,829)	(229,325)	(24,587)	(99,501)	(195,416)

January 1, 2017

Maturities under contract	Carrying amount	Total contractual cash outflow (I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	3,933,617	(4,335,160)	(106,681)	(1,059,920)	(1,118,436)	(2,050,123)
Trade payables to third parties	133,441	(133,441)	(133,441)	-	-	-
Due to related parties	79,520	(79,520)	(3,686)	(20,452)	(55,382)	-
Other payables	144,820	(347,068)	(73,138)	(14,518)	(80,543)	(178,869)

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31. Nature and level of risks from financial instruments (cont'd)

iii. Interest risk

Interest rate risk arises from the possibility that changes in interest rates will affect the financial statements. The interest rate details of the Group's interest-bearing financial instruments at the reporting date are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Fixed-Interest financial instruments			
Financial assets	5,151,191	4,786,070	1,433,737
Financial liabilities	2,708,572	1,351,679	1,714,662
Floating-Interest financial instruments			
Financial assets	1,815,687	30,103	114
Financial liabilities	4,738,871	2,566,688	1,618,025

As of December 31, 2018, 2017 and January 1, 2017, if interest rates increase by 1 basis point, the consolidated comprehensive income statement would be affected as follows. While performing the analysis, it is assumed that all other variables, chiefly the foreign exchange rates, remained fixed.

	Interest Position Statement			
		December 31, 2018	December 31, 2017	January 1, 2017
Fixed-Interest Financial Instruments		**24,426**	**34,344**	(2,809)
Financial assets	Assets at fair value through profit or loss	51,512	25,450	13.043
	Available-for-sale financial assets	-	-	-
Financial liabilities		(27,086)	(13,517)	(17,147)
Floating-Interest Financial Instruments		**(29,232)**	**(25,667)**	**(16,180)**
Financial assets		18,157	-	-
Financial liabilities		**(47,389)**	**(25,667)**	**(16,180)**

Interest rate risk refers to the risk that the fair value of a financial instrument or future cash flows may fluctuate due to changes in market interest rates. Payables to related parties and interest rates on financial assets are fixed. The Group risk arising from changes in market interest rates mainly arises from floating rate loans.

iv. Foreign currency risk

The balances of the Group's foreign currency transactions arising from operating and financial activities as of reporting date are explained below. With respect to foreign currency denominated payables or creditors; In case of changes in the exchange rates of these currencies against Turkish Lira, they may be exposed to exchange rate risk. The aforesaid exchange rate risk is limited by the continuous analysis and monitoring of the foreign exchange position.

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31. Nature and level of risks from financial instruments (cont'd)

As of December 31, 2018, assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2018			
	TRY Equivalent	**US Dollar**	**Euro**	**Other (*)**
1. Trade receivables	9,869	547	152	6,075
2a. Monetary Financial Assets (including safe and bank accounts)	2,239,715	398,792	23,497	68
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	148,749	28,076	130	264
4. Current Assets (1+2+3)	**2,398,333**	**427,415**	**23,779**	**6,407**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	569,680	92,929	13,402	-
6b. Non-Monetary Financial Assets	1,016,554	193,228	-	-
7. Other	1,427,139	262,030	8,067	-
8. Non-Current Assets (5+6+7)	**3,013,373**	**548,187**	**21,469**	**-**
9. Total Assets (4+8)	**5,411,706**	**975,602**	**45,248**	**6,407**
10. Trade Payables	1,962	163	181	17
11. Financial Liabilities	572,374	25,147	73,006	-
12a. Other Monetary Liabilities	45,610	3,947	3,485	3,834
12b. Other Non-Monetary Liabilities	1,811	-	-	1,810
13. Current Liabilities (10+11+12)	**621,757**	**29,257**	**76,672**	**5,661**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	4,164,716	356,001	380,198	-
16a. Other Monetary Liabilities	24,978	-	4,143	-
16b. Other Non-Monetary Liabilities	5,024	955	-	-
17. Non-Current Liabilities (14+15+16)	**4,194,718**	**356,956**	**384,341**	**-**
18. Total Liabilities (13+17)	**4,816,475**	**386,213**	**461,013**	**5,661**
19. Net Foreign Currency Asset/(Liability) Position (9-18)	**595,231**	**589,389**	**(415,765)**	**746**
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**(1,990,376)**	**107,010**	**(423,962)**	**2,292**
21. Export	**-**	**-**	**-**	**-**
22. Import	**-**	**-**	**-**	**-**

(*) Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2018, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
	December 31, 2018			
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TRY				
1- US Dollar net asset/liability	620,143	(620,143)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	**620,143**	**(620,143)**	-	-
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	(501,247)	501,247	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	**(501,247)**	**501,247**	-	-
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	149	(149)	-	-
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	**149**	**(149)**	-	-
TOTAL (3+6+9)	**119,045**	**(119,045)**	-	-

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31. Nature and level of risks from financial instruments (cont'd)

As of December 31, 2017, assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2017			
	TRY Equivalent	**US Dollar**	**Euro**	**Other (*)**
1. Trade receivables	19,412	3,216	267	6,073
2a. Monetary Financial Assets (including safe and bank accounts)	2,292,513	592,706	12,321	1,248
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	202,803	53,404	4	1,352
4. Current Assets (1+2+3)	**2,514,728**	**649,326**	**12,592**	**8,673**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	64,421	-	14,267	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	1,828,095	497,970	(11,117)	-
8. Non-Current Assets (5+6+7)	**1,892,516**	**497,970**	**3,150**	**-**
9. Total Assets (4+8)	**4,407,244**	**1,147,296**	**15,742**	**8,673**
10. Trade Payables	9,261	1,808	541	0
11. Financial Liabilities	848,470	67,537	131,487	-
12a. Other Monetary Liabilities	116,883	22,546	6,201	3,834
12b. Other Non-Monetary Liabilities	1,644	-	-	1,644
13. Current Liabilities (10+11+12)	**976,258**	**91,891**	**138,229**	**5,478**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	2,024,184	135,576	335,025	-
16a. Other Monetary Liabilities	412,372	108,845	403	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**2,436,556**	**244,421**	**335,428**	**-**
18. Total Liabilities (13+17)	**3,412,814**	**336,312**	**473,657**	**5,478**
19. Net Foreign Currency Asset/(Liability) Position (9-18)	**994,430**	**810,984**	**(457,915)**	**3,195**
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**(1,034,824)**	**259,610**	**(446,802)**	**3,487**
21. Export	**-**	**-**	**-**	**-**
22. Import	**-**	**-**	**-**	**-**

As of December 31, 2017, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
December 31, 2017				
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TRY				
1- US Dollar net asset/liability	611,790	(611,790)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	**611,790**	**(611,790)**	**-**	**-**
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	(413,543)	413,543	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	**(413,543)**	**413,543**	**-**	**-**
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	639	(639)	-	-
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	**639**	**(639)**	**-**	**-**
TOTAL (3+6+9)	**198,886**	**(198,886)**	**-**	**-**

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31. Nature and level of risks from financial instruments (cont'd)

v. Capital Risk Management

The Group's objectives in capital management are;

• To be able to provide returns to partners and benefit to other shareholders by ensuring the continuity of their activities
• To increase profitability by pricing services in accordance with the risk level.

The Group determines the amount of capital in proportion to the risk level. The Company regulates the structure of shareholders' equity according to economic conditions and risk characteristics of assets.

The Group monitors capital management by using the debt / equity ratio. This ratio is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings (total of short-term and long-term liabilities stated in the consolidated statement of financial position) less cash and cash equivalents. Total capital is the sum of the equity stated in the consolidated financial statements.

As of December 31, 2018, 2017 and January 1, 2017, the ratio of total capital to net liabilities is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Total financial liability (*)	7,447,443	4,432,699	3,933,617
Less: cash and cash equivalents (**)	(2,921,116)	(2,377,395)	(271,920)
Net debt	4,526,327	2,055,304	3,661,697
Equity	**4,241,204**	**5,672,618**	**2,143,981**
Net financial debt / equity ratio	**1.07**	**0.36**	**1.71**

(*) As of December 31, 2018, the total amount of financial debt does not include convertible bonds issued by Akfen REIT amounting to TRY 173,000, all of which are received by Akfen Holding. (December 31, 2017 and January 1, 2017: None).

(**) Cash and bank deposits as of December 31, 2018; short-term and long-term financial investments of the Group amounting to TRY 888,759, excluding cash and cash equivalents, in the form of deposits and investment funds. (December 31, 2017: TRY 67,139 and January 1, 2017: TRY 116,586).

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31. Nature and level of risks from financial instruments (cont'd)

Fair value explanations

The fair value is described as a price that will be obtained from sales of an asset or paid on transfer of a debt, in an ordinary transaction on the date of calculation among the market attendants.

Financial Instruments

The Group has determined the estimated fair values of the financial instruments by employing current market information and appropriate valuation methods. However, interpretation and reasoning are required to estimate the fair values by evaluating the market information. As a result, the estimations presented herein may not be indicative of the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions have been used to estimate the fair value of the financial instruments for which estimation of the fair values in practice is possible:

It is foreseen that book values of the cash and cash equivalents are close to their fair values since they are short term cash assets.

It is also foreseen that their book values reflect the fair value since the trade receivables are short-term.

It is foreseen that the fair values of the balances in foreign currency that are converted with the period-end rates are close to their book values.

Financial Liabilities

It is considered that fair values of the trade payables and other monetary liabilities approach to the values that they bear due to the fact that they are short-term.

The bank credits are expressed with their amortized cost values and transactional costs are added into the first cost of the credits. As the floating rate bank credits of the Group have been repriced in the recent history, it is considered that its fair values reflect the value that they bear.

Financial Instrument classifications and fair values

December 31, 2018	Credits and receivables (including cash and cash equivalents)	Financial liabilities increasing in value with the effective interest method	Book value	Fair value	Note
Financial assets					
Cash and cash equivalents (*)	2,921,116	-	2,921,116	2,921,116	4
Trade receivables from third parties	75,455	-	75,455	75,455	6
Trade receivables from related parties	8,965	-	8,965	8,965	6-30
Other receivables from third parties	54,017	-	54,017	54,017	7
Other receivables from related parties	457,679	-	457,679	457,679	7-30
Receivables from service concession agreements / Financial assets related to concession agreements	4,345,634	-	4,345,634	4,345,634	9
Financial liabilities					
Financial borrowings	-	7,447,443	7,447,443	7,447,443	5
Trade payables to third parties	-	66,542	66,542	66,542	6
Trade payables to related parties	-	1,840,129	1,840,129	1,840,129	6-30
Other payables to third parties	-	146,018	146,018	146,018	7
Other payables to related parties	-	191,294	191,294	191,294	7-30

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31. Nature and level of risks from financial instruments (cont'd)

December 31, 2017	Credits and receivables (including cash and cash equivalents)	Financial liabilities increasing in value with the effective interest method	Book value	Fair value	Note
Financial assets					
Cash and cash equivalents (*)	2,310,256	-	2,310,256	2,310,256	4
Trade receivables from third parties	62,230	-	62,230	62,230	6
Trade receivables from related parties	15,283	-	15,283	15,283	6-30
Other receivables from third parties	31,800	-	31,800	31,800	7
Other receivables from related parties	735,629	-	735,629	735,629	7-30
Receivables from service concession agreements / Financial assets related to concession agreements	2,465,873	-	2,465,873	2,465,873	9
Financial liabilities					
Financial borrowings	-	4,432,699	4,432,699	4,432,699	5
Trade payables to third parties	-	202,093	202,093	202,093	6
Trade payables to related parties	-	6,032	6,032	6,032	6-30
Other payables to third parties	-	149,020	149,020	149,020	7
Other payables to related parties	-	87,228	87,228	87,228	7-30

January 1, 2017	Credits and receivables (including cash and cash equivalents)	Financial liabilities increasing in value with the effective interest method	Book value	Fair value	Note
Financial assets					
Cash and cash equivalents (*)	271,921	-	271,921	271,921	4
Trade receivables from third parties	56,733	-	56,733	56,733	6
Trade receivables from related parties	24,328	-	24,328	24,328	6-30
Other receivables from third parties	19,514	-	19,514	19,514	7
Other receivables from related parties	236,538	-	236,538	236,538	7-30
Receivables from service concession agreements / Financial assets related to concession agreements	1,303,197	-	1,303,197	1,303,197	9
Financial liabilities					
Financial borrowings	-	3,933,617	3,933,617	3,933,617	5
Trade payables to third parties	-	133,441	133,441	133,441	6
Trade payables to related parties	-	3,776	3,776	3,776	6-30
Other payables to third parties	-	98,661	98,661	98,661	7
Other payables to related parties	-	76,339	76,339	76,339	7-30

(*) As of December 31, 2018, the cash and cash equivalents include short-term and long-term financial investments amounting to TRY 888,759 (December 31, 2017: TRY 67,139 and January 1, 2017: TRY 116,587).

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31. Nature and level of risks from financial instruments (cont'd)

As of December 31, 2018, 2017 and January 1, 2017, the fair value classifications of financial assets and financial liabilities measured at fair value are as follows:

December 31, 2018	**Fair Value Level**		
	Level 1 TRY	**Level 2 TRY**	**Level 3 TRY**
Short term financial investments			
Financial assets at fair value through profit or loss			
(Note 20)	26,271	-	-
Long term financial investments			
Financial assets held to maturity (Note 20)	197,633	-	-
Financial assets at fair value through profit or loss	360,728	-	-
Other financial investments (Note 20)	-	-	1,016,551
Interest rate swap transactions (Note 11)	-	(27,331)	-
Receivables from service concession agreements / Financial assets related to concession agreements (Note 9)	-	-	4,345,634

December 31, 2017	**Fair Value Level**		
	Level 1 TRY	**Level 2 TRY**	**Level 3 TRY**
Long term financial investments			
Financial assets held to maturity (Note 20)	-	-	818,185
Interest rate swap transactions (Note 11)	-	10,555	-
Receivables from service concession agreements /			
Financial assets related to concession agreements (Note 9)	-	-	2,465,873

January 1, 2017	Fair Value Level		
	Level 1 TRY	Level 2 TRY	Level 3 TRY
Interest rate swap transactions (Note 11)	-	2,136	-
Receivables from service concession agreements /			
Financial assets related to concession agreements (Note 9)	-	-	1,303,197

The fair value of assets and liabilities is determined as follows:

- Level 1: Valued at the quoted market prices for active assets and liabilities.

- Level 2: Appraised from inputs used to find the directly or indirectly observable price in the market other than the market price stated in the first level of the related asset or liability.

- Level 3: Valued at inputs that are not based on observable market data used to determine the fair value of the asset or liability.

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31. Nature and level of risks from financial instruments (cont'd)

Discounted Cash Flows

Under the discounted cash flows method, the fair value of an asset is estimated using the net assumptions about the ownership benefits and liabilities over the life of the asset, including the output and the final value. This estimation includes estimating a series of cash flows and a corresponding, market-based discount rate is applied to generate the present value of the revenue stream.

The duration of cash flow and specific timing of the inflows and outflows are determined by the review of rents, renewal of lease agreements and related lease periods, leasing, redevelopment and renewal.

Cost incurred during the development of the asset and construction costs, development costs and expected sales revenue are estimated to reach a set of cash flows that are reduced through additional development and marketing expenses throughout the lease. Certain development risks, such as planning, permits and development permits must be assessed separately.

Level 3 sensitivity analysis of significant changes in unobservable inputs used in fair value calculations

The sensitivity analysis of the Group's unobservable inputs for the measurement of fair values related to operating and investment properties is as follows:

		if increases	if decreases
December 31, 2018	**Sensitivity analysis**	**Profit/(Loss) effect of fair value (TRY)**	**Profit/(Loss) effect of fair value (TRY)**
Hotel			
Discount rate	0.50%	(96,743)	96,400
Room cost increase ratio	1%	42,462	(42,414)
Occupancy rate	1%	30,639	(30,698)
Office			
Discount rate	0.50%	(752)	770
Occupancy rate	1%	300	(295)

The fair value of MIP, which is accounted as a financial investment in the Group's financial statements, has been evaluated within the scope of IFRS 9 standard as of December 31, 2018 and the change in the value of the financial investment has been accounted in the other comprehensive income or expense statement in the Group's consolidated financial statements.

Sensitivity analysis of the financial investment in question for unobservable inputs used in the measurement of fair values is as follows:

December 31, 2018	**Sensitivity analysis**	**if increases Profit/(Loss) effect of fair value (TRY)**	**if decreases Profit/(Loss) effect of fair value (TRY)**
Long term financial investments			
Discount rate	0.50%	(46,372)	49,650

As of December 31, 2018, the sensitivity analysis of the significant assumptions used in the fair value calculation of the financial asset related to the concession agreements is as follows:

	Inflation expectation (*)		**Foreign Exchange rate expectation (*)**	
Sensitivity level	**%0.5 decrease**	**%0.5 increase**	**%5 decrease**	**%5 increase**
Fair value change	(61,966,901)	73,158,487	(75,207,659)	48,141,353

(*) Refers to the change in inflation and exchange rate expectations for each year of the first 10 years of the contract period. In addition, this calculation was calculated for Isparta Hospital and Eskişehir Hospital.

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32. Explanations on shares in other businesses

Information on the Group's affiliates with significant non-controlling interests is as follows:

	December 31, 2018			
	Akfen REIT (*)(1)	Hacettepe Klinik (*)	Akfen Merter (*)	Isparta Hastanesi (*)
Total assets	2,436,937	127,978	63,363	1,814,916
Total liabilities	1,692,941	170,040	7,674	1,422,741
Equity	743,996	(42,062)	55,689	392,175
Total comprehensive incomes/(expenses)	115,412	(37,982)	(732)	13,811
Non-controlling interest ratio	4312	0.55	0.0848	0.0012
Equity – Non-controlling interest	320,811	(23,134)	4,722	435
Profit/(loss) for the period - Non-controlling interest	49,765	(20,889)	(62)	17

	December 31, 2017			
	Akfen REIT (*)(1)	Hacettepe Klinik (*)	Akfen Merter (*)	Isparta Hastanesi (*)
Total assets	1,763,195	115,313	69,812	1,427,201
Total liabilities	1,155,376	119,394	12,467	1,087,342
Equity	607,820	(4,081)	57,345	339,859
Total comprehensive incomes/(expenses)	49,290	(5,064)	(24,104)	75,784
Non-controlling interest ratio	43.12	0.55	0.3249	0.0012
Equity – Non-controlling interest	262,092	(2,245)	18,631	418
Profit/(loss) for the period - Non-controlling interest	21,254	(2,785)	(7,831)	93

	January 1, 2017		
	Akfen REIT (*)(1)	Akfen Merter (*)	Isparta Hastanesi (*)
Total assets	1,498,018	100,402	1,114,058
Total liabilities	937,223	18,352	1,110,093
Equity	560,795	82,050	3,965
Total comprehensive incomes/(expenses)	(239,972)	(1,966)	7,798
Non-controlling interest ratio	43.12	0.3249	0.0012
Equity – Non-controlling interest	241,815	26,338	325
Profit/(loss) for the period - Non-controlling interest	(103,476)	(639)	10

(*) Information about the non-controlling interest of Akfen Holding and Akfen Construction, which is a 100% subsidiary of the Company.

(1) As a result of the acquisition of the shares of Akfen Holding, details of which are given in Note 3, the non-controlling interests of Akfen REIT, an affiliate of Akfen Holding, are accounted for business combination under common control effect due to the fact that the acquisition is considered as a business combination subject to common control.

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33. Subsequent events

Within the scope of the share buyback program adopted at the Ordinary General Assembly Meeting held on August 9, 2018, Akfen Holding's Board of Directors decided that; Akfen Holding has decided to acquire 65,838,800 shares of Akfen Holding (corresponding to 9.868% of the Company's total shareholding) owned by Akfen Holding. The share transfer has been realized as of March 6, 2019. After the transfer, Akfen Infrastructure's share in Akfen Holding is 89.49%.

Akfen Holding and affiliates:

Akfen REIT

On January 17, 2019, the sale of Bulvar Loft Project: The wholesale sales of independent units in Bulvar Loft Project of İller Bank, owned by Akfen İnşaat Turizm ve Ticaret A.Ş. and Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. common partnership (Akfen REIT 99% - Akfen Construction 1%), were approved by İller Bank on January 10, 2019.

Akfen International

A share transfer was signed on February 7, 2019 regarding the sale of all shares of Akfen International B.V. from Akfen Holding to Hamdi Akın.

34. First transition to TMS

The Company prepared its financial statements for the years ended December 31, 2017 in accordance with the Communiqué No: 1 on the Application of the Accounting System and the Tax Procedure Law ("TPL"). These financial statements as of December 31, 2018 are the financial statements of the Company prepared in accordance with TAS.

As explained in the summary of significant accounting policies, the Company has prepared the financial statements for the years ended December 31, 2018 in comparison with the financial statements for the year ended December 31, 2017. In the preparation of the financial statements, the Company's opening statement of financial position is prepared as of January 1, 2017, the date of transition to the TAS. In this note, the financial statements prepared as of January 1, 2017 and the financial statements for the year ended December 31, 2017 have been disclosed in relation to the restatement of the financial statements prepared in accordance with the General Communiqué No: 1 on the Accounting System.

Estimations

The estimates made on January 1, 2017 (after the adjustments made to show the differences in accounting policies) are consistent with the estimates made in accordance with the General Communiqué No: 1 on the same date and the Tax Procedure Law. These estimates do not apply to the General Communiqué No: 1 on Accounting and the following items in which the Tax Procedure Code does not require such estimates:

- Provisions for long-term employee benefits
- Provision for doubtful receivables
- Provision for inventory impairment
- Provision for deferred tax assets
- Provision for litigation
- Provision for warranty
- Available-for-sale financial assets - unquoted equity shares

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34. First transition to TMS (cont'd)

The estimates used by the Company for the purpose of presenting these amounts in accordance with TAS reflect the conditions of transition to TAS on January 1, 2014.

Following adjustments are made for the Company's January 1, 2017 opening financial statements under standard of TFRS 1 "Turkey Financial Reporting Standards First-time Adoption"

Reconciliation of Statement of Financial Position (Balance Sheet) on January 1, 2017:

	January 1, 2017 Opening Balance Sheet		
	Prepared in accordance with other legislation	**Adjustments**	**Prepared in accordance TFRS**
Current assets	**68,007**	**709,158**	**777,165**
Cash and cash equivalents	67,256	88,076	155,332
Financial investments	-	60,938	60,938
Trade receivables	-	80,931	80,931
- Trade receivables from related parties	-	24,328	24,328
- Trade receivables from third parties	-	56,603	56,603
Inventories	-	249,559	249,559
Other receivables	-	6,427	6,427
- Due from related parties	12,680	(6,792)	5,888
- Due from third parties	36,990	(36,451)	539
Receivables from ongoing construction or service contracts	-	69,492	69,492
Financial assets related to concession agreements	-	-	-
Prepaid expenses	-	94,653	94,653
Current income tax assets	-	941	941
Other current assets	751	58,141	58,892
Non-current assets	**595,560**	**5,325,610**	**5,921,170**
Financial investments	544,579	(481,777)	62,802
Trade receivables	-	130	130
- Trade receivables from related parties	-	-	-
- Trade receivables from third parties	-	130	130
Other receivables	49,670	199,959	249,629
- Due from related parties	12,680	217,974	230,654
- Due from third parties	36,990	(18,015)	18,975
Receivables from ongoing construction or service contracts	-	1,233,705	1,233,705
Financial assets related to concession agreements	-	-	-
Derivative financial assets	-	2,887	2,887
Investments accounted using the equity method	-	2,130,803	2,130,803
Investment property	-	1,692,538	1,692,538
Property, plant and equipment	4	128,353	128,357
Intangible assets	-	91,106	91,106
Prepaid expenses	-	17,579	17,579
Deferred tax assets	-	97,600	97,600
Other non-current assets	1,307	212,727	214,034
Total assets	**663,567**	**6,034,768**	**6,698,335**

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)
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34. First transition to TMS (cont'd)

Reconciliation of Statement of Financial Position (Balance Sheet) on January 1, 2017 (cont'd) :

	January 1, 2017 Opening Balance Sheet		
	Prepared in accordance with other legislation	**Adjustments**	**Prepared in accordance TFRS**
Current liabilities	**468,422**	**1,426,020**	**1,894,442**
Short term borrowings	440,642	(68,039)	372,603
Short term portion of long-term borrowings	-	1,182,573	1,182,573
Trade payables	5,644	131,300	136,944
-Due to related parties	-	3,776	3,776
-Due to third parties	5,644	127,524	133,168
Employee benefit obligations	64	476	540
Other payables	22,072	57,442	79,514
-Due to related parties	19,828	1,129	20,957
-Due to third parties	2,244	56,313	58,557
Deferred revenue	-	113,831	113,831
Income tax payable	-	-	-
Current provisions	-	6,081	6,081
-Provision for employee benefits	-	5,881	5,881
-Other current provisions	-	200	200
Other current liabilities	-	2,356	2,356
Non-current liabilities	**160,554**	**2,472,293**	**2,632,847**
Long term borrowings	158,969	2,219,472	2,378,441
Trade payables	-	273	273
-Due to related parties	-	-	-
- Due to third parties	-	273	273
Trade payables	1,585	93,901	95,486
-Due to related parties	-	55,382	55,382
-Due to third parties	1,585	38,519	40,104
Derivative financial liabilities	-	751	751
Deferred revenue	-	1	1
Current provisions	-	3,451	3,451
-Provision for employee benefits	-	3,451	3,451
-Other non-current provisions	-	-	-
Deferred tax liabilities	-	126,305	126,305
Other non-current liabilities	-	28,139	28,139

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34. First transition to TMS (cont'd)

Reconciliation of Statement of Financial Position (Balance Sheet) on January 1, 2017 (cont'd):

	January 1, 2017 Opening Balance Sheet		
	Prepared in accordance with other legislation	**Adjustments**	**Prepared in accordance TFRS**
Equity	**34,591**	**2,136,455**	**2,171,046**
Equity attributable to equity holders of the parent	**34,591**	**2,109,390**	**2,143,981**
Issued capital	43,300	-	43,300
Share premiums	-	2,915	2,915
Additional contributions of shareholders	-	-	-
Treasury shares (-)	-	-	-
Restricted reserves appropriated from profits	3,794	3,457	7,251
Effect of business combinations under common control	-	1,969,667	1,969,667
Other accumulated comprehensive income that will not be reclassified to profit or loss	-	11,371	11,371
- Gains on remeasurement of defined benefit plans	-	*58*	*58*
- Increases on revaluation of property, plant and equipment	-	*11,313*	*11,313*
- Other gains on revaluation and remeasurement	-	-	-
Other accumulated comprehensive income that will be reclassified to profit or loss	-	8,229	8,229
- Currency translation difference	-	*8,229*	*8,229*
- Gains/(losses) on hedge	-		-
Retained earnings/(losses)	72,075	(608,298)	(536,223)
Net (loss)/profit for the period	(84,578)	722,049	637,471
Non-controlling interests	-	27,065	27,065
Total liabilities and equity	**663,567**	**6,034,768**	**6,698,335**

Following adjustments are made for the Company's January 1, 2017 opening financial statements under standard of TFRS 1 "Turkey Financial Reporting Standards First-time Adoption".

TAS 11 - Adjustments for Years of Construction

TAS 11 Instead of the profit or loss determination in the year in which the work is completed, the profit or loss determination is made in the accounting periods when the work is realized and the related calculations are rearranged.

TAS 16 - Adjustments for Tangible and Intangible Assets

In accordance with TAS 16, the useful lives of tangible and intangible assets are reviewed and depreciation calculations are revised using the pro-rata depreciation method.

TAS 37 - Adjustments for Provision for Doubtful Trade Receivables

The Company has set aside provision for the trade receivables in the statutory records for the trade receivables which it has not yet recognized as a provision in accordance with the legal regulations but which it cannot collect.

34. First transition to TMS (cont'd)

Reconciliation of Statement of Financial Position (Balance Sheet) on January 1, 2017 (cont'd):

TAS 19 - Employee Benefits

The liabilities related to severance payments and unused vacation rights of the personnel who are not eligible for retirement have been recalculated and provision records have been prepared in the financial statements.

TAS 1 - Classification of Financial Statements

Under TAS 1, the Company's long-term and short-term receivables and payables have been restated and other financial statements have been reclassified in accordance with the standard.

TAS 12 - Deferred Tax Adjustments

Deferred tax has been calculated for temporary differences arising from adjustments made in accordance with TAS.

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34. First transition to TMS (cont'd)

Reconciliation of Statement of Financial Position (Balance Sheet) on December 31, 2017 (cont'd):

	December 31, 2017		
	Prepared in accordance with other legislation	**Adjustments**	**Prepared in accordance TFRS**
Current assets	**202,887**	**3,230,501**	**3,433,388**
Cash and cash equivalents	111	2,310,147	2,310,258
Financial investments	-	2,718	2,718
Trade receivables	202,494	(145,719)	56,775
- Trade receivables from related parties	-	*15,283*	*15,283*
- Trade receivables from third parties	*202,494*	*(161,002)*	*41,492*
Inventories	-	288,670	288,670
Other receivables	7	294,427	294,434
- Due from related parties	-	*289,437*	*289,437*
- Due from third parties	*7*	*4,990*	*4,997*
Receivables from ongoing construction or service contracts	-	134,563	134,563
Financial assets related to concession agreements	-	97,014	97,014
Prepaid expenses	3	174,737	174,740
Current income tax assets	-	21,753	21,753
Other current assets	272	52,191	52,463
Non-current assets	**551,468**	**6,992,730**	**7,544,198**
Financial investments	545,686	339,460	885,146
Trade receivables	-	20,738	20,738
- Trade receivables from related parties	-	-	-
- Trade receivables from third parties	-	*20,738*	*20,738*
Other receivables	4,908	468,087	472,995
- Due from related parties	*4,897*	*441,284*	*446,181*
- Due from third parties	*11*	*26,803*	*26,814*
Receivables from ongoing construction or service contracts	-	1,157,981	1,157,981
Financial assets related to concession agreements	-	1,076,315	1,076,315
Derivative financial assets	-	12,371	12,371
Investments accounted using the equity method	-	1,070,004	1,070,004
Investment property	-	2,071,486	2,071,486
Property, plant and equipment	26	123,996	124,022
Intangible assets	-	106,014	106,014
Prepaid expenses	-	9,123	9,123
Deferred tax assets	-	324,801	324,801
Other non-current assets	848	212,354	213,202
Total assets	**754,355**	**10,223,231**	**10,977,586**

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34. First transition to TMS (cont'd)

Reconciliation of Statement of Financial Position (Balance Sheet) on December 31, 2017 (cont'd):

	December 31, 2017		
	Prepared in accordance with other legislation	Adjustments	Prepared in accordance TFRS
Current liabilities	**614,124**	**968,582**	**1,582,706**
Short term borrowings	-	2,540	2,540
Short term portion of long-term borrowings	514,135	539,070	1,053,205
Trade payables	47	207,565	207,612
-Due to related parties	-	6,032	6,032
-Due to third parties	47	201,533	201,580
Employee benefit obligations	167	830	997
Other payables	775	109,370	110,145
-Due to related parties	-	347	347
-Due to third parties	775	109,023	109,798
Deferred revenue	99,000	(4,571)	94,429
Income tax payable	-	98,797	98,797
Current provisions	-	12,818	12,818
-Provision for employee benefits	-	9,068	9,068
-Other current provisions	-	3,750	3,750
Other current liabilities	-	2,163	2,163
Non-current liabilities	**201,950**	**3,482,035**	**3,683,985**
Long term borrowings	-	3,376,954	3,376,954
Trade payables	-	513	513
-Due to related parties	-	-	-
-Due to third parties	-	513	513
Trade payables	201,950	(75,847)	126,103
-Due to related parties	201,565	(114,684)	86,881
-Due to third parties	385	38,837	39,222
Derivative financial liabilities	-	1,816	1,816
Deferred revenue	-	1,622	1,622
Current provisions	-	20,109	20,109
-Provision for employee benefits	-	3,841	3,841
-Other non-current provisions	-	16.268	16,268
Deferred tax liabilities	-	126,711	126,711
Other non-current liabilities	-	30,157	30,157

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34. First transition to TMS (cont'd)

Reconciliation of Statement of Financial Position (Balance Sheet) on December 31, 2017 (cont'd):

	December 31, 2017		
	Prepared in accordance with other legislation	**Adjustments**	**Prepared in accordance TFRS**
Equity	**(61,719)**	**5,772,614**	**5,710,895**
Equity attributable to equity holders of the parent	**(61,719)**	**5,734,337**	**5,672,618**
Issued capital	43,300	-	43,300
Share premiums	-	3,221	3,221
Additional contributions of shareholders	-	-	-
Treasury shares (-)	-	(1,289)	(1,289)
Restricted reserves appropriated from profits	3,794	3,457	7,251
Effect of business combinations under common control	-	1,529,008	1,529,008
Other accumulated comprehensive income that will not be reclassified to profit or loss	-	6,941	6,941
- Gains on remeasurement of defined benefit plans	-	*(4,014)*	*(4,014)*
- Increases on revaluation of property, plant and equipment	-	*10,955*	*10,955*
- Other gains on revaluation and remeasurement	-	-	-
Other accumulated comprehensive income that will be reclassified to profit or loss	-	121,408	121,408
- Currency translation difference	-	*115,446*	*115,446*
- Gains/(losses) on hedge	-	*5,962*	*5,962*
Retained earnings/(losses)	(12,503)	113,560	101,057
Net (loss)/profit for the period	(96,310)	3,958,031	3,861,721
Total liabilities and equity	-	38,277	38,277

Following adjustments are made for the Company's December 31, 2017 opening financial statements under standard of TFRS 1 "Turkey Financial Reporting Standards First-time Adoption".

TAS 11 - Adjustments for Years of Construction

TAS 11 Instead of the profit or loss determination in the year in which the work is completed, the profit or loss determination is made in the accounting periods when the work is realized and the related calculations are rearranged.

TAS 16 - Adjustments for Tangible and Intangible Assets

In accordance with TAS 16, the useful lives of tangible and intangible assets are reviewed and depreciation calculations are revised using the pro-rata depreciation method.

TAS 37 - Adjustments for Provision for Doubtful Trade Receivables

The Company has set aside provision for the trade receivables in the statutory records for the trade receivables which it has not yet recognized as a provision in accordance with the legal regulations but which it cannot collect.

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34. First transition to TMS (cont'd)

Reconciliation of Statement of Financial Position (Balance Sheet) on December 31, 2017 (cont'd):

TAS 19 - Employee Benefits

The liabilities related to severance payments and unused vacation rights of the personnel who are not eligible for retirement have been recalculated and provision records have been prepared in the financial statements.

TAS 1 - Classification of Financial Statements

Under TAS 1, the Company's long-term and short-term receivables and payables have been restated and other financial statements have been reclassified in accordance with the standard.

TAS 12 - Deferred Tax Adjustments

Deferred tax has been calculated for temporary differences arising from adjustments made in accordance with TAS.

TAS 27 - Consolidated and Standalone Financial Statements

It has been prepared in accordance with TAS 27 by using the consolidation methods of the investments of the companies under the direct or indirect control of the Company as stated in Note 2.

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34. First transition to TMS (cont'd)

Reconciliation of Statement of Profit or Loss for the Period January 1, - December 31, 2017:

	January 1, December 31, 2017		
	Prepared in accordance with other legislation	**Adjustments**	**Prepared in accordance TFRS**
Revenue	(26)	1,291,594	1,291,568
Cost of sales (-)	-	(999,776)	(999,776)
Gross profit	**(26)**	**291,818**	**291,792**
General administrative expenses (-)	2,323	(121,764)	(119,441)
Marketing, selling and distribution expenses (-)	-	(41,219)	(41,219)
Other income from operating activities	(8,029)	269,838	261,809
Other expenses from operating activities (-)	77	(39,810)	(39,733)
Operating profit from operating activities	**(5,655)**	**358,863**	**353,208**
Share of profit from investments accounted using the equity method	-	12,751	12,751
Profit before finance income/(expense)	**(5,655)**	**371,614**	**365,959**
Income from investment activities	-	3,942,137	3,942,137
Expense from investment activities (-)	-	(20)	(20)
Profit before finance income/(expense)	**(5,655)**	**4,313,731**	**4,308,076**
Finance income	(28,494)	419,757	391,263
Finance expenses (-)	118,728	(1,038,036)	(919,308)
Profit before tax from continuing operations	**84,579**	**3,695,452**	**3,780,031**
Tax income	-	87,652	87,652
- Current period tax expense	-	*(137,304)*	*(137,304)*
- Deferred tax income	-	*224,955*	*224,955*
Profit for the period	**84,579**	**3,783,104**	**3,867,683**
Attributable to			
Non-controlling interests	-	5,962	5,962
Equity holders of the parent	84,579	3,777,142	3,861,721

Abbreviations

Abbreviations	Description
Acacia Mining	Acacia Mining Operations Inc.
Accor	ACCOR S.A.
Adana İpekyolu	Adana İpekyolu Energy Production Inc.
ADP	Aéroports de Paris Management
ADR	Average Revenue Per Room
Akfen Construction	Akfen Construction Tourism and Trading Co.
Akfen Energy Generation	Akfen Energy Generation Co.
Akfen GYT	Akfen Real Estate Investment and Trading Inc.
Akfen Infrastructure	Akfen Infrastucture Holding
Akfen REIT	Akfen Real Estate Investment Trust
Akfen Renewable Energy	Akfen Renewable Energy Co.
Akfen Thermal Energy	Akfen Thermal Energy Investment
Akfen Tourism	Akfen Tourism Investment Co.
Akfen Water	Akfen Environment and Water Investment, Construction, Operation Co.
Akfen Water Dilovası	Akfensu Arbiogaz Dilovası Waste Water Treatment Plant
Akfen Water Güllük	Akfen Güllük Environment and Water Investment
Akınısı	Akınısı Machinery
Aquila	Aquila Capital Wasserkraft Invest GmbH and Aquila HydropowerINVEST Investitions GmbH & Co. KG
ATÜ	ATÜ Duty Free
BTA	BTA Food and Services Group
CAGR	Annual Compound Growth Rate
CMB	Capital Market Law Council
DEİK	Foreign Economic Relations Board
EBITDA	Earning Before Interest, Taxes, Amortization
EBRD	European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
EMH	East Mediterrenean Hub
ENR	Engineering News Record
EPC	Engineering Procurement and Construction
EPDK	Energy Market Regulatory Autority
E-RTG	Electrical Rubber-Tyred Gantry Crane
FIT	Feed-In Tariff (Renewable Energy Resources Support Mechanism)
GDP	Gross Domestic Product
GWh	Giga Watt hour
HAVAŞ	Airport and Ground Services Inc.
Hacettepe Teknokent	Hacettepe Teknokent Education & Clinical Research Inc.
HEPP	Hydro Electric Power Plant
IBS / IBS Insurance	IBS Insurance and Reinsurance Brokerage Inc.
ICSG	International Copper Study Group
IFC	International Finance Corporation
İDO	İstanbul Sea Buses Inc.
İlbank	İller Bankası
İzbir	İzbir Mining
KAP	Public Disclosure Platform
Karine	Karine Energy Inc.
KYK	Credit and Dormitories Institution

Abbreviations	Description
LACP	League of American Communications Professionals
Masanda Tourism	Masanda Tourism and Investment Inc.
Mersin CCGT	Mersin Natural Gas Combined Cycle Power Plant
MHC	Mobile Harbour Crane
MIGEM	General Directorate Mining and Oil Affairs
MIP	Mersin International Port
MTA	General Directorate of Mineral Research and Exploration
MW	Mega Watt
NEP	New Economic Program
OECD	Organisation for Economic Cooperation and Development
OIZ	Organised Industrial Zone
PA	Directorate of Privatization Administration
Pak	Pak Energy Generation Inc.
PAT	Runway, Apron and Taxiway (Aviation)
PPP	Public Private Partnership
PSA	PSA International PTE Ltd.
RTG	Rubber Tyred Gantry
SPP	Solar Power Plant
T.C.	Republic of Turkey
TAV Airports	TAV Airports Holding Co.
TAV Construction	TAV Tepe Akfen Investment Construction and Operation Co.
TAV Investments	TAV Investment Holding Co.
TAV İstanbul	TAV İstanbul Terminal Operations Co.
TAYÇED	All Types of Waste and Environmental Management Association
TEİAŞ	Turkish Electricity Transmission Corporation
Tepe	Tepe Construction
TEU	Twenty Feet Equivalent Unit
TGS	Turkish Ground Services
THY	Turkish Airlines
TİM	Turkish Exporters Assembly
TMB	Turkish Contractors Association
TMO	Turkey Maritime Organization
TRNC	Turkish Republic of Northern Cyprus
TSKB	Türkiye Sınai Kalkınma Bankası
TurkStat	Turkish Statistical Institute
TÜRKLİM	Port Operators Association of Turkey
TÜROB	Hotel Association of Turkey
TÜROFED	Turkish Hoteliers Federation
TTK	6102 Turkish Commercial Code
UAE	The United Arab Emirates
UIB	United Insurance Brokers
USA	United State of America
WPP	Wind Power Plant
YİD/BOT	Build-Operate-Transfer
YPK	High Planning Council

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