

Akfen Holding

Annual
Report

| 2021

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FUTURE



CONTENTS



CHAPTER 2

PAGE
25

CHAPTER 1

PAGE
04

ABOUT AKFEN HOLDİNG

OVERVIEW

- About Akfen Holding / 4
- Group Structure / 6
- Milestones / 7
- Developments in 2021 / 12
- Developments in Subsidiaries / 13
- Activity Areas / 14
- Domestic Investments / 16
- Foreign Investments / 17
- Our Partners / 18

MESSAGES

- Message from the President / 19
- Management's Message / 20

FINANCIAL RESULTS

- Financial Results for 2021 / 22
- Summary Financial Indicators / 24



AKFEN HOLDİNG GROUP COMPANIES

CONSTRUCTION SECTOR / 26

- Akfen Construction / 27
- Housing Investments / 29
 - İncek Loft / 30
 - Bulvar Loft / 30
- Health Investments / 31
- City Hospitals / 31
 - Isparta City Hospital / 32
 - Eskişehir City Hospital / 33
 - Tekirdağ City Hospital / 34
- Dormitory Investments / 35
 - Hacettepe Guest House / 35
- Other Investments / 36
 - Kıbrıs Bafra Hotel, TRNC / 36

ENERGY SECTOR / 37

- Akfen Renewable Energy / 39
- Akfen Renewable Energy Portfolio / 40
 - HEPP Group / 42
 - SPP Group / 43
 - WPP Group / 43

PORT SECTOR / 44

- Mersin International Port (MIP) / 46

COPPER MINING SECTOR / 51

- Acacia Mining / 52

WASTE WATER AND SOLID WASTE SECTOR / 55

- Akfen Environment and Water / 57

REIT AND TOURISM SECTOR / 61

- Akfen REIT / 62
 - Bodrum Loft / 67
 - Kütahya Dormitory / 68
 - Isparta Dormitory / 68
 - Söğütlüçeşme Project / 69

MARITIME TRANSPORTATION SECTOR / 70

- Istanbul Sea Buses (İDO) / 71

OTHER / 75

- Travelex / 75
- Other Subsidiaries / 77



CHAPTER 3

PAGE 78

CORPORATE GOVERNANCE



Corporate Values & Perspective
for the Future /79

Human Resources /80

Board of Directors /82

Management of Subsidiaries and
Affiliates /85

Corporate Social Responsibility

- Summary /88
- Global Compact /89
- Akfen Sustainability Priorities /87
- Turkish Human Resources in Health and
Education Foundation (TİKAV) /96
- Individual Development Program /97
- International Award for Young People
Turkey (UGO-Tr) /102
- National Projects /104

CHAPTER 4

PAGE 108

AKFEN HOLDİNG AND SUBSIDIARIES FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

Independent Auditor's Report /111

Consolidated Financial Statement For the Year
Ended on 31 December 2021 /118

Footnotes for Consolidated Financial
Statements /128

Abbreviations /226





CHAPTER 1

About Akfen Holding

- Overview
- Akfen Holding Group Structure
- Milestones
- Developments in 2021
- Developments in Subsidiaries
- Activity Areas
- Domestic Investments
- Foreign Investments
- Our Partners



Akfen Group, as always, aims to continue making new investments by developing new businesses

About Akfen Holding

Since the first company was founded in 1976, Akfen Group has accomplished many important projects in Turkey in the fields of infrastructure, construction, real estate and so on. The Group has adopted a “continuous growth strategy” since its establishment. As a requirement of this strategy, all the values created were used for the need for equity in the creation of new assets. 1997 was also an important turning point for Akfen Holding. In this year, the Istanbul Atatürk Airport International Terminal Tender, which would be built with the Build-Operate-Transfer (BOT) method, was won and this increased Akfen's orientation towards long-term infrastructure works.

The accumulation of knowledge and experience that started at that time has made Akfen Group a sought-after company in the construction of national infrastructures such as airport management, port management, energy, maritime transport, water and wastewater management, not only in Turkey but also in various countries around the world.

Our strategy is to work with partners and financial institutions experienced in their sectors

Akfen Group's fields of activity include construction, energy, sea port management, maritime transportation, real estate, mining, and water, wastewater and solid waste management services. As required by its strategy, the Group works with partners and financial institutions which are experienced and strong in their sectors. Among the partnerships of Akfen group companies are nationally and internationally renowned entrepreneurial partners and financial institutions such as Tepe Construction Inc., PSA International, IFM Investors, EBRD, IFC, Accor, Souter Investments, LLP, Kardan N.V.

At the end of 2021, with the simplification of the Group structure, Akfen Holding merged with its main partner Akfen Infrastructure Holding. As a result of the merger, Group companies now include Akfen Renewable Energy, MIP, Acacia Mining, Akfen Environment and Water, İDO, Akfen Construction, and also Akınısı Machinery (the first company founded by the Akfen Group founder Hamdi Akın), Akfen Merter, Akfen Consulting and Project Development, Travelex, Akfen Real Estate Portfolio Management and Tepe Akfen Reformer.

The environment of uncertainty created by the epidemic in 2020 adversely affected global growth. The Covid-19

epidemic has greatly affected every field from economy to social life, from production to consumption and has led to significant changes. Due to Covid-19, the biggest epidemic of the last century, on a global scale, the most severe recession of recent years was experienced in 2020. In 2021, the fight against the pandemic continued. However, with the widespread use of vaccines, 2021 has been a year in which the negative effects have decreased in comparison to the previous year.

Tourism, restaurant services and maritime transportation showed significant improvement in 2021 compared to the previous year

Our companies, especially the ones operating in the fields of tourism, restaurant services and maritime transport, were adversely affected in 2020, but with a series of measures taken in 2021, showed significant improvement in their performance. On the other hand, there was no significant negative impact due to the pandemic in the fields of energy, port management and health.

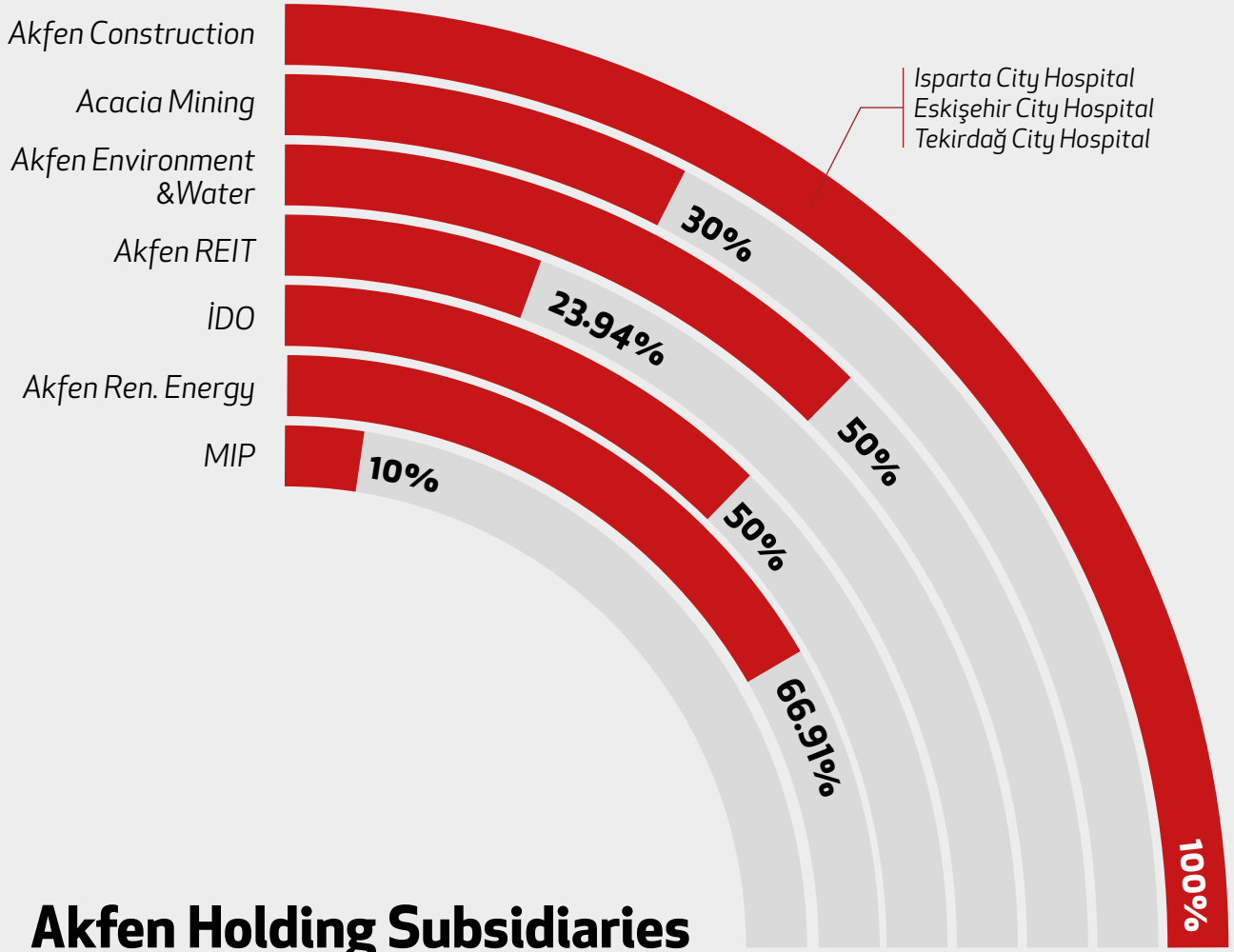
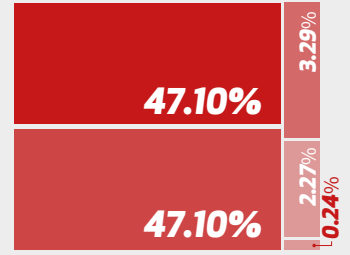
Akfen Group completed its ongoing investments mainly in renewable energy, hospital PPP, mining and real estate/hotel sectors in 2020. In 2021, when the pandemic and the uncertainties it created continued, no significant investment program was started, and only the ongoing investments continued. In this context, activities in the port, mining and energy sectors can be counted among the ongoing investments.

We care about creating new business areas

The Group attaches great importance to creating new business areas in line with its growth plans. For the company, which has a deep experience in asset trading, the value created through sales is critical for starting new businesses and raising funds for ongoing investments. Group companies continue to ensure their organic and inorganic growth and support investments by using advanced financial instruments effectively. This is one of the most important reasons for high profitability. With this vision, as in the past, Akfen Group aims to continue to make new investments by developing new businesses, in order to increase employment, contribute to the development of the country's economy, and create value for its shareholders.

Akfen Holding Shareholding Structure

■ Pelin Akın Özalp	47.10%
■ Selim Akın	47.10%
■ Hamdi Akın	3.29%
■ Akfen Holding	2.27%
■ Akınısı Makine	0.24%



Akfen Holding Subsidiaries

Akınısı Machinery	100%
Akfen Tourism	100%
Akfen Merter	91.52%
Akfen Adv. & Project Dev.	100%
Akfen Real Estate Port. Man.	100%
Travelex	10%
Other Subsidiaries and Affiliates*	26%

* Other subsidiaries of Akfen Holding; Adana İpekyolu, BİZ Mining, Akfen Energy Gas, Akfen Wind Energy and Akfen Solar Energy.

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



- DHMI 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.
- Together 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 Int. 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 became operational.

- Aksel Tourism Investments and Management became Akfen Real Estate Investment Partnership.

- TAVConstruction won the Doha Airport project in Qatar.

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 Generation 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 gasbased power plant in Mersin province, an application was made to EMRA for generation license.
- TAV Airports took over the operation of Monastir Airport in Tunisia.
- A hotel of Akfen REIT started operation.
- 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.

2009

- Akfen Holding sold its shares in TÜVTÜRK to Bridgepoint Capital Ltd.
- Akfen launched its first renewable HEPP project.
- TAV Gazipaşa became operational at Antalya Gazipaşa Airport.
- TAV Construction won the Muscat Airport MCI 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.
- Piriçlik 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.
- 5 hotels of Akfen REIT started operations.
- Akfen Water started Dilovası Industrial Park wastewater treatment operations.
- TAV Construction won the tender for the New Doha Airport.

2012

- 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.
- 2 HEPPs and two hotels started operation.
- 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.
- Akfen Holding made a TL 200 million bond public offering.

2013

- MIP, issued USD 450 million Eurobond to qualified investors 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 CCGT 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

- Akfen Construction, made the best offer in the Eskisehir City Hospital tender and acquired.
- TAV Construction, New Doha Int. Airport opened.
- En Engineering News Records magazine chose TAV Construction as the "World's Largest Airport Construction Company".
- TGS, 50% subsidiary of HAVAS, won the ground services tender for Turkish Airline's 8 airports.
- A HEPP and a hotel started operation.
- MIP started \$170 million investment in new berths and deepening and started expansion project.

- TAV Airports took over Milas-Bodrum Airport Domestic Terminal.
- Izmir Adnan Menderes Domestic Terminal opened.
- Akfen Holding made the public offering of a total of TL 400 million bonds and completed its share buyback program in April 2014.
- 45% share in the guesthouse project which will serve in Hacettepe University campus.
- Incek Loft press launch.
- 75% of Artı Foreign Exchange sold to Travelex.
- Contract signed for Isparta City Hospital.

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 prequalified 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 Atasehir Office.
- Eskisehir City Hospital groundbreaking ceremony.
- Akfen Holding, transferred 98.85% of Akfen Construction to Akfen Infrastructure.

2016



- The principal of the TL 140 million bond issued in 2014 was repaid. The bond issue with 9 January beginning date, 3 year maturity, a nominal value of TL 300 million 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 TL 200 million bonds issued in 2014 was repaid. Bond issue with a 23 March beginning date, 3 year maturity, a nominal value of TL 150.360.000 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 made on October 27th.
- A HEPP with an installed power of 8.8 MW and 18 SPPs with total installed capacity of 15.94 MW went into operation.
- On June 13, the acquisition of three WPP in Çanakkale and one in Denizli, with 242 MW license and not in operation was completed.
- Akfen Construction's Boulevard Loft Project in Ankara was added to Akfen REIT's portfolio in November.
- Akfen Water started to provide waste service to Yozgat City Hospital, Mersin Integrated Health Campus and Isparta City Hospital floor.

2017



- Akfen Holding Board of Directors decided to split the company in June 2016. It was decided that assets other than MIP, TAV Airports and Akfen Renewable Energy would be transferred to Akfen Engineering. The split was completed in February 2017.
- With the approval of the CMB, Akfen Holding share trading was suspended on 29 April 2016 and as of 12 May 2016 the company shares were delisted 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.
- Novotel Istanbul Bosphorus started operation.
- 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, 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 allinclusive service on Eskişehir - Topçular 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 became operational in October.
- Tekirdag City Hospital signing ceremony.

2018

- The merger of Akfen Holding and Akfen Engineering was completed in February 2018.
 - In March 2018, Akfen International was established as a 100% subsidiary of Akfen Holding in Amsterdam, Netherlands.
 - In March 2018, 37% IBS Insurance shares belonging to Akfen Infrastructure Holding was transferred to Akfen Holding.
 - In May 2018 100% of Selim Akın's shares in Masanda Tourism were transferred to Akfen Infrastructure Holding.
-
- In May 2018, the title of Akfen Infrastructure Consultancy was changed to "Akfen Infrastructure Holding".
 - After the share transfer transactions made within Akfen Holding in August 2018, Akfen Infrastructure Holding owned 99.36% of Akfen Holding capital.
 - In November 2018, Akfen Holding completed the merger by acquiring Akfen Thermal Energy and Akfen Energy Distribution.

2019

- All Akfen Holding shares of Akfen International B.V. were sold to Hamdi Akın on 7 February 2019.
- On 6 March 2019, Akfen Holding repurchased 9.868% shares from Akfen Infrastructure Holding.
- On 29 May 2019, Akfen Holding transferred its 21.68% share in TAV Investment Holding to Gazelle Yachting Real Estate Tourism Automotive Trade Inc.
- After the capital increase made by Akfen Renewable Energy on 9 December 2019, the shares of EBRD and IFC increased to 16.933% each, Akfen Holding's share became 66.134%.

2020

- Bodrum Loft holiday village was opened on 1 July 2020.
- The opening ceremony of Tekirdağ City Hospital was held on 13 November 2020.
- In 2020, 1 SPP with 13 MW installed capacity started operations and 2 WPPs with 80 MW installed capacity were purchased and added to Akfen Renewable Energy portfolio.
- An agreement was signed for the sale of the remaining 20% of the shares in IBS on 28 December 2020 (the sale was completed on 28 January 2021).
- Within the scope of the restructuring of İDO's project finance, after the share transfers as of 14 October 2020, Akfen Holding's share in the company became 50%.

Developments in 2021

AKFEN HOLDING

January

Akfen Holding completed the sale of the remaining 20% of its shares in IBS as of 28 January 2021.

March

The merger with Akfen Energy Generation, a 100% subsidiary of Akfen Holding, was completed on 5 March 2021.

August

Akfen Holding sold to Hamdi Akin 38,362,889 shares out of the 65,838,800 shares, which corresponds to 9,868% of the company's total shares, taken over from Akfen Infrastructure Holding on 24 August 2021.

November

At the Extraordinary General Assembly meeting held on 2 November 2021, the merger of Akfen Holding with Akfen Infrastructure Holding, which owns the majority shares, was accepted. As of 10 November 2021, the merger of Akfen Holding and Akfen Infrastructure Holding was completed.

On 17 November 2021, the maturity principal payment of the 200mn TL bond issued in 2019 was made.

On 18 November 2021, approval was obtained from the CMB for the issuance of debt instruments with a nominal value of up to 1 billion TL and a maturity of up to 60 months, to qualified investors or by private sale method, without public offering.

December

On 14 December 2021, Turkrating confirmed Akfen Holding's Long-Term National Credit Rating as TR AAA, Short-Term National Credit Rating as TR A1 with a stable outlook.

Developments in Subsidiaries (2021)

Akfen Construction

- Akfen Construction transferred its shares in Isparta Dormitory and Masanda Tourism ("Bodrum Loft" project) to Akfen REIT in February 2021.
- As of 10 November 2021, the merger of Akfen Holding and Akfen Infrastructure Holding was completed, and Akfen Holding's share in Akfen Construction, in which it had previously held a 50% stake, became 100%.

MIP

- MIP won the "Port Operator of the Year" award for the 11th time in a row. The award ceremony for the Atlas Logistics Awards, which has been held for 12 years, took place on 11 November 2021, hosted by the International Logitrans Transport Logistics Fair.
- MIP paid Akfen Holding a total dividend of 152mn TL in 2021. MIP also became the largest container port in Turkey in 2021.

İDO

- As part of İDO's loan restructuring efforts, on 5 May 2021 Marmara Sea Buses Investment and Management Inc. was established with a 50-50% partnership between Akfen Holding and Tepe Construction.
- İDO's project finance loan restructuring was completed on 8 July 2021. On the same date, 100% shares of İDO were transferred to Marmara Sea Buses by Akfen and Tepe.

Akfen Renewable Energy

Akfen Renewable Energy achieved the top grade A1 with an overall score of 67 and was ranked 46th among 4,914 companies globally in the sustainability report prepared by Vigeo Eiris, which was established under the international rating agency Moody's to inform asset managers and investors. It also ranked first among 54 companies in the international developing markets segment.

Acacia Mining

Over the 2.5 years since Acacia Mining started operating, its total export has reached USD 350 million. Thus, the company has become the largest metallic mineral exporter in Turkey.





Akfen REIT

- As part of the conversion of Akfen REIT's convertible bonds into shares, the process of increasing the issued capital from 184 million TL to 243 million TL was carried out on 12 January 2021.
- As of 9 February 2021, Akfen REIT purchased the shares of Masanda Tourism ("Bodrum Loft") and Isparta Dormitory.
- Akfen REIT, which reached an agreement in December 2020 with the banks to restructure its financial debt of EUR 178 million with a maturity of 10 years, announced that the restructuring of financial debts was completed on 11 April 2021.
- Akfen REIT carried out a series of capital increase transactions in 2021.
 - In February 2021, Akfen REIT's rights issue by 101.6 million TL to 344.6 million TL was completed.
 - In August 2021, the transactions regarding the increase of Akfen REIT's capital by 555 million TL to 900 million TL via a rights issue were completed.
 - The process of increasing Akfen REIT's paid capital to 1.3 billion TL by increasing 400 million TL via a bonus issue was completed in December 2021.





Akfen Water

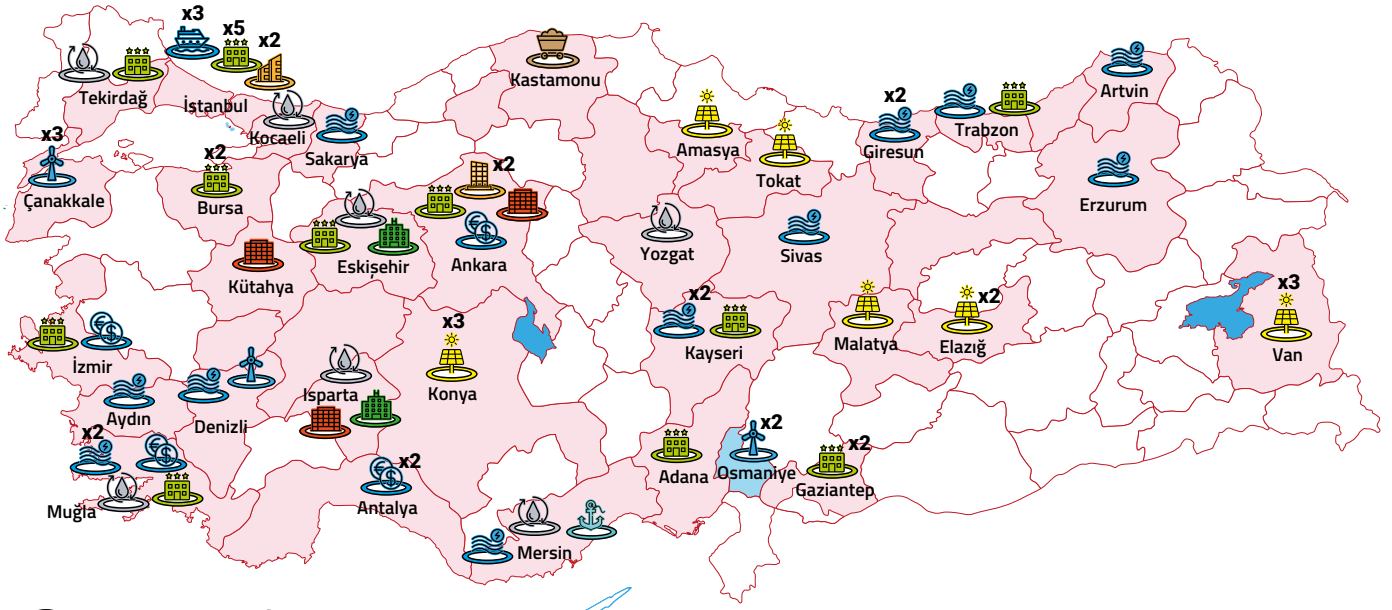
The wastewater treatment and reuse plant project for Acacia Mining was completed in 2021.

Fields of Activity

CONSTRUCTION	Akfen Construction	Subsidiary Share	Adjusted Turnover	Total Assets	3 city hospitals (Isparta, Eskişehir and Tekirdağ) in Akfen Construction's portfolio continued their activities in 2021.
			\$173mn	\$1,154mn	
Adjusted EBITDA	Number of Employees				
\$115mn	70				
ENERGY	Akfen Renewable Energy	Subsidiary Share	Turnover	Total Assets	Akfen Renewable Energy, which has one of the largest renewable energy portfolios in Turkey, continued its activities in 2021 with a total installed power capacity of 706 MW in 13 hydroelectric and 35 solar and 6 wind power plants.
			\$146mn	\$1,093mn	
Partners	EBITDA	Number of Employees			
EBRD, IFC	\$109mn	214			
MINING	Acacia Mining	Subsidiary Share	Turnover	Total Assets	The Gökırmak Copper Mine project in the Hanönü District of Kastamonu started production in March 2019. In 2021, a total of 1.9 million tons of ore was processed and 105 thousand tons of copper concentrate was produced.
			\$192mn	\$370mn	
Partners	EBITDA	Number of Employees			
İlbak, İzbir	\$113mn	226			
Gökırmak Bakır Maden İç ve Dış Ticaret A.Ş.					
PORT MANAGEMENT	Mersin International Port	Subsidiary Share	Turnover	Total Assets	The volume of containers handled by MIP in 2021 reached 2.1 million TEU with an increase of 4.4% compared to the previous year. MIP became Turkey's largest container port in 2021.
			\$321mn	\$1,274mn	
Partners	EBITDA	Number of Employees			
PSA, IFM Investors	\$230mn	2,028			
PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş.					

Akfen Holding continues to create added value in the infrastructure sector with its partners and thousands of employees

MARITIME TRANSPORT	Istanbul Sea Buses/Marmara Deniz Otobüsleri Yatırım ve İşletme A.Ş.	Subsidiary Share  Partners Tepe Construction	Turnover \$91mn	Total Assets \$190mn	With the decrease of the effects of the pandemic in 2021, the number of passengers carried by İDO became 28 million and the number of vehicles was 5.9 million.	
			Operational EBITDA \$28mn	Number of Employees 1,018		
REAL ESTATE INVESTMENTS	Akfen REIT	Subsidiary Share  Partners	Turnover \$22mn	Total Assets \$515mn		Akfen REIT's hotel portfolio consisting of 21 hotels (3,720 rooms) was positively affected from the reduction of the effects of the pandemic in 2021, with an average occupancy rate of 55% with an increase of 22 points YoY.
			EBITDA \$19mn	Number of Employees 20		
ENVIRONMENT & WATER CONCESSIONS	Akfen Environment and Water	Subsidiary Share  Partners Kardan	Adjusted Turnover \$12mn	Total Assets \$4mn	In 2021, the amount of waste collected was 5 thousand tons.	
			Adjusted EBITDA \$1mn	Number of Employees 6		
OTHER	Travellex	Subsidiary Share  Partners Travellex, Sera Tepe Cons.	Turnover \$36mn	Total Assets \$3mn		Travellex, which opened its first store in London in 1976, is the world's leading independent foreign exchange trading company. It operates in 12 locations in Turkey.
			EBITDA \$2mn	Number of Employees 45		



Operation Map

City Hospital (Completed)

- Isparta City Hospital
- Eskişehir City Hospital
- Tekirdağ City Hospital

Dormitory (Completed/ Akfen Cons. & Akfen REIT)

- Hacettepe Guest House / Ankara
- Isparta Dormitory
- Kütahya Dormitory

Housing Projects (Completed)

- İncek Loft / Ankara
- Bulvar Loft / Ankara

Office/House Projects (Completed)

- Levent Loft / İstanbul
- Levent Bahçe / İstanbul

Hotel Investments (Akfen Cons.) (Construction Ongoing)

- Uludağ Loft

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
- Bodrum Loft

Mining (In Operation) (Acacia Mining)

- Gökırmak Copper Mine Project / Kastamonu

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

- Güllük Municipality Fresh Water and Waste Water Concession Project / Muğla*
- İDO Solid Waste Man. Ser. / İstanbul
- MIP Solid Waste Man. Ser. / Mersin
- Yozgat City Hospital Solid Waste Man. Ser.**
- Isparta City Hospital Solid Waste
- Eskişehir City Hospital Solid Waste
- Tekirdağ City Hospital Solid Waste

Maritime Transportation (İDO) (In Operation)

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

Port Concessions (MIP) (In Operation)

- Mersin International Port

HEPP Investments (In Operation)

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

WPP Investments (In Operation)

- Kocalar / Çanakkale
- Üçpınar / Çanakkale
- Hasanoba / Çanakkale
- Denizli
- Sarıtepe / Osmaniye
- Demirciler / Osmaniye

SPP Investments (In Operation)

- Denizli Projects (7 SPP Projects)
- Yaysun / Konya
- Solentegre / Elazığ
- Karine / Elazığ
- Amasya
- Tokat Projeleri
- Omicron Engil / Van
- Omicron Erciş / Van
- PSİ / Van
- ME-SE / Konya
- MT Doğal / Konya
- İOTA / Malatya

Other (Travel) (In Operation)

- Antalya: 4 exchange points
- İzmir: 3 exchange points
- Ankara: 3 exchange points
- Alanya: 1 exchange points
- Kuşadası: 1 exchange points

Exited Investments

- TAV Construction
- TAV Airports
- TUV Turk Vehicle Inspection Stations
- Kuşadası Cruise Port / Aydın
- Karasu-1 and 2 HEPP / Erzurum
- Karasu-4, 2, 3 and 5 HEPP / Erzincan
- Piriçlik HEPP / Karabük
- IBS Insurance (İstanbul/Ankara/İzmir/Mersin)

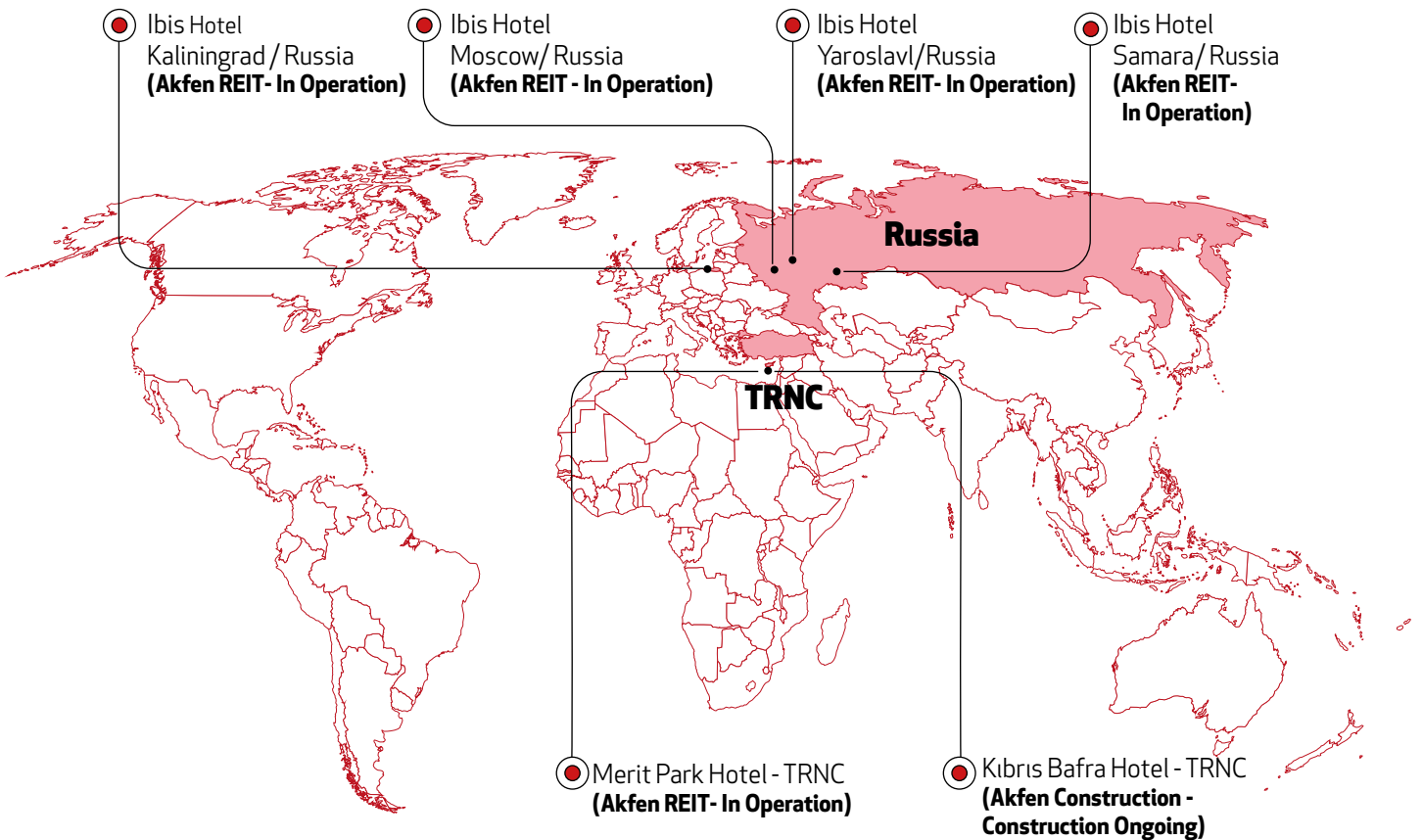
* All shares of Akfen Güllük Environment and Water Investment Construction Operations Inc., a wholly owned subsidiary of Akfen Environment and Water, were transferred to Hız Environment and Water Investments Inc. on 19 April 2021 with all its rights and obligations.

** Yozgat City Hospital contract and accordingly waste services has been terminated as of 26.10.2021.



Foreign Investments

Hotel Investments



Our Partners

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.

TRAVELEX

Travelex, headquartered in London, is the representative of a 140-year tradition of in the field of foreign exchange and related services. Travelex operates in more than 20 countries with more than 900 ATM and 1,100 service points at airports and non-airport locations. Travelex has created a platform to globally reinterpret the cross-border movement of physical and digital currency. Through this platform, it provides financial institutions with a reliable, effective and accurate international money transfer service and complements this service with secure cash delivery service in all currencies

ACCOR

Founded in 1967, the Accor Group, based in France, has 5,200 hotels in 110 destinations including economic, medium, luxury and top classes.

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.

IFM

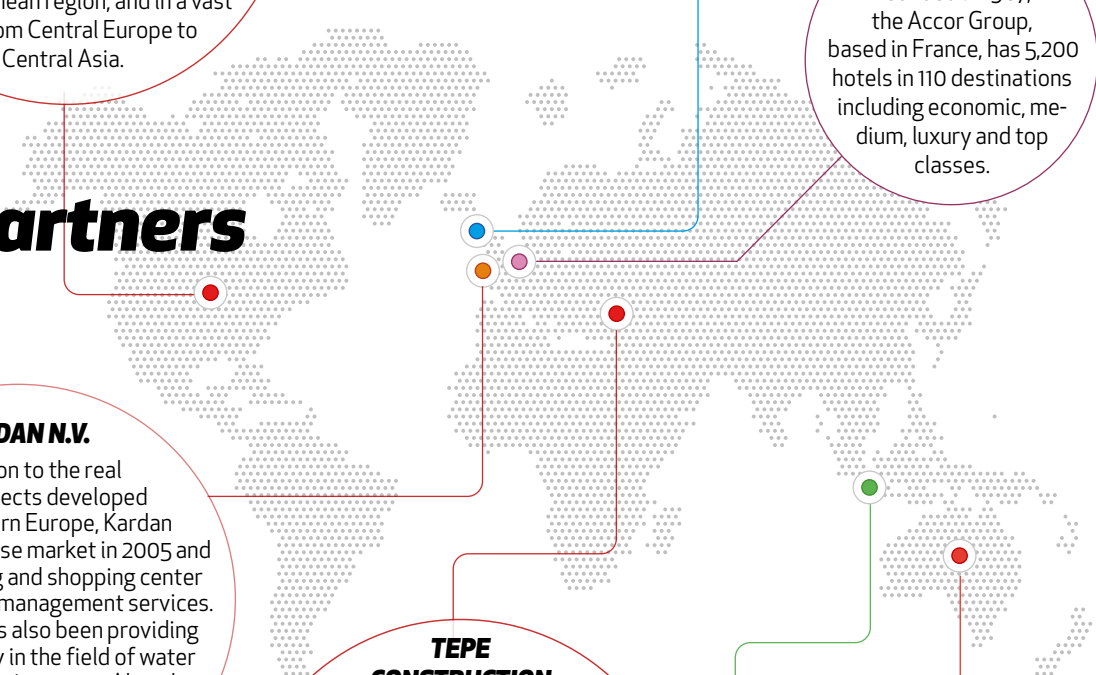
For more than 20 years, IFM Investors, a fund management company serving more than 590 institutional investors worldwide, has managed approximately AUD 180 billion in funds.

İLBAK HOLDİNG

İlbak companies came together in 2010 under a holding structure. İlbak Holding, with İlan Marble, TETE Albania and Acacia Mining companies under its roof, aims to be a prominent brand in the mining sector. İlbak 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.

PSA

PSA, one of the largest port operators in the world, was established in Singapore in 1972. Serving at 50 ports in 26 countries, PSA handled a total of 91.5 million TEU containers in all ports worldwide in 2021.





As Akfen we
will continue
to create value
for our beloved
country



Dear Partners,

The years 2020 and 2021 were a period in which we experienced unexpected experiences globally. It had its benefits as well as its disadvantages, but the point that should be emphasized is that the pandemic was instructive. The first thing it taught and I believe will create significant change in the future was remote access. In fact, the Turkish business world clearly saw that remote work, which already has a ready infrastructure globally, is possible, and we have not only seen it, but put it into practice.

Another instructive issue was the necessity of leaving old technologies behind and penetrating new business lines as soon as possible. Not only Akfen, but also the Turkish business world have an obligation to turn to technology-based businesses. I think that we should rise above the old familiar works and support different sectors such as biotechnology and biochemistry, where we lag behind the world.

On the other hand, like many other holdings, we as Akfen Holding spent 2021 with financial structuring rather than strategic investments.

In the environment of uncertainty brought by the pandemic period, it became extremely important for all companies to maintain their presence in different areas. The pandemic, initially, has created an environment where there was no income and expenses continued. Later, this effect gradually decreased, but huge deficits had occurred. Time was spent to eliminate them and to heal the wounds. 2021 was such a year. Despite this challenging environment, we managed to protect our staff and investments last year, while realizing our investments within the time frame we committed to.

We've seen the worst and pondered how to keep the system afloat with the financial data at hand. The area that experienced the greatest negativity in the pandemic was the city hotels. We reduced the debts by taking financial measures and putting capital in the company as a shareholder.

Apart from city hotel management, we tried a brand new model by conducting long-term rentals in our Bodrum Loft holiday village project, which we included in Akfen REIT's portfolio, and we were successful. Bodrum Loft, which we operate, has reached full occupancy rates almost a year ago, and made an important place for itself as an exemplary project that will continue its popularity for many years due to its high demand as well as its respectful approach to nature.

We will rehabilitate the train station in the Söğütlüçeşme Project in Kadıköy district of Istanbul. Our desire to continue with projects harmonious with nature in Bodrum continues as well.

We will start the expansion investment that will allow giant container ships to dock at Mersin International Port (MIP). Although the year 2022 has started with difficulties due to the conflict between Russia and Ukraine, as in the pandemic, we think that it will be an instructive process despite the negativities it will bring. While it is clear that the West will accelerate the process of reducing its dependence on fossil energy, it has once again been clear how important domestic and renewable energy resources are for Turkey.

Any energy investment that is not in harmony with nature no longer has a chance. I believe that the world will evolve towards renewable energy sources, even like methane and hydrogen. The era of fossil fuels is coming to an end. The resources to be obtained from the public offering we planned at Akfen Renewable Energy will be used for energy investments.

I fully believe that Akfen Group's ingrained financial management skills will enable it to find its way again in these choppy waters together with our partners.

Regards

HAMDİ AKIN

Akfen Holding Chairman of the Board of Directors


SELİM AKIN

Akfen Holding
Vice Chairman of the Board of Directors
and CEO



We are cautious, but we continue to look for new investment areas and opportunities. We design our budget within the framework of this understanding

Dear Stakeholders,

For Akfen Holding, 2021 has been a year in which we continued on the road with determination despite the negative effects of the economy and the pandemic.

The sensitivity to climate change in the world in recent years and the trend in the energy sector have shown us how accurate our choice of investing in renewable energy is.

As Akfen Renewable Energy, we focused only on energy production from wind, solar and water. In a short time, we reached a portfolio of 706 MW in this field.

Thanks to the green and clean energy we produce in the power plants we own, we have achieved a reduction equivalent to 4 million tons of carbon dioxide. This figure is considered to be equivalent to the clean air provided by approximately 562,000 trees.

We ranked 46th among 4914 companies in the world in the sustainability report prepared by Vigeo Eiris, which was established as a subsidiary of the international rating agency Moody's. We aim to do our part by improving our role and responsibility here every year.

We have a young portfolio that will not be harmed for another 6-7 years in renewable energy. We are planning an IPO in energy. With the capital obtained from this public offering, we will continue to grow by creating new investments.

The area that experienced the greatest negativity in the pandemic was the city hotels. We took a few steps. First, we discussed our strategic partnership with Accor which has been going on since 2005, and made improvements to our lease agreements. We reduced the debts by taking financial measures and putting capital in the company as a shareholder.

100 percent occupancy achieved in Bodrum Loft

As Akfen, we have the ability to closely monitor investment opportunities, sometimes utilize the portfolio we have, and sometimes make investments from scratch, depending on the investment environment and attractiveness.

Our Bodrum Loft hotel, which we have built in line with the opportunities in the Turkish tourism sector, whose land has been in our possession for a long time and which we completed and put into service the previous year, set an important example for this. Bodrum Loft, which we have developed as a modern, environmentally friendly holiday village, has attracted great interest from abroad as well as in Turkey in just two years.

In Bodrum Loft, we have extended the tourism season, which is limited to three months in Turkey, to six months with rentals for the period of 1 May-1 November. We achieved 100 percent occupancy rate with only domestic tourists. We believe that the success we

As Akfen Holding,
we expect 2022 to
be a year in which we
follow the economic
environment closely
while completing our
current investments



have achieved by making long-term rentals of 1,3 and 6 months in the hotel business can set an example for the sector.

Our desire to continue with nature-friendly projects continues in Bodrum as well

We will rehabilitate the train station within the Söğütlüçeşme Project in Kadıköy district of İstanbul. With a project accepted and approved by Kadıköy Municipality, State Railways and the Ministry of Environment, we will create a more environmentally friendly, open-space concept than its counterparts in Europe. As Akfen REIT, we will develop a real estate project in the area that will be left after the relocation of Penguen Gıda's factory in Bursa that will add value to the region.

With the investments we made, Mersin International Port (MIP) has grown by an average of 7.5 percent annually over 14 years and has become Turkey's largest port for the last three years. In 2022, we will begin a USD 375 million expansion project that will increase its total capacity to 3.6 million TEUs and the port will be able to simultaneously serve two 400-metre-long mega-ships, the world's largest.

The havoc the pandemic created is slowly passing. The epidemic, which started in 2020, is slowly retreating, leaving heavy damage especially for global economies. Turkey, with high inflation rates and exchange rates as well as price increases, also suffered from this negative environment and it continues to do so. In this context, the government is trying to take some economy oriented measures. We believe that 2022 will be a year when we will see the results of these steps.

Although advantages arise for some sectors, especially in production, exports and tourism due to the high exchange rate, the high risks that the Russia-Ukraine conflict creates eliminate the relative advantages.

Although we have hedged our foreign exchange risk, the volatility in exchange rates is important for our free cash position in our budget. In addition to the negative developments in the exchange rates, the rise in commodity prices complicates our future investments and budget forecasts. Oil prices for İDO and copper prices for Acacia Mining determine the course of the budget.

In Akfen Holding, we expect 2022 to be a year in which we closely monitor the economic environment as we complete our current investments. We are cautious, but we continue to look for new investment areas and opportunities, and we design our budget within the framework of this understanding.

Regards



PELİN AKIN ÖZALP

Akfen Holding
Board of Directors Member

Akfen Holding Financial Results for 2021

Akfen Holding significantly increased its net profit, equity and total assets in 2021

The important developments affecting Akfen Holding's financial results in 2021 and the main changes in the subsidiary portfolio are summarized below.

The merger of Akfen Holding and Akfen Infrastructure Holding, which owned the majority shares (89.49%), was completed on 10 November 2021, by joining the Company as a whole without liquidation.

► As a result of the merger, Akınısı Machinery, Akfen Consulting, Akfen Tourism, Akfen REPIC, Akfen Merter and BISS Defense (new title: BiZ Mining) were taken over as subsidiaries and Travelex and Tepe Akfen Reformer companies as financial investments. Additionally, Akfen Holding's share in Akfen Construction, which previously the holding had a share of 48.81% and accounted for using the equity method, became 100% owned, and the company was thus fully consolidated in financials as it is now a subsidiary.

► In this context, the 2020 financials have been restated as if the merger had occurred as of the beginning of the reporting period.

Moreover;

► Akfen Holding completed the sale of the remaining 20% of its shares in IBS Insurance on 28 January 2021. IBS Insurance, which was removed from the balance sheet dated 31.12.2021, was consolidated only for January 2021 in the income statement.

► On 18 January 2021 Akfen Holding took over the remaining 0.75% of Akfen Energy Generation, of which it had a 99.25% stake, thus becoming the 100% owner of the company. Akfen Holding's merger with Akfen Energy Generation was completed on 5 March 2021.

► The redemption of Akfen REIT's convertible bonds was carried out on 12 January 2021, and after the completion of the transaction, Akfen Holding's share, which was 56.88% before, became 43.06%. Following the completion of Akfen REIT's rights issue on 9 February 2021 Akfen Holding's share became 30.37%. After the rights issue on 20 August 2021, Akfen Holding's share became 23.94%. Akfen REIT, which was consolidated with 23.94% in its balance sheet

on 31.12.2021, has been added to the consolidation in its income statement with 56.88% in January 2021, 30.37% in 31 January-30 September 2021, and 23.94% in 4Q21.

► All of the shares of Akfen Güllük Environment and Water Investment and Construction Operations Inc., a wholly owned subsidiary of Akfen Environment and Water, were transferred to Hız Environment and Water Investments Inc., with all its rights and obligations, on 19 April 2021.

► Within the scope of the restructuring of İDO's project finance loan, Marmara Sea Buses Investment and Management Inc. ('MDO') was established on 5 May 2021, as a 50/50 equal partnership of Akfen Holding and Tepe Construction.

► With the restructuring completed on 8 July 2021, Akfen Holding and Tepe Construction transferred their shares in İDO to MDO and MDO became the 100% owner of İDO. In the balance sheet dated 31.12.2021, MDO has been consolidated using the equity method.

BALANCE SHEET

Consolidated Assets:

Akfen Holding's total consolidated assets in 2021 amounted to 29.2 billion TL, with an increase of 62% compared to 2020. The main reasons for this increase were the financial assets related to concession agreements whose fair value increased in 2021, financial investments and the increase in the investments valued by the equity method, mainly due to Akfen Renewable Energy and Akfen REIT.

Consolidated Equity:

At the end of 2021, Akfen Holding's consolidated equity reached 13.2 billion TL, with an increase of 98% compared to the previous year.

Consolidated Financial Debt:

While Akfen Holding's total consolidated financial debt was 8.9 billion TL in 2020, it reached 13.7 billion TL in 2021. On the other hand, the Company's net financial debt, which was 6.3 billion TL in 2020, reached 9.5 billion TL in 2021. Since a significant portion of financial debt is in foreign currencies, the increase resulted from the depreciation of TL against foreign currencies in 2021.

INCOME STATEMENT

Revenues

Akfen Holding's revenue for 2021 was 601 million TL (2020: 1.184 million TL). The fact that Akfen Construction completed its ongoing construction projects in 2020 was the main reason for the decrease compared to 2020.

Operating Profit

Gross profit was 65 million TL in 2021 (2020: 146 million TL). Akfen Holding's operating profit in 2021 was 7,276 million TL (2020: 1,279 million TL). The reason for the significant increase in the operating profit in 2021 was the significant increase in the shares of the profits of the investments valued by equity management.

Profit for the Period

Net profit for the period, which was 47 million TL in 2020, reached 2,760 million TL in 2021. Other developments that significantly affected the increase in net profit in 2021 are summarized below:

- ▶ In 2021, other income from main activities increased significantly to 6,439mn TL (2020: 1,683mn TL) due to mainly the increase in value resulting from the fair value calculation of the Service Concession Agreements (6bln TL increase in the value of Akfen Construction's hospital PPPs) and the value increase of investment properties (451mn TL value increase),
- ▶ Shares in profits of investments valued using equity method in 2021 amounted to 895mn TL (2020: 466mn loss TL).



Main Financial Indicators

Summary Balance Sheet (million TRY)	31.12.2021	Restated 31.12.2020	Restated 1.01.2020
Cash and Cash Equivalents	1,980	1,627	2,085
Financial Investments	1,024	475	20
Financial Assets Related to Concession Agreements	1,368	862	423
Other Current Assets	321	350	537
Assets Reclassified as Held for Sale	0	15	3
Total Current Assets	4,693	3,328	3,068
Financial Investments	4,882	2,620	2,415
Other Receivables	848	752	535
Financial Assets Related to Concession Agreements	11,077	6,514	4,361
Investments Accounting Using the Equity Method	5,111	2,188	1,368
Investment Properties	1,304	1,133	875
Deferred Tax Assets	991	914	627
Other Non-Current Assets	283	542	993
Total Fixed Assets	24,496	14,663	11,174
TOTAL ASSETS	29,188	17,991	14,242
Financial Liabilities	13,699	8,950	7,039
Other current liabilities	334	1,259	1,357
Other non-current liabilities	1,987	1,138	805
Total Liabilities	16,020	11,347	9,201
Equity	13,169	6,644	5,041
Equity Att, to Equity Holders of the Parent	13,202	6,665	5,066
Non-controlling interests	-34	-22	-25
TOTAL LIABILITIES	29,188	17,991	14,242

98.2%

Change in Equity

Summary Income Statement (million TRY)	2021	Restated 2020	Change
Revenues	601	1,184	-49%
Gross Profit	65	146	-56%
Share of profit/(loss) from investments accounted using the equity method	895	-466	n.m.
Operating Profit	7,276	1,279	469%
Income / Expenses from Investment, Activities, Net	164	194	-16%
Financial Expenses, Net	-4,789	-1,652	n.m.
Tax income/(expense)	109	226	-52%
Net Profit for the Period	2,760	47	5,714%
Non-Controlling Interests	-7	3	n.m.
Equity Holders of the Parent	2,767	44	6,138%

469%

Operating Profit increase

x59

Net Profit increase

Summary Cash Flow Statement

(Loss)/profit for the period	2,760	47	5,714%
Other adjustment for profit/loss reconciliation	-1,024	420	n.m.
Changes in working capital	126	-483	n.m.
Cash flows from/ (used in) operations	1,862	-16	n.m.
Cash Flows from Operating Activities	2,751	459	500%
Cash Flows (used in)/from Investment Operations	-1,322	-433	n.m.
Cash Flows from/ (used in) Financing Activities	-1,073	-408	n.m.
Net decrease in cash and cash equivalents	356	-382	n.m.
Cash and cash equivalents at the beginning of the period	1,620	2,002	-19%
Cash and cash equivalents at the end of the period	1,977	1,620	22%

Financial Indicators

Current Ratio	1.88	0.75	1.13
Liquidity Ratio	1.87	0.74	1.13
Total Financial Debt / Equity	1.04	0.68	0.36
Financial Leverage	1.02	1.13	-0.11

CHAPTER 2

Akfen Holding Group Companies

CONSTRUCTION

- ▶ Akfen Construction
- House/Health/Dormitory Investments
 - İncek Loft
 - Bulvar Loft
 - Isparta City Hospital
 - Eskişehir City Hospital
 - Tekirdağ City Hospital
 - Hacettepe Guest House
- Other Investments
 - Kıbrıs Bafra Hotel

ENERGY

- ▶ Akfen Renewable Energy

PORT SECTOR

- ▶ Mersin International Port (MIP)

COPPER MINING SECTOR

- ▶ Acacia Mining

WASTE WATER & SOLID WASTE SECTOR

- ▶ Akfen Environment and Water

REIT and TOURISM SECTOR

- ▶ Akfen REIT

MARITIME TRANSPORTATION SECTOR

- ▶ İstanbul Sea Buses (İDO)

OTHER

- ▶ Travelex
- ▶ Other Subsidiaries



Construction Sector

The construction sector, which stands out with the demand it creates for more than 200 sub-sectors in the economy, grew in the first half of 2021, albeit quite limitedly, and started to contract sharply again in the third quarter, and contracted by 3.9% in the last quarter of the year.

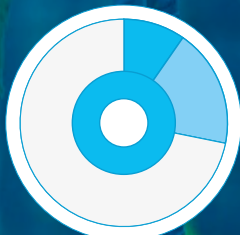
The construction sector, which contracted by 3.5% in 2020, continued to shrink in 2021, when the economy grew by 11%, and overall contracted by 0.9% compared to the previous year.

Costs increased, construction slowed

Increasing construction costs have slowed the progress of ongoing projects. The current situation in the construction sector, which also stands out with its employment potential, points to difficulties in achieving the sustainable growth target. With the financial difficulties, it has become very difficult to make short-term forecasts in the sector, especially the investment programs of the public sector are needed as a guide in this framework.

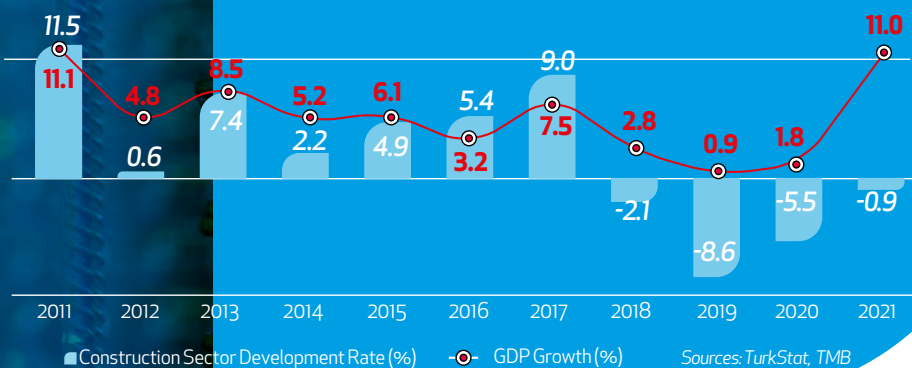
The demand changes in market conditions and the high housing loan interest rates in 2021 had a negative impact on housing sales, which decreased by 0.5% compared to the previous year and amounted to 1 million 491 thousand 856. İstanbul had the highest share in house sales with 276,223 units and a share of 18.5%. İstanbul was followed by Ankara with 144,104 units and 9.7% share, and İzmir with 86,722 units and 5.8% share. The provinces with the lowest number of house sales were Hakkari with 267 units, Ardahan with 377 units and Bayburt with 871 units.

Distribution of House Sales (2021)



	Total sales (unit)	Share (%)
Ankara	144,104	9.7%
İstanbul	276,223	18.5%
Others	1,071,529	71.8%
Total	1,491,856	100%

Construction Sector Development



2015

Novotel Istanbul Bosphorus

Levent Loft

2016

İncek Loft

Isparta Student
House

2016

Hacettepe Guest House

Akfen Construction

2017

Isparta City Hospital

2018

Bulvar Loft

Kütahya
Student House

Bodrum Loft

2018

Eskişehir City Hospital

2020

Tekirdağ City Hospital



Akfen Construction, the flagship of Akfen Holding, has completed more than USD 3.5bn in construction projects over 35 years since its establishment

Akfen Construction

Akfen Holding's flagship Akfen Construction, multiplies its energy with new areas of expertise that it adds to its portfolio. As of 2013, new areas were added to the high-skill requiring projects of the construction industry such as hotels, airport terminals, runways, industrial facilities, hydroelectric power plants, and pipelines.

PPP projects brought great experience

Hospitals are at the forefront of these areas. Akfen Construction quickly gained a great deal of experience in the construction of city hospitals built with the Public-Private Partnership (PPP) model. Among the three city hospitals built in Isparta, Eskişehir and Tekirdağ, Akfen Construction completed the Isparta City Hospital within a short period of 12 months and 12 days in March 2017. Eskişehir City Hospital was completed in October 2018 and Tekirdağ City Hospital within 2 years and started giving service in 2020. Thus, Akfen Construction delivered all the projects it undertook on time, providing the Ministry of Health with the greatest support against the Covid-19 pandemic, which it successfully fought.

Field of expertise expanded with housing projects

Akfen Construction brought its expertise to a higher level by adding giant housing projects such as Bulvar Loft and Incek Loft in Ankara to the office-residences it built with the Loft concept in Levent, Istanbul.

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, hydroelectric power plants, water distribution, sewerage systems and wastewater treatment. Overall, the company has completed over USD 3,5 billion of construction projects. Akfen Construction's experience, while making significant contributions to the group activities, has played an important role as the driving force of the ever-growing Turkish economy.

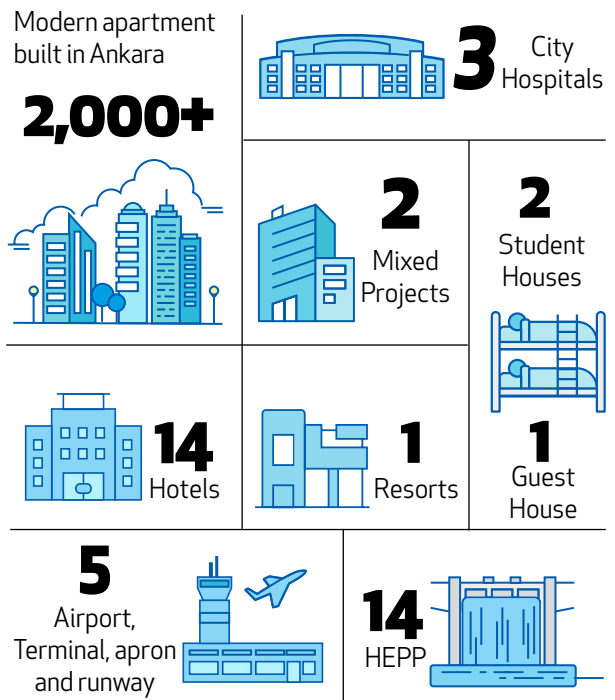
Continuing on its way by creating a strong network of relations with global partners who have a voice in every field, Akfen's partners in these construction projects, too, are national or regional governments or major local industry groups, enabling it to strengthen its reputation at home and abroad.



Shareholding Structure

↳ Akfen Holding 100%

From the Establishment to the Present Executed Projects



Akfen Construction's
half a million
squaremeter
residential construction
corresponds to an area
the size of 700 football
fields

Akfen Construction's Housing Investments

Akfen Construction has a significant investment portfolio in superstructure projects as well as infrastructure projects. The company provides services for project design, engineering and construction works in a wide range of housing estate, luxury housing, hotel, shopping mall, hospital, school, library, lodging and military building projects. In addition to the Levent Loft, which was built in Levent, Istanbul with the Loft concept, two important housing projects were completed successfully in Ankara.

Akfen Construction completed its first investment in 2016 in the Incek District, which is rapidly growing as the new residential area of the city and is called the "golden triangle".

80% of Incek Loft was quickly sold out due to its proximity to educational and health institutions. Following this success, the second project was Bulvar Loft. The project with 822 flats was completed at

the end of 2018. Thus, Akfen Construction has added more than 2,000 modern, luxury apartments to the Ankara housing market.

Half million square meters construction

Akfen Construction, which has built a construction area of nearly half a million square meters on a total land of 145 thousand square meters, has also treated nature with respect in its housing projects. Just like how the Group turned to renewable sources of energy, it offers the citizens and the country an opportunity for a healthy life with its social facilities and landscaping area that reaches 70% in housing projects.

Akfen Construction's housing investments, which offer investment opportunities as well as peaceful living spaces, have succeeded in providing high returns to its investors over the last 2-3 years, despite the ups and downs in the economy.



İncek Loft

The foundations of İncek Loft, the first real estate project of Akfen Construction in the region defined as the 'golden triangle' of Ankara, were laid in 2014. Looking at the general silhouette, it is described as the most beautiful project of Ankara by far.

The project offers significant opportunities to real estate investors in terms of price performance, product segment and visuals. Working with Tabanlıoğlu Architecture, the architect of Levent Loft, one of the iconic projects of Istanbul, and Loft Garden, Akfen Construction has created buildings to meet different living and investment demands in İncek Loft.

One of the most important features of İncek Loft is that 68% of the project consists of landscaping and social facility areas, within the framework of respect for urban values and natural resources. In the project; the garden, terraces and all residences have been designed to make optimal use of daylight and the general view.

Commercial areas

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

Number of Houses

1,199



Number of Commercial Area

43



Social Facilities and Landscape Area

68%



Opening Date **2016** April

Bulvar Loft

Levent Loft, Loft Garden and İncek Loft, Akfen Construction completed its fourth project of the Loft concept, Bulvar Loft, in May 2019 as promised, and delivered it to the beneficiaries.

Bulvar Loft carries the signature of A Architectural Design, the largest architectural office of the Capital, which has worked on many big projects in Ankara. Unlike İncek Loft, Bulvar Loft focuses on living spaces. The project has been developed to appeal to middle/upper socio-economic groups.

The project is located at the intersection of Yavuz Sultan Selim Boulevard, which connects northern settlements such as Etimesgut, Çayyolu and Beysukent, to the south, and İncek Boulevard, which connects Oran, Mamak and İncek settlements in the east-west direction.

75% green and landscape area

In the central part of the Bulvar Loft project, 75 percent of which is allocated to green landscaping, there is a social region with 31 commercial areas built on 10 thousand square meters.

Land Area

37,000 m²



Construction Area

170,000 m²



Number of Houses

822



Number of Commercial Area

31



Opening Date **2019** May

Bodrum Loft Project*

* As of February 9, 2021, Akfen REIT took over Masanda Turizm (Bodrum Loft).



The system in the city hospitals project covers a period of 28-29 years in total, 1 year of which is preparation, 2-3 years of investment and 25 years of operation

City hospitals have been put into practice to meet the quality and modern health service needs of the Turkish people. The first of the projects implemented with PPP was put into service in January 2017.

The system was founded on the idea that the construction of the hospitals and the implementation of all the main services would be carried out by the private sector in return for a certain rent from the public. In this model managed by the Ministry of Health, Public Private Partnership Department, the target is to increase the quality of health services provided to the public with a lower cost. In the project, the construction and completion process covers 28-29 years, 1 year of which is preparation, 2-3 years of investment and 25 years of operation. It is envisioned that the hospitals built at the end of the contract will be transferred to the public.

Currently, there are 13 PPP city hospitals in Turkey that are in operation and 5 are under construction.

The Ministry of Health has decided to use the contracting model instead of the PPP model for new hospitals to be built. The tenders for new hospitals will be decided according to the lowest cost offer, within the feasibility prepared by the General Directorate of Health Investments.

Akfen Construction's City Hospital Investments

Akfen Construction, which undertook the construction and operation of three city hospitals in Isparta, Eskişehir and Tekirdağ, successfully completed the Tekirdağ City Hospital in 2020 and now all the projects are in the service of the Ministry of Health. Akfen Construction undertook three of the city hospitals to be built with the PPP model after the restructuring in the Turkish health sector. Of the 18 health complexes approved by the state, Akfen Construction won the tenders for the construction and operation of city hospitals in the provinces of Isparta, Eskişehir and Tekirdağ, and committed to invest a total of USD 1.1 billion in this area.

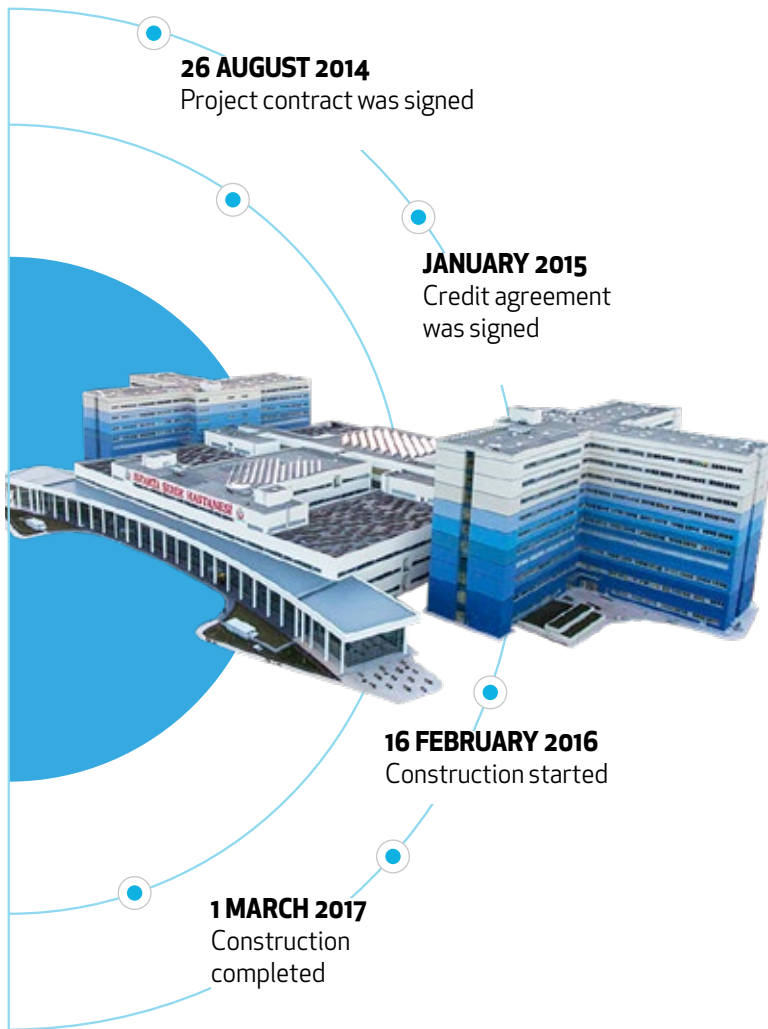
Served 7.7 million patients over 5 years in Isparta

Isparta City Hospital, the first of the three city hospitals, was handed over to the Ministry of Health with a ceremony held on 24 March 2017. Working with a performance beyond its capacity, Isparta City Hospital succeeded in serving 7.7 million patients over five years of operation.

Hospitals stood out with their services during pandemic

Eskişehir City Hospital, which was put into service on 27 October 2018, reached 3.4 million patients in its second year. Finally, Tekirdağ city hospital was added. All hospitals stood out for their greatest service to the Ministry of Health in the successful fight against the Covid-19 pandemic throughout 2020. The newest devices of modern medicine are used in hospitals with a total construction area of 705,960 square meters. The Ministry of Health stated that Isparta City Hospital is considered as an example for many hospital investments currently in progress, both in terms of construction and hospital equipment.

Isparta City Hospital, whose construction was completed in 12 months and started to operate in March 2017, has served 7.7 million patients to date



Isparta City Hospital

It is the first city hospital of Akfen Group to be put in service. Isparta City Hospital, which is built on an area of 178 thousand square meters and has a bed capacity of 835, started accepting its first patients after the ceremony held on 24 March 2017.

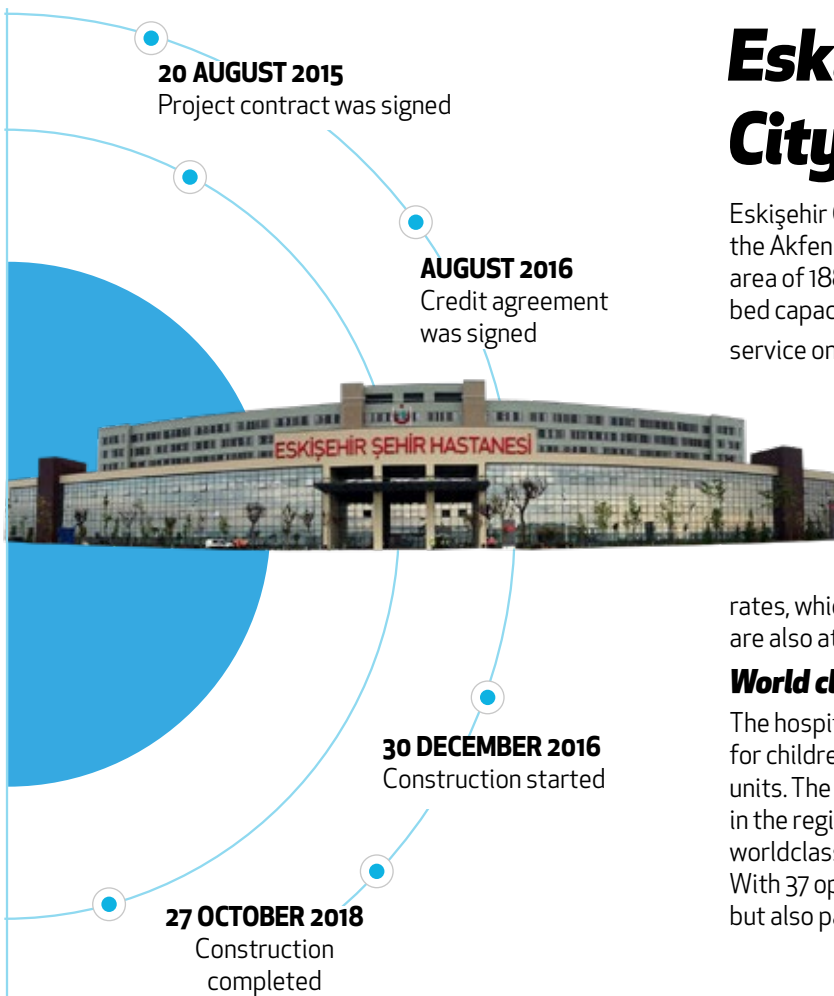
Employment provided to 1,528 people, 900 of which were newly employed

The Ministry of Health will be a tenant for 25 years in Isparta City Hospital, which provides free health services to citizens as a public hospital. As the responsibility of medical services remains with the public in the system, the employment regime of health personnel does not change. The total number of employees in the facility was 1,528, 940 of which were newly employed. All services such as data processing, security, cleaning, dining hall and parking lot are covered by Akfen Construction, which undertook the construction and operation of the hospital.

Isparta City Hospital

Total Area	Construction Area	Investment Amount
179 thousand m ²	222.6 thousand m ²	\$328 mn
Opening Date	Operating Duration	Polyclinic Services
2017	25 years	4,355 people/day
Total Beds	Polyclinic	Operating Rooms
835	171	20

Eskişehir City Hospital, the largest of the three projects undertaken by Akfen Group, meets an important need not only of the city but also of the surrounding provinces



Eskişehir City Hospital

Eskişehir City Hospital, the second city hospital of the Akfen Group to be put into service, is built on an area of 188 thousand square meters and has a total bed capacity of 1,235. The hospital, which was put into service on 27 October 2018, has a total construction area of 333 thousand square meters. While 972 of the beds were allocated to general health units, 63 beds were allocated to the oncology unit, 100 beds to the cardiovascular unit, and 100 beds to the High Security Forensic Psychiatry (HSFP) unit. The hospital occupancy rates, which meet an important need of the region, are also at a very high level.

World class medical equipment

The hospital also has special areas such as a nursery for children receiving treatment, dialysis and burn units. The hospital is among the leading hospitals in the region with its 254 outpatient clinics and worldclass advanced technology medical equipment. With 37 operating rooms, it serves not only Eskişehir but also patients from surrounding cities.

Eskişehir City Hospital

Total Area	Construction Area	Investment Amount
188 thousand m ²	333 thousand m ²	\$512 mn
Opening Date	Operating Duration	
2018	25 years	
Total Beds	Single Rooms	Double Rooms
1,081	829 (289 intensive care)	213
Polyclinic	Operating Rooms	Polyclinic Services
254	37	10k people/day

Tekirdağ City Hospital, the largest health campus of the Thrace Region, became operational in November 2020



Tekirdağ City Hospital

The hospital, which is the third project undertaken by Akfen Group, was put into service in 2020 and became the largest healthcare center in the Thrace Region.

Tekirdağ City Hospital, with a total capacity of 595 beds, stands out as the largest hospital in the Thrace Region. The contract was signed with the Ministry of Health on 12 August 2016 and the hospital was built on an area of 114 thousand square meters.

Investment is \$260 million

Tekirdağ City Hospital, with an investment amount of USD 260 million, was designed as a smart hospital like the other two hospitals of Akfen Group. Like in the Isparta and Eskişehir City Hospitals, seismic isolators were used in the construction of the Tekirdağ City Hospital, which came into service in 2020, to increase earthquake resistance. This was a technology that was not used in hospitals until that day.

Tekirdağ City Hospital has a parking area of 45 thousand square meters with a capacity of 1,054 vehicles in the closed and 297 vehicles in the open air parking lots. With the opening of the hospital, the total bed capacity of the three hospitals, which Akfen Group undertook, increased to 2,665, the number of operating theaters to 73 and the number of polyclinics to 579.

124 POLYCLINICS, 16 OPERATING ROOMS

The hospital has 124 polyclinics, 16 operating rooms, an intensive care unit with 121 beds and a dialysis unit with 22 beds. The hospital also has a neonatal intensive care unit, 8 high-security forensic psychiatry units, two burns units and a delivery room.

Tekirdağ City Hospitals

Total Area	Construction Area	Investment Amount
114 thousand m ²	159 thousand m ²	\$260 mn
Opening Date	Opening Duration	
2020	25 years	
Total Beds	Single Rooms	Double Rooms
595	81	189
Polyclinic	Operating Rooms	
124	16	

Dormitory & Guest House Projects*

Hacettepe Guest House

The Hacettepe Guesthouse Project, which will be developed and operated on the Hacettepe University Beytepe Campus in Ankara, started with the share transfer on 15 May 2014. Akfen Construction undertook the project by acquiring 45% of the Hacettepe Teknokent Training and Clinical Research Center Health R&D Consulting Project Inc. on said date. Akfen İnşaat acquired another 25% of the company in 2020 and its ownership rate in the company increased to 70%.

The project, which was planned as seven blocks with a total bed capacity of 7,300 on a land of 68,000 square meters at the first stage, will be able to increase to a bed capacity of 15,000 over time. An agreement has been reached with TSKB (Industrial Development Bank of Turkey) regarding financing. Two buildings were completed in the first quarter of 2016 and 5 buildings are under development.

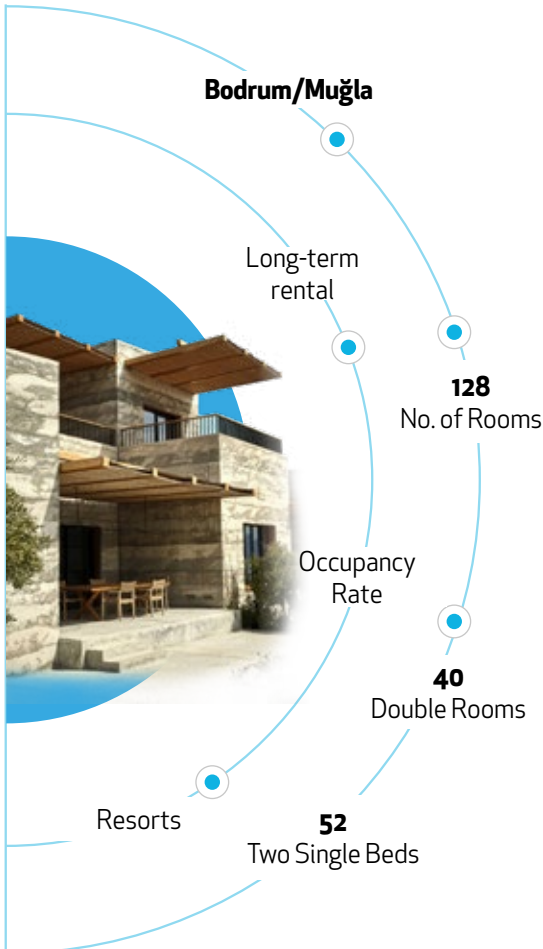
When Hacettepe Guesthouse reaches full capacity, it will be able to accommodate 40.5% of the 37,004 undergraduate students at Hacettepe University



Hacettepe Guest House

Construction Area (1 st Stage-2 Block)	Construction Area (2 nd Stage-5 Block)	
27,450 m²	83,600 m²	
Starting Date	Delivery Date (1 st Stage)	
2014 Q2	Sept. 2016	
Number of Beds (1 st Stage)	Number of Beds (2 nd Stage)	Allocating By
2,264	5,036	Hacettepe University

* As of 9 February 2021, Akfen REIT purchased all of the shares of Isparta Dorm (Kütahya and Isparta dormitories) from Akfen Construction.

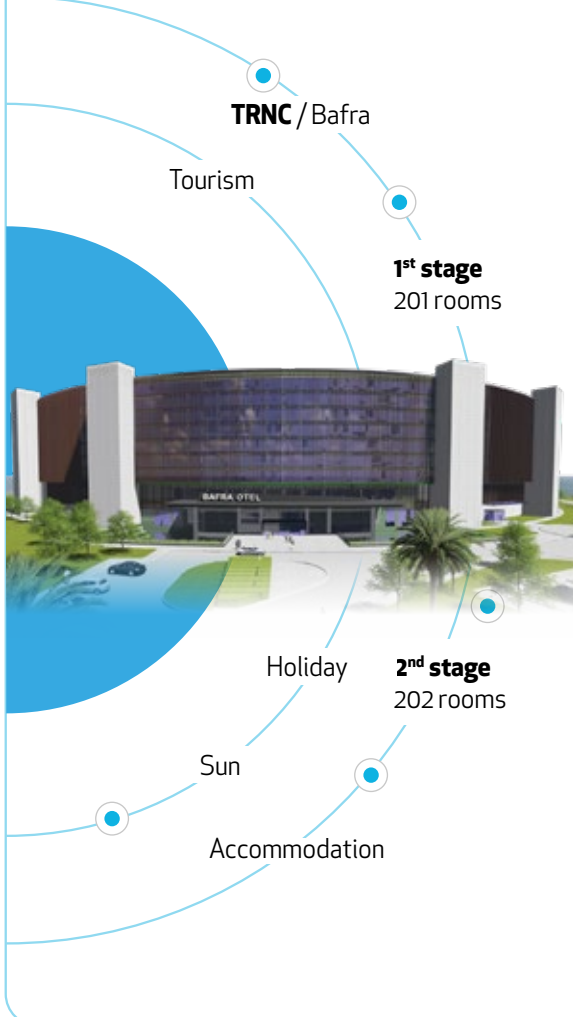


Bodrum Loft

Akfen Holding has also rolled up its sleeves to develop a project in Bodrum, where world-famous giant hotel chains flock to. The Bodrum Loft project implemented by Akfen Construction is a five-star holiday village built on a land allocated by the Ministry of Culture and Tourism, 15 kilometers from the center of Bodrum. The allocated company is Masanda Tourism Investments Inc. and the allocation period is 49 years. The project land area is 57,000 m² and total floor area is 14,517 m². The concept design and architecture of the project was carried out by Tabanlıoğlu Architecture. The project was delivered in 2020. As of 9 February 2021, Akfen REIT took over Masanda Tourism (Bodrum Loft).

Bodrum Loft Hotel

Allocating By	Land Area	Construction Area
Min. of Culture&Tourism	57,000 m ²	22,586 m ²
No. of Blocks	No. of Villas	No. of Beds
19 units	36 units	192 units
Delivery Date	Design	
49 years	Tabanlıoğlu Mimarlık	



TRNC Bafra Hotel

Bafra Hotel Project is being built on the Bafra Village Beach of Cyprus. The land has been allocated to Akfen Tourism and Trade Inc. for 49 years by the Cyprus Forestry Administration. The construction to be made on an area of 224,527 square meters will cover 85,364 square meters.

The construction area in the hotel project, which will consist of two stages, is planned to be 50,924 square meters in the first phase and 34,440 square meters in the second phase. There are a total of 403 rooms and 1,042 beds in the hotel part of the project. The first stage will consist of 201 rooms and 522 beds and the second stage will consist 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. The construction permit for the project was obtained on 03 October 2016.

TRNC Bafra Hotel

Allocating By	Land Area	Construction Area
TRNC Forestry Admin.	224,527 m ²	85,364 m ²
No. of Rooms	No. of Beds	Permitted Floor Area
453	1,242	78,585 m ²
Allotment Period	Design	
49 years (30.12.2059)	YPU Architecture	

Energy sector

The share of renewable energy in Turkey's total installed capacity was 35.9% in 2011 and this rate reached 51.7% by 2021.

One of the main components of Turkey's energy policy is the more effective use of domestic and renewable energy resources.

Although Turkey tries to reduce foreign dependency in energy, it still imports the primary raw materials in the production of electrical energy and the machinery-equipment used in production to a large extent. Foreign dependency is at high levels, especially in high-tech machinery and equipment used in generating energy from wind, solar, geothermal and biomass.

Share of Renewable Energy is 52%

While the share of renewable energy plants in the installed capacity was 36% in 2011, it increased to 52% in 2021.

Over the last 10 years, the installed capacity has almost doubled (88.7% increase). Turkey's total installed capacity of 99,820 MW in 2021 has grown by 4.1% compared to the previous year.

On the basis of resources, the highest share in the installed capacity development is hydraulic with 31.5% (31,493 MW). Following hydraulic power plants respectively, natural gas + LNG account for 25.6%, coal for 20.4%, wind for 10.6%, solar for 7.8% and other power plants (geothermal-biomass) for 4.0%.

There has been a significant change in electricity generation

Over the last 10 years, there has been a significant increase in the installed capacity of renewable resources other than hydro, arising from the change in energy production in Turkey.

Although its share in the total installed capacity is low, wind power plants increased by 20% compared to the previous year and reached 10,607 MW, while the installed capacity of solar power plants increased by 17% and reached 7,816 MW.

Over the last 10 years, there has been an increase

of 3.7% in electricity generation and 3.6% in consumption in Turkey.

The share of renewable energy in generation is increasing rapidly

The share of renewable energy in generation has increased rapidly over the last 10 years. While 25% of the electricity produced in 2011 came from renewable sources, this increased to 34% in 2021. In 2011, the share of renewable energy plants consisting of geothermal, wind and solar power plants, excluding hydroelectric power plants, was only 2.4% in total production, while in 2021 this number increased to 16.9%.

There is a direct relationship between social and economic development and energy consumption. Energy consumption increases in parallel with the increase in economic and social welfare.

In line with the economic growth in 2021, electricity generation increased by 12.5% and consumption by 12.1%.

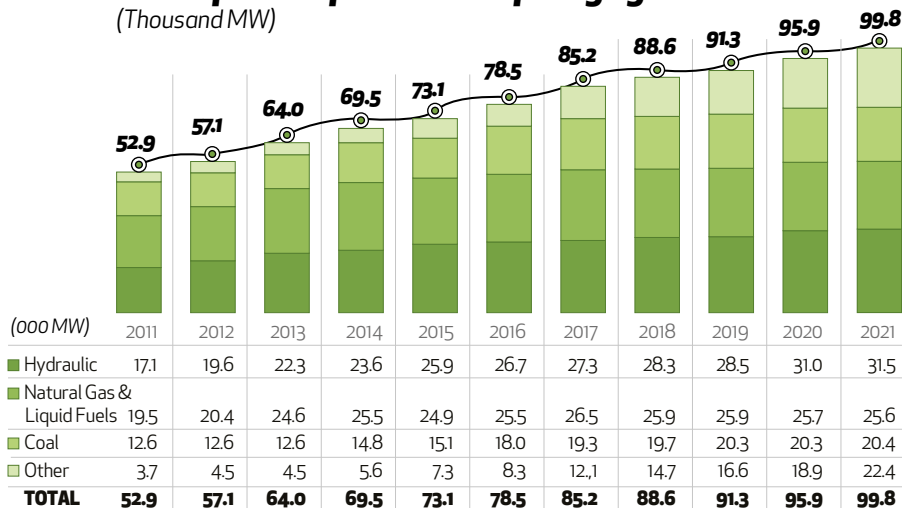
Over the last 10-year period, while Turkey's GDP increased by 5.2% on average, the annual average growth in energy demand remained at the level of 3.6%. This indicates that Turkey has a long way to go in energy.

The share of renewable energy in Turkey's total installed capacity was 35.9% in 2011 and this rate reached 51.7% by 2021



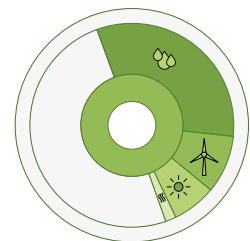
The share of renewable energy in Turkey's installed capacity, which has reached 100 thousand megawatts, has increased to 51.7 percent

Development of Installed Capacity by Sources (Thousand MW)



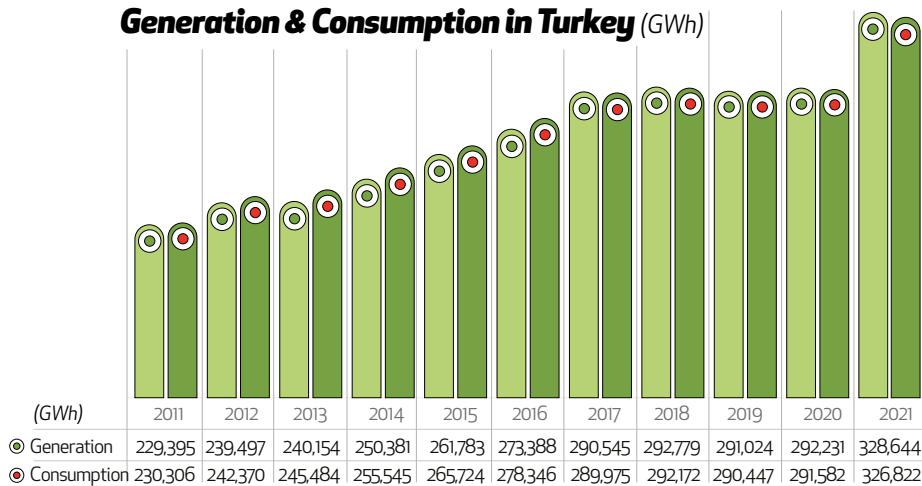
Source: TEİAŞ

Share of Renewable Energy in Total Installed Capacity (2021)

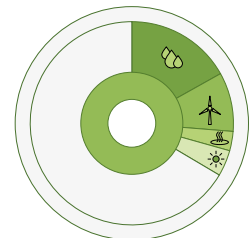


	Installed Cap. (MW)	Share (%)
Hydraulic	31,493	31.5
Wind	10,607	10.6
Solar	7,816	7.8
Geothermal	1,676	1.7
Other	48,228	48.3
Total	99,820	100.0

Generation & Consumption in Turkey (GWh)



Share of Renewable Energy in Total Generation (2021)



	Generation (GWh)	Share (%)
Hydraulic	55,475	16.9
Wind	30,901	9.4
Solar	13,650	4.2
Geothermal	10,106	3.1
Other	218,513	66.6
Total	328,644	100.0



Total Installed Capacity of Akfen Renewable Energy is **706,0 MW**



Akfen Group took its first step into the sector in 2007 with HEPP investments in order to meet Turkey's increasing energy needs and thus make significant contributions to reducing the current account deficit. Sirma HEPP was the first HEPP project to become operational in 2009. Akfen has implemented all of the 18 HEPP projects it has undertaken to date in the field of renewable energy resources, has sold five of them, and is still operating 13 of them.

The development of SPP projects started in 2013, and the development of WPP projects started in 2014 with wind measurements.

In December 2015 Akfen Holding, structured its subsidiaries operating in the field of renewable energy Akfenhes, Akfenres, Akfen Toptan and following its transfer to the Holding, Karine SPP, under a single roof and established Akfen Renewable Energy Inc.

Akfen Renewable Energy partnered with EBRD and IFC in 2016. The investment made by the two institutions has been the largest capital investment ever made in the Turkish energy sector. With this investment, Akfen Renewable Energy has become one of the most important players in the renewable energy sector.

The installed power portfolio of the company is currently operating at 706 MW. This portfolio consists of HEPP, SPP and WPP projects.

All generation is sold to YEKDEM

In 2021 all power plants other than Sirma HEPP evaluated their generation within the scope of YEKDEM (Renewable Energy Sources Support Mechanism).

In 2022, all operational power plants except for Sirma, Otluca, Çamlıca and Saraçbendi will be within the scope of YEKDEM.

In 2021, the YEK price for all HEPPs is 7.3 USD cents/

Shareholding Structure

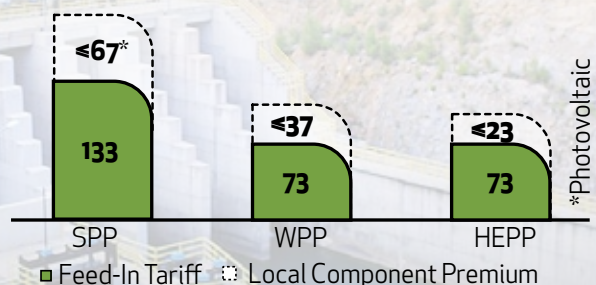


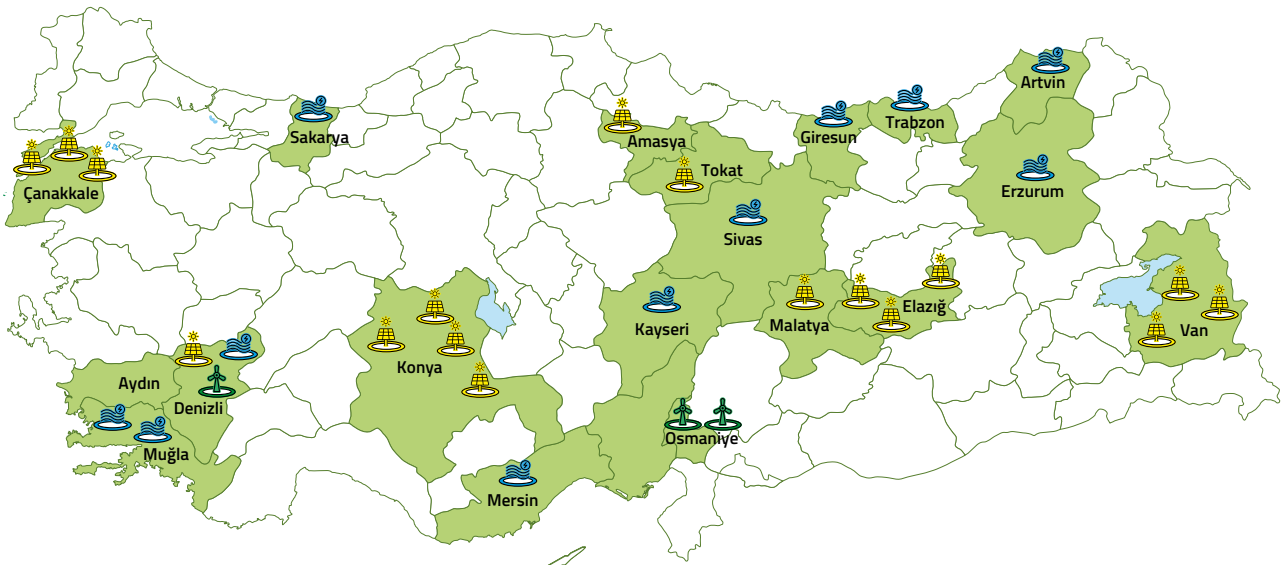
kWh and will continue at the same price in 2022.

All licensed SPPs sold at 13.74 USD cents/kWh including domestic contribution in 2021; except for Solentegre whose domestic contribution ended in 2022, for all licensed SPPs, the price is 13.74 USD cents/kWh including domestic contribution. For the Solentegre SPP it will be 13.3 USD cents/kWh.

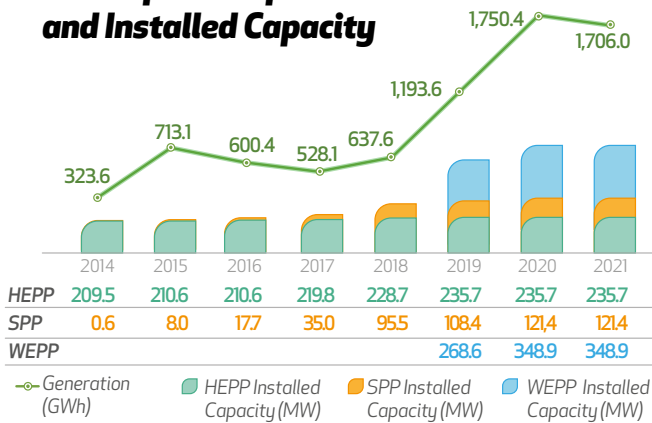
In 2021, for Hasanoba WPP, Üçpınar WPP, Kocalar WPP, Denizli WPP projects the price was USD 7.9 cents/kWh including domestic contribution, and for Sarıtepe and Demirciler WPP the price was 8.7 USD cents/kWh including domestic contribution. In 2022, for Hasanoba WPP, Üçpınar WPP, Kocalar WPP, Denizli WPP projects the price will be 7.9 USD cents/kWh. For Sarıtepe and Demirciler WPP whose domestic contribution has expired, the price will be 7.3 USD cents/kWh within the scope of YEKDEM.

Feed-In Tariff (US\$/MWh)

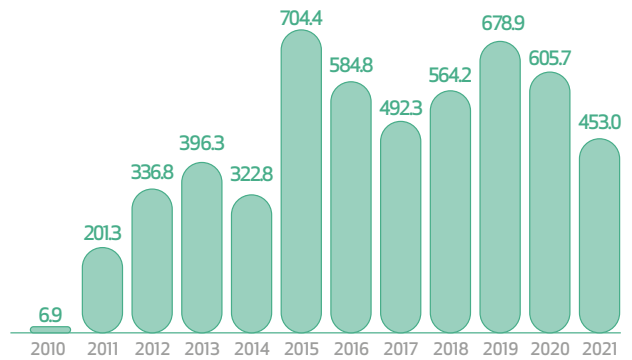




Development of Generation and Installed Capacity



Realised Generation Output of HEPPs (GWh)*



* As of 30 November 2012, the transfer of 40% of Karasular Energy Production and Trade Inc. to Aquila Hydropower INVEST Investments GmbH & Co KG was completed, and with the completion of the transfer of the remaining 60% shares to Aquila in June 2013, 5 power plants with a total installed capacity of 26 MW were removed from the portfolio. Data shown exclude Karasular.

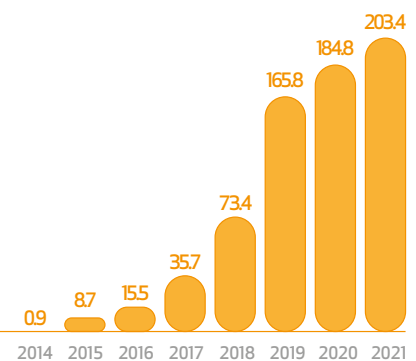
USD-based purchase guarantee

For the power plants that have received the Renewable Energy Resources Certificate and completed their investments by 30 June 2021, HEPP projects have the right to benefit from the government's 'purchase from production' guarantee of minimum 7.3 USD cents/kWh for 10 years from the date of commissioning.

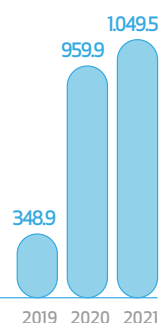
Within the scope of the support mechanism, for the power plants whose investments are completed by 30 June 2021, the WPP portfolio can benefit from a minimum purchase guarantee of 7.3 USD cents/kWh and the SPP portfolio a minimum of 13.3 USD cents/kWh.

On the other hand, the prices to be applied in the first quarter of 2022 for electricity generation facilities based on renewable energy sources with YEK certificate, which will be put to operation between 1 July 2021 and 31 December 2025, were announced in the Official Gazette. According to this, the guaranteed tariff is 51.44 TLkr/kWh for hydroelectric power plants, 41.16 TLkr/kWh for wind power plants, 69.44 TLkr/kWh for geothermal power plants and 41.16 TLkr/kWh for solar power plants. Additionally, if domestic equipment was used in the installation of the renewable energy power plant, an additional price incentive of 10.29 TLkr/kWh was offered for the first five years after the power plant was put into operation.

Realised Generation Output of SPPs (GWh)



Realised Generation Output of WPPs (GWh)

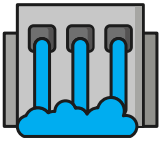


The annual generation capacity of Akfen HEPPs can meet the annual electricity consumption of 321,000 families of four

HEPP Group

As of 31 December 2020, 13 HEPPs belonging to Akfen Renewable Energy have an installed capacity of 235.7 MW. The annual energy production capacity of these power plants is 916.8 GWh. Total electricity generation in 2021 decreased by 25% compared to 2020 and was 453 GWh.

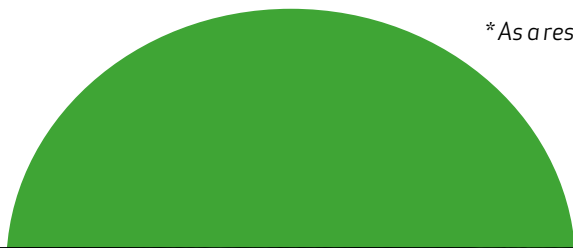
HEPP PROJECTS



13 HEPP
235.7 MW

Company	HEPP	Installed Cap. (MW)	Generation Cap. (GWh/years)	Commercial Operation Date	Realized Generation Output (GWh)	
					2021	2020
Elen	Otluca	48.8	224.0	April 2011	139.5	185.0
	Sırma	6.7	23.2	June 2009	6.0	10.9
	Sekiyaka II	3.5	17.1	Jan.'14- Aug.'15	12.1	13.2
	Çamlıca III	28.5	104.5	April 2011	29.3	64.5
	Saraçbendi	26.3	100.5	May 2011	24.6	59.6
	Demirciler	8.7	34.5	August 2012	15.8	14.8
	Kavakcalı	11.4	44.3	March 2013	23.2	22.4
	Gelinkaya	7.1	25.8	June 2013	7.8	7.7
	Doğançay	31.6	171.7	Aug.-Sept.'14	83.0	100.0
BT Bordo	Yağmur	9.2	31.5	November 2012	21.3	21.7
Yenidoruk	Doruk	28.9	75.5	Sept. 2014	57.7	62.4
H.H.K. Enerji	Çalıkobası	18.1	42.3	June'17- May'18	21.6	26.3
Kurtal	Çiçekli I-II*	7.0	21.9	Sept. 2019	11.1	17.3
Total		235.7	916.8		453.0	605.7

* As a result of the flood disaster on July 22, 2021, generation at the facility stopped.



Akfen Renewable Energy's annual electricity generation of 1,706 GWh is more than the electricity consumption of 56 provinces in 2021

WPP Group

Akfen Renewable Energy's WPP portfolio reached an installed capacity of 348.9 MW by the end of 2021. The WPP Group's 2021 energy generation was 1,049.5 GWh with an increase of 9.3% compared to the previous year. Akfen Renewable Energy signed a share purchase agreement in December 2019 for Zorlu Wind Energy Electric Production Inc.'s Saritepe

and Demirciler WPP projects with an installed capacity of 80.3 MW in Osmaniye. Following the addition of Saritepe-Demirciler WPP, which stands out as the largest purchase agreement of 2019, to the portfolio, the operational wind installed power in Akfen Renewable Energy's portfolio is 348.9 MW as of the end of 2021.

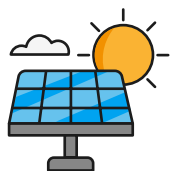


6 WPP
348.9 MW

Company	Project Name	Installed Cap.(MW)	Location	Commercial Operation Date	Realized Generation Output (GWh)	
					2021	2020
Isider Energy	Kocalar	30.6	Çanakkale	March 2019	111.0	113.0
Derbent Energy	Üçpınar	112.2	Çanakkale	May-June 2019	353.8	344.5
Kovancı Energy	Hasanoba	51.0	Çanakkale	Aug.-Sept. 2019	137.3	128.5
Korda Energy	Denizli	74.8	Denizli	Sept.-Oct. 2019	227.1	166.0
İmbat Energy	Saritepe	57.0	Osmaniye	Aug. 2016	160.7	151.0
İmbat Energy	Demirciler	23.3	Osmaniye	Aug. 2016	59.5	56.9
Total		348.9			1,049.5	959.9

SPP Group

The solar energy group's 2021 energy production amounted to 203.4 GWh, with an increase of 10% compared to the previous year. As of the end of 2021, the SPP portfolio has been completed and the installed power has reached 121.4 MW.



14 SPP
121.4 MW

Project Name	Type	Installed Cap.(MW)	Location	Commercial Operation Date	Realized Generation Output (GWh)	
					2021	2020
Yaysun	Unlicensed	0.6	Konya	Feb. 2014	0.9	0.9
Denizli Projects	Unlicensed	7.4	Denizli	May 2015	12.2	12.2
Solentegre	Licensed	9.1	Elazığ	Oct. 2016	14.8	14.1
Solentegre	Unlicensed	0.6	Elazığ	Feb. 2016	0.9	0.9
Amasya Projects	Unlicensed	11.2	Amasya	16-23 Aug. '17	16.9	17.5
Karine	Unlicensed	0.6	Elazığ	Aug. 2017	1.0	0.9
Tokat Projects	Unlicensed	5.6	Tokat	Oct. 2017	8.2	8.8
Omicron Engil	Licensed	12.1	Van	Sept. 2018	21.7	20.5
Omicron Erciş	Licensed	12.1	Van	Sept. 2018	21.7	20.5
Yaysun	Licensed	12.1	Konya	Sept. 2018	20.1	19.7
ME-SE	Licensed	12.1	Konya	Sept. 2018	19.4	19.2
MT Doğal	Licensed	12.1	Konya	Sept. 2018	20.4	19.9
PSİ	Licensed	13.0	Van	July 2019	23.8	22.3
IOTA	Licensed	13.0	Malatya	Aug. 2020	21.5	7.3
Total		121.4			203.4	184.8

Port Sector

2.1 million TEU of the 12.1 million TEU, which is the total amount of containers handled in Turkey in 2021, was carried out by MIP.

90% of world goods trade and 87% of Turkey's goods trade is carried out by sea transportation. The most important reason for preferring the seaways globally is the lower costs compared to land and air transportation.

Geographical superiority

In Turkey, in addition to the lower costs, Turkey's geographical location, its closeness to the Asian, European and African continents are important factors in the advantage and development of the maritime transport sector. Additionally, Turkey has made large investments in port operations over the last ten years, doubling capacity and the number of containers. Sea transportation has become a very common and preferred mode of transportation in Turkey. Ports such as İzmir Port, Ambarlı Port, Mersin Port are important both in foreign trade and in transportation to neighboring countries.

The container port sector is affected by all developments in the global economy. Container volume and economic growth develop parallel to each other. On the other hand, the anticipated improvement in containerized trade brings with it the expectation of growth in the number of containers handled globally.

According to the Drewry 2021 Container Forecast Report, the amount of containers handled worldwide is expected to reach 849 million TEU in 2021 with an increase of 8.3%. In Turkey, on the other hand, the increase in foreign trade volume, increases in trade with neighboring countries and private capital's port investments ensure the rapid growth of the sector.

According to TÜRKLİM data, the amount of containers handled in import-export and domestic transportation reached 8.7 million TEU (2020: 8.4 million TEU) in 2021, while the volume of transshipment cargo reached 3.5 million TEU (2020: 3.0 million TEU).

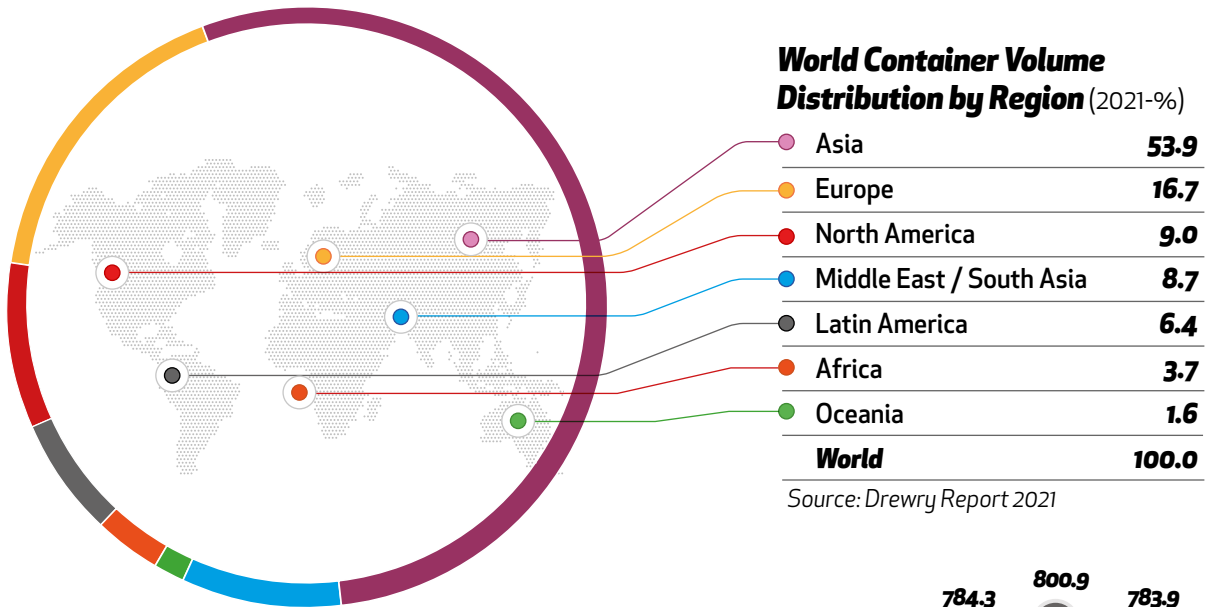
The total amount of cargo handled in 2021 reached 12.1 million TEU (2020: 11.4 million TEU). Conventional cargo amount was measured as 140 million tons (2020: 134.9 million tons).

In 2021, when GDP grew by 11.0% and total foreign trade volume by 27.6% in Turkey, the growth in the volume of containers handled was 6.7%, while the increase in conventional cargo was 3.8%.

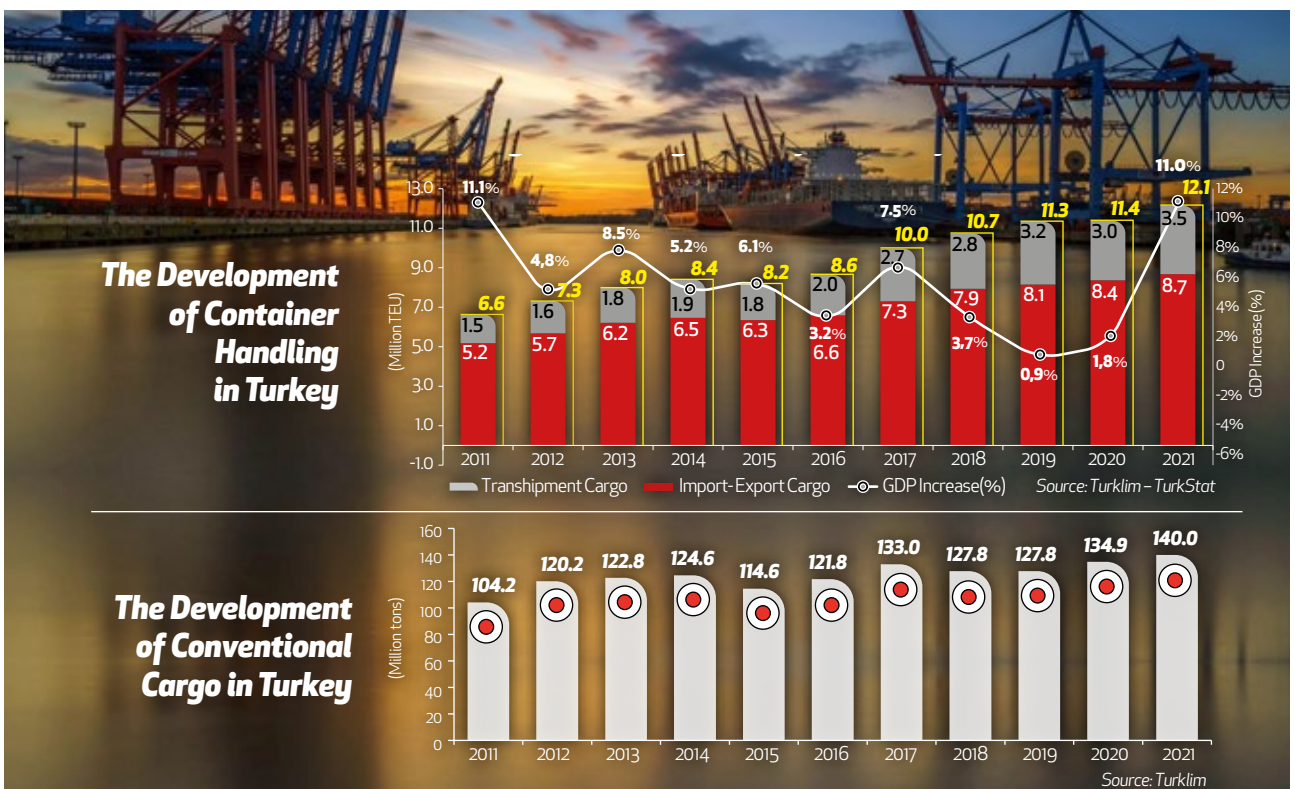
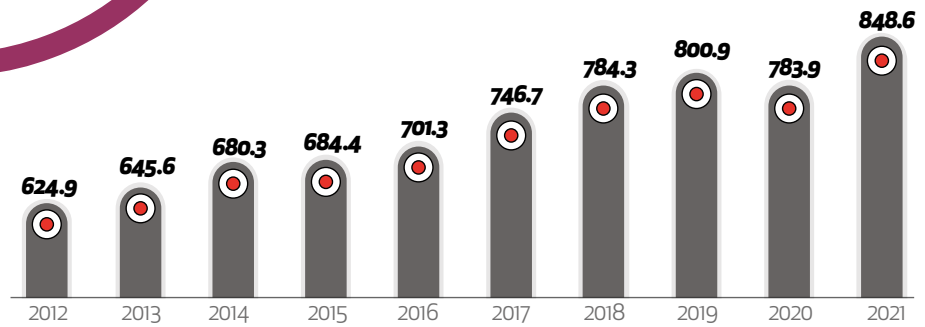
10-year container growth exceeds national growth

Over the 10-year period between 2011-2021, the container volume growth was above the country's growth. While the Turkish economy has grown by an average of 5.2% over the last 10 years, container transportation has grown by 6.2%. In the same period, our total foreign trade volume increased by an average of 2.5% annually. In conventional cargo, the average growth of the last 10 years has been calculated as 3%.





The Development of World Container Volume (million TEU)



MIP

Mersin International Port
Port



Capacity Projection

Excavator

Forklift

Telescopic Loader

2007

900,000 TEU

Before the transfer of operating rights
US\$ 755 million

2016

2.6 million TEU

EMH Phase-1 investment completed
US\$ 152,8 million

2023

3.6 million TEU

Capacity to be reached with EMH Phase-2

2033

4.6 million TEU

Reach Stalker

Prime Mover

Handling

MIP, one more time,
managed to complete
2021 as the sector
leader, as Turkey's
largest container port

Leading Port with its Unique Location

MIP, as Turkey's largest multi-purpose export-import container port, is Turkey's leading container port with its land, air and rail connections. MIP, with its 6,200 customers to whom it provides regular service worldwide, has a 17.1% market share among Turkish container ports and a 20.5% market share in terms of import-export-transit container business volume.

Thanks to its strategic location, capacity, and land, air and railway connections, MIP is Turkey's leading port with combined transportation options it offers to industrialized cities and neighboring countries. It also has a diversified, fast-developing hinterland with an established ecosystem.

Gateway to 190 countries

MIP is directly connected to the Mersin Free Zone with a total area of 836,322 m². MIP, one of the world's top 100 container ports with its high quality infrastructure, trained human resources, strong relationships with customers and shipping companies, is Turkey's gateway to mutual trade with 190 countries.

Transit trade connection to neighboring countries

MIP plays an important role in regional trade, especially for industrialized cities of Turkey such as Adana, Ankara, Gaziantep, Kayseri, Kahramanmaraş and Konya, and is an important transit trade connection point to neighboring countries.

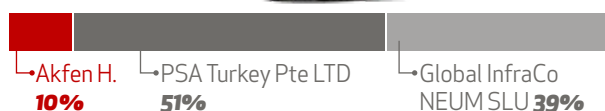
With its 124 hectare area, MIP is Turkey's largest multi-purpose port, providing container, conventional, Ro-Ro and maritime services, and provides regular service to 6,200 customers around the world. With over 2,000 employees, MIP has a market share of 75.4% among the Eastern Mediterranean ports (MIP, Assan and Limak) with a total of 32 services it offers.

MIP's paths crossed with Akfen Holding as a result of the tender held by the Privatization Administration in 2007. Akfen-PSA partnership won the 36-year transfer of operating rights for MIP with a USD755 million offer.

MIP, which handled 800 thousand TEU containers when it was taken over from Turkish State Railways in 2007, handled 1.6 million TEU containers in 2017 when Akfen Holding sold 40% of its shares to Global InfraCo SP NEUM SLU.

Akfen Holding sold 40% of its shares in MIP to Global

Shareholding Structure



Subsidiary Structure

Mersin Denizcilik Faaliyetleri ve Tic. A.Ş.	100%
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InfraCo SP NEUM SLU for USD 869 million. The signature for the sale was signed on 28 July 2017 and the sale was completed as of 27 October 2017.

Investments exceeded 1.2 billion dollars

In accordance with the concession agreement signed in 2007, between 2007 and 2020, a total of USD 407 million investment was made, USD 120 million of which was for operational efficiency and USD 282 million for capacity increase. With the USD 755 million paid in return for operating rights, the total investment cost exceeded USD 1.2 billion. After the investments, before the transfer of the concession rights, the capacity of the port, which was 900 thousand TEU in 2007 was increased approximately 3 times and reached 2.6 million TEU in 2016. The first phase of the EMH project, which enabled it to reach this capacity was started to be built in 2014 and was completed on 8 August 2016.

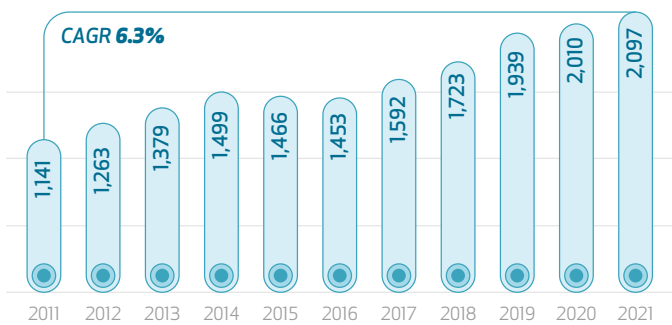
First phase investment of USD 152.8 million

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

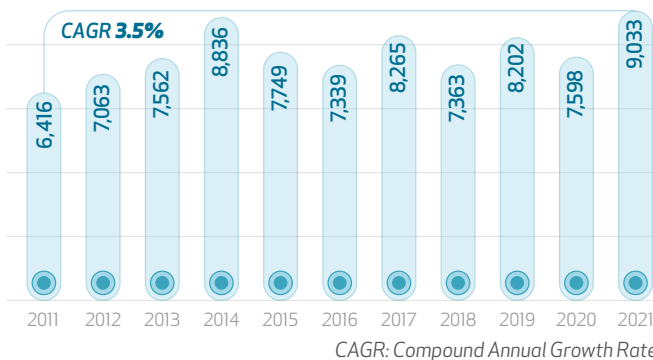
As of the end of 2017, the work of the EMH Phase-2 has started. When EMH Phase-2 is completed, the quay capacity will be increased to 3.6 million TEU and it will be able to serve two mega ships at the same time. The target is to gradually increase the handling capacity of the port to 4.6 million TEU within 10 years.

Approximately 174 football fields fit on the area of MIP which serves on 124 hectares

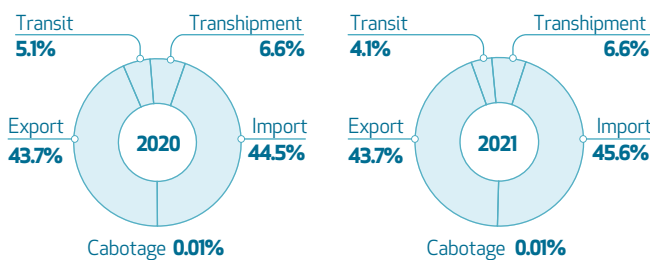
Container Handling (thousand TEU)



Conventional Cargo (thousand ton)



Container Regime Breakdown (%)



MIP Port Development (2007-2021)

	2021	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
Mobile Crane (MHC)	5	1
Container Stacking Site	38 ha	20 ha
- RTG	0	7
- E-RTG	38	0
- Full Container Handling Machine	17	10
- Empty Container Handling Machine	21	13
Number of Container Slots	15,564	7,000

MIP's Position in the Mediterranean Basin Strengthened

MIP continues to increase its competitiveness in the Mediterranean with its pier, environmentally friendly equipment, transformer center providing its own electricity and technology investments.

In addition to EMH investments, MIP's position in the Mediterranean basin has become even stronger with its 500-meter-long dock, state-of-the-art and environmentally friendly equipment, a 15,500-volt transformer center to meet the electricity it needs, and a 106 thousand m² backyard.

As a result of all these investments, MIP has become a port that handles 2 million TEU containers annually, has a conventional cargo capacity of over 10 million tons, and has an annual transaction volume of over 30 million tons.

USD 600 million bond issue

Continually improving its port capacity, MIP is also getting stronger financially. Through international banks, MIP issued new bond amounting to USD 600 million in November 2019 as part of the refinancing of the USD 450 million bond it issued abroad in 2013, and made an early repayment of the USD 450 million bond in December 2019. S&P rated the USD 600 million bond issued in November 2019 with BB- and Fitch rated BB-. As of 31 December 2021, the price of the bond was USD 102,067 and its yield was 4.21%.

Dividend Payment

With the temporary article 13 added to the Turkish Commercial Code numbered 6102 and within the scope of the measures taken to alleviate the negative effects of the coronavirus epidemic on economic activities, restrictions were put into place on the dividend distribution rights of capital companies until 31 December 2020; due to the effect of the dividend amount that could not be paid in 2020, dividend paid in 2021 increased and totaled 1,067 million TL.

Significant Investments Made in 2021

Construction Investments (2021)

●	●	●	●	●
Dock No. 15 has been renovated.	Dock No. 8-11 sea side crane rail has been replaced.	An additional tank investment was made in the bilge facility.	Warehouse No. 1 has been converted into a cold storage facility.	A Gate Pedestrian Crossing Corridor was built and the security level of the port entrance was increased.

Equipment Investments (2021)

Prime Mover (with trailer)	5 Units
Reach Stacker for outfields	3 Units
Outdoor Truck (with trailer)	15 Units
Rubber Tire Industrial Excavator for General Cargo Operations- 27 meters reach	2 Units
Forklifts for CFS Operations	12 Units
5 ton Forklifts for General Cargo Operations	2 Units
100 m ³ Bunkers for General Cargo Operations (Spare for BK02 and BK03)	2 Units
Conveyor Belts for CFS Operations	4 Units
12 Meter Long Trailer for General Cargo Operations	6 Units
Telescopic handler for General Cargo Operations	1 Piece
90x70 cm Marble Scales for General Cargo Operations	2 Pieces
Forklift Attachment for CFS Operations (Boom for 32-ton Forklift)	1 Piece

Other Investments (2021)

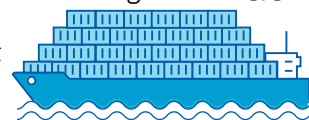
EMH II Expansion Project

In addition to equipment investments, the environmental sensitivity of the EMH 2 Expansion Project has been raised to European Standards.

MIP has recently invested USD250 million for capacity expansion, equipment and infrastructure projects. Studies continue for the EMH II Mersin Port Expansion Project of USD 375 million dollars next year.

MIP has to achieve the capability to serve mega ships, the number of which is increasing due to developing industries. With the completion of the EMH II Project, which was initiated to respond to this need, the total capacity of the port will increase by 1 million TEU to 3.6 million TEU, and it will be possible to serve two mega ships at the same time.

With the expansion project, direct employment opportunities for 500 people and indirect employment opportunities for 5 thousand people will be provided, and MIP will gain a stronger position among Turkey's Mediterranean ports. Despite the fact that no legal obligations were present, many environmental impact studies, such as social impact, sound, biodiversity impact and air quality analyses were conducted for the project, which was planned with a more livable environment approach, and this reflects the sensitivity of MIP towards environmental matters. With these analyses, the environmental sensitivity level of the project has been raised to European standards. The project, which will be put into service with a budget of USD 375 million, will be completed in 20 months and this investment will be a permanent value of Mersin.



Gates Project

The budget of the Gates Project, which aims to position Mersin Port and Mersin at a level that can support increasing global trade, has been determined as USD 27 million. Access to Mersin Port is mostly provided through the highway-D400 connection in the Adana-D400 direction.

Within the scope of the project, with the direct connection of the port D gate with the highway, the TIRs arriving for the port will be able to enter the port directly. Thus, the traffic problem caused by the trucks arriving for Mersin Port at the entrance of the city will be solved. Additionally, the project will provide more efficient truck traffic management and speed up the cargo handling process, making the logistics chain more cost-effective. The Gates Project, which is of historical importance for the future of Mersin, will not only divert the port traffic from the city's D400 road, but will also support the increased capacity in the port as it will accelerate the TIR entries.



Highlights of 2021

- ▶ Container volume grew by 4.4%, conventional cargo volume by 19%
- ▶ Turkey's largest container port MIP maintained its leading port position with 2.1 million TEU container and 9 million tons of conventional business volume in 2021.
- ▶ MIP reached another milestone in 2021: The historical conventional cargo record of 61 years was broken with a business volume of 9 million tons. The container handling record of 2 million TEU recorded in 2020 in the container business volume was exceeded in 2021 with approximately 2.1 million TEU.

The growth in transaction volume of MIP in 2021 was above the Turkey average. In 2021, container business volume increased by 4.4% compared to the previous year, from 2 million TEU to 2.1 million TEU. The increasing export figures of Turkey and the region, especially in the second half of the year, and the resulting increase in the need for raw materials were effective in the increase in container volume.

Awards

RANKED 265th IN THE TOP 500 COMPANIES LIST

MIP ranked 240th in the "Turkey's Top 500 Private Companies" list published by Capital magazine in 2021.

ATLAS LOGISTICS 'PORT OF THE YEAR' AWARD

MIP won the "Port of the Year" award given within the scope of Atlas Logistics Awards in 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and crowned its success this year when it received the same award for the eleventh consecutive year, by being selected as the "Port of the Year" in 2021.

Ranked 92nd on LLOYD'S LIST

MIP was ranked 92nd in the "The World's 100 Largest Container Ports" list published by Lloyd's List magazine.



If the 9.1 million TEU containers served by MIP were lined up side by side, a length of 12,793 km would be reached. This length is almost twice the distance between Turkey and the USA

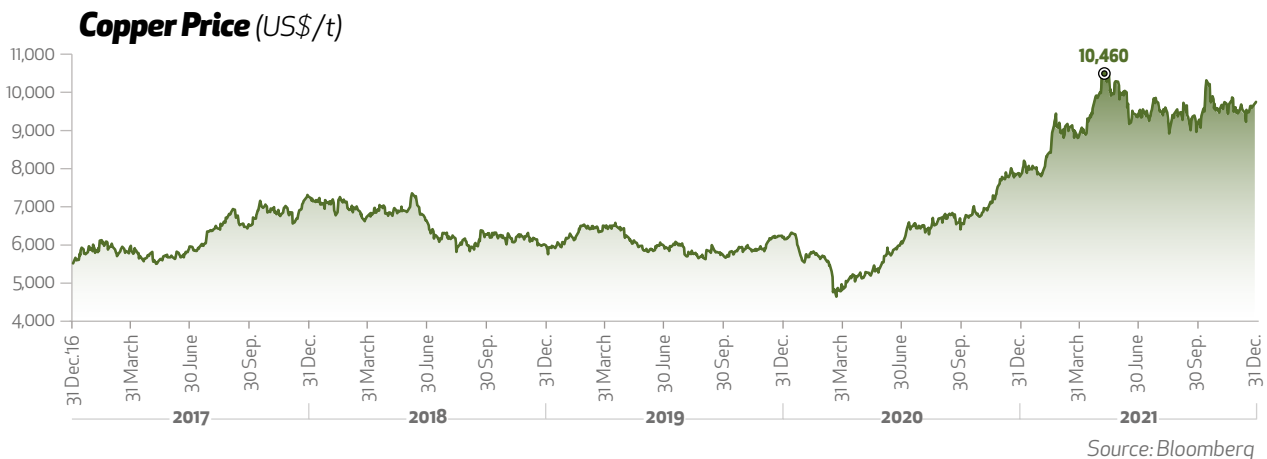
Copper Mining Sector

Copper, which has the best conductivity among metallic minerals, is used effectively in energy, communication, construction, transportation vehicles and industrial machinery manufacturing sectors. The wide usage areas and increasing consumption of copper push copper producers to seek new deposits.

According to the data of the International Copper Study Group (ICSG), copper mine production in the world was 21 million tons (copper metal content) in 2021 with an increase of 2.2% compared to the previous year. Refined copper

production in 2021 increased by 1.4% to 24.9 million tons, while consumption increased by 1.4% to 25.3 million tons. By converting imported copper raw material into refined copper, China realizes 41% of the world's refined copper production.

ICSG announced that the deficit in the global copper market decreased from 484,000 tons to 475,000 tons in 2021, compared to the previous year. In 2021, the price of copper started the year at USD7,861 per ton and rose to USD10,460 per ton towards the end of the year.



Copper Mining In Turkey

► The majority of the mines used in industry exist in Turkey. According to the research of the General Directorate of Mineral Research and Exploration, dolomite, marble, lignite coal, hard coal, rock salt, boron, pumice and copper ore are among the most abundant minerals in Turkey.

► When we look at the export market composition of Turkey's mining sector, it is seen that China, the world's largest importer of mineral products, ranks first with a share of 29%. Mineral exports to China increased by 17% in 2020 and amounted to around USD 759 million. Spain, Belgium and Bulgaria stand out as other important export markets for the sector. In the mining sector, there was a 3% increase in 2020 compared to the previous year and the total exports reached USD 2 billion 622 million.

► When we look at Turkey's import market portfolio in the mining sector, it is seen that the Russian Federation ranks first with a share of 27%. Apart from Russia, Colombia, Brazil and the USA are also prominent markets in the

sector's imports. Despite the 3% increase in the exports of the mining sector in 2020 compared to the previous year, there was a decrease of approximately 14% in the imports of the sector.

► When Turkey's mineral foreign trade in 2020 is examined, it is seen that mineral exports decreased by 18.32% compared to the previous year and amounted to USD 4,067,628,799, while imports decreased by 17.50% and amounted to USD 4,716,376,994. Accordingly, the ratio of exports to imports was 86.24%, and the foreign trade deficit in mining was USD 648,748,195.

► Countries prominent in mineral exports are China, USA, Belgium, Spain, Saudi Arabia, Bulgaria, Israel, India, Italy, and Romania. The prominent ones in mineral imports are Russia, Colombia, Australia, Sweden, Brazil, Canada, India, USA, Republic of South Africa, Sweden and Ukraine.

► In the ICSG ranking, Turkey ranks 6th in copper metal consumption in 2020.

Acacia Mining

The life of the mine is
11 years

Copper ore
21 million tons

29
Cu
Copper
63.546

Project investment amount
\$300 mn

Export
\$1.9 bn

Employment
1,100 people

Product

Fracture

Sifting

Flotation

Copper concentrate

Employment

Export

Project investment amount

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Cu
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Acacia Mining

Acacia Mining Operations Inc. (Acacia), in which Akfen Holding is in partnership with İlbak Mining and İz Bir Mining, operates Gökırmak Copper Mine located in Hanönü district of Kastamonu province. Akfen Group became a partner by purchasing 30% of the Company in 2016.

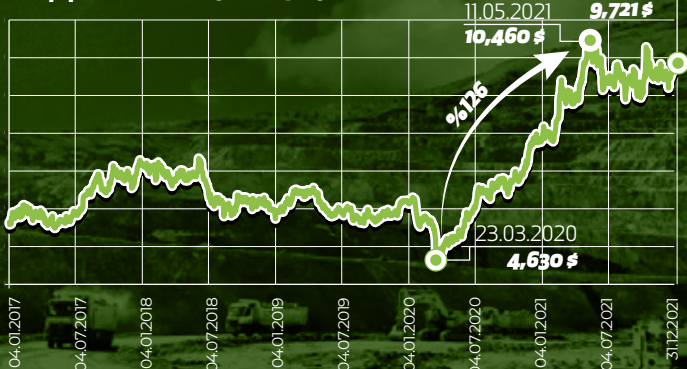
\$340 mn investment, \$370 mn export income

Acacia processes copper ore at its flotation plant to produce copper concentrate, which is an intermediate product in the metallic copper production process. The company will spend a total of USD 340 million in investment, including the operational period.

The company will process 21 million tons of ore at its facilities to produce 1,320,000 tons of copper concentrate during its 11-year mine life.

Acacia has so far produced 260,000 tons of copper concentrate with 56,000 tons of copper metal content and exported all of it, providing our country with an export income of over USD 370 million.

Copper Price (US\$/t)



Source: Bloomberg, LME copper

1.9 million tons of copper ore processed in 2021 is equivalent to the load that approximately 55,000 trucks can carry



Shareholding Structure

Akfen Holding	İz Bir Maden	İlbak Madencilik
30%	40%	30%

Subsidiary Structure

Gökırmak Maden İç ve Dış Ticaret A.Ş.*	100%
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*Gökırmak Mining., which was decided to be established with the decision of the Ordinary General Assembly dated 19.04.2021. It was established in 2021 as a 100% subsidiary.

The Goal Is To Extend Mine Life Over 20 Years

In the commissioning of Gökırmak Mine, 48% of the financing was provided from equity, the remaining part was provided by the consortium formed by European banks BNP Paribas S.A., ING European Financial Services, Societe Generale and Traxys. The resource was given as project financing. The Concessional Loan Agreement and Traxys Agreement, to which the Company is a party, have been amended as of 28 January and 15 February 2022 respectively, and the interest rates have been revised as 3.90%+Libor and 6%+Libor annually. Societe Generale Bank exited the consortium and its share in the consortium loan was taken over by BNP Paribas SA and ING Bank NV equally.

In addition to the mining license on which the company is currently producing, there are 5 more operating licenses for the same region. As part of its exploration activities, the Company's drilling and reserve determination activities continue, and its target is to increase the mine reserve and increase the mine life to over 20 years.

Employment for 1,100 people

The foreign exchange return that the company will provide during the 11-year mine life is estimated to be USD 1.9 billion. The company employs 850 people directly and 250 people indirectly, 1,100 people in total.

Acacia Mining

Processed Copper Ore (tons)

2021	2020	Change
1,908,534	1,829,459	4.3%

Copper Concentrate Production (dry tons)

2021	2020	Change
105,127	101,392	3.7%

Produced Copper Metal (tons)

2021	2020	Change
21,632	22,589	-4.2%

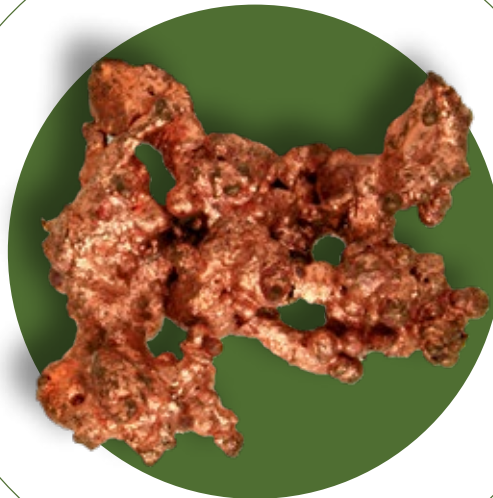
Features of Gökırmak Copper Mine

2 million tons of Copper Ore Produced Every Year

In the region where the open pit copper mine is located, more than 113,000 meters of drilling has been carried out to date, and an economically producible copper reserve of 21 million tons containing an average 1.4% copper has been found.

Production of Copper Concentrate Containing 22% Copper Metal

The ore extracted from the mine is transported by trucks to the ore enrichment facility with an annual ore processing capacity of 2,000,000 tons, located 5.3 km from the mine. The ore fed to the facility in 75 cm pieces is reduced to 20 microns in the crushing, sifting and grinding units and fed to the flotation unit. Copper ore is converted into copper concentrate containing 22% copper in the flotation unit. Annual average concentrate production is 120,000 tons.



A Mine Project Important for Turkey

Our country's annual consumption of copper and its products is 400,000 tons, and the annual production of copper metal equivalent from mining activities and scrap is approximately 120,000 tons.

The difference of 300,000 tons (USD 2.1 billion) is covered by imports. Acacia produces 26,000 tons of copper containing copper concentrate per year with the Gökırmak Copper Mine. This corresponds to 10% of our country's imports.

Create Add Value in Many Fields

The socio-economic impacts of the project; it creates value in areas such as local industry, employment, transportation, material supply, engineering and contracting services, local construction sector, local public support programs, electricity consumption, tax, other mineral exploration and project investments, and exports.

Wastewater and Solid Waste Sector

The annual amount of usable water per capita in our country was 1.652 m³ in 2000, 1.544 m³ in 2009 and 1,346 m³ in 2020. Considering the per capita usable water potential, Turkey is among the countries experiencing water pressure (Source: DSI). According to TÜİK data, 45.4% of the total water withdrawn in 2020 was used in thermal power plants, 35.6% in municipalities, 14.2% in manufacturing industry workplaces, 2.3% in villages, 1.5% in mining enterprises and 1% in OIZs. Based on this data, water recovery, reuse and water saving are important. In the wastewater sector, technology solutions that enable water to be treated and reused rather than treated and discharged to the receiving environment are becoming a rising trend.

According to the results of the Municipal Water Statistics Survey for 2020 applied to all municipalities in Turkey, 1,387 out of 1,389 municipalities were served from drinking and utility water networks. 6.5 billion m³ of water was drawn from water sources to drinking and utility water networks by municipalities. 40.9% of the withdrawn water was obtained from dams, 29.3% from wells, 15.6% from springs, 10.1% from rivers and 4% from lakes, ponds or seas.

Parliament ratified the Paris Agreement in 2021

Recycling of waste is an important step in preventing climate change by reducing greenhouse gas and carbon emissions, as well as providing energy and raw materials. With the ratification of the Paris Agreement by the Turkish Grand National Assembly as of 6 October 2021, Turkey has made a commitment to reduce greenhouse gas emissions. The long-

term goal of the agreement is to keep the global average temperature increase below 2°C compared to the pre-industrial period, and to continue the global efforts to keep this increase below 1.5°C. Increasing the adaptability and climate resilience to the negative effects of climate change, ensuring development with low greenhouse gas emissions, and ensuring that food production is not harmed while these are realized are stated as another main objective (Source: Ministry of Environment and Urbanization). The correct management of waste is of great importance in the field of sustainability and in the fight against climate change, and it becomes the primary goal to develop methods that will ensure recycling rather than eliminating waste.

The amount of processed waste increased by 22%

In 2020, from 127.4 million tons of waste processed in waste disposal and recovery facilities, 78.3 million tons were disposed of and 49.1 million tons were recovered. The total amount of processed waste increased by 22% compared to 2018.

The total capacity of the sanitary landfills was determined as 1.2 billion m³. 77.8 million tons of waste, 31.9 million tons of which was hazardous, was disposed of in a total of 174 landfills.

Energy recovery was achieved by burning 1.3 million tons of waste in co-incineration facilities with waste recovery licenses. Other licensed waste recovery facilities excluding compost and co-incineration facilities, recovered a total of 47.6 million tons of metal, plastic, paper, mineral, etc.



Sea Water Treatment Plant An Important Step For Istanbul

In terms of waste management, the Sea Water Treatment Plant and Deep Sea Discharge projects planned for Istanbul are an important development for the sector.

It is estimated that the waste management sector in Turkey exceeds 5 billion Euros. Long-standing cooperation agreements between Turkey and the EU in the field of waste management have led to the harmonization of Turkish waste legislation with the EU and the gradual modernization of waste-related infrastructure.

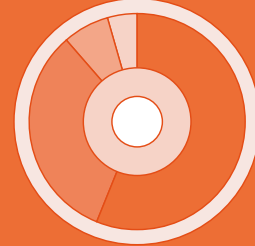
Environmental protection expenditures increased by 8.9% in 2020 compared to the previous year and totaled 41.7 billion TL. 59.1% of environmental protection expen-

ditures were made by financial and non-financial companies, 32.8% by general government and non-profit organizations serving households, and 8.2% by households.

Environmental protection investments increased by 21.5% compared to the previous year and amounted to 7.8 billion TL. 81.9% of this was made by financial and non-financial companies, and 18.1% by the general government and non-profit organizations serving households.

While 3.5 billion TL investment was made on waste management services and 2.9 billion TL on wastewater management services, 1.3 billion TL investment was made on environmental protection in other areas.

Environmental Protection Expenses by Subject (2020)



Waste management	54.4%
Waterwaste management	31.4%
Other environment protection exp.	6.7%
Protection of biodiversity and landscape	4.3%
Soil, groundwater and surface water protection and quality improvement	3.2%

Source: TurkStat



2007-2019

Dilovası OIZ

2006-2021

Akfen Güllük

Water
management

2012

İDO

Wastewater
management

2017-2020

Mersin City Hospital

2017-2021

Yozgat City Hospital

2017

Isparta City Hospital

MIP

2018

Eskişehir City Hospital

Waste plant
design

2019-2020

Ankara Bilkent City Hospital

Hazardous waste
disposal

2020

2021

Tekirdağ City Hospital

Akfen Environment and Water

DİKKAT
TIBBİ ATIK



Akfen Environment and Water

Akfen Environment and Water, serving with Build-Operate-Transfer, Concession, Turnkey Construction and Operation & Maintenance contract models, develops projects for the design, financing, construction and operation of water and sewerage networks, network water distribution from underground and surface water reservoirs, treatment plants, desalination plants and integrated waste management facilities.

Providing services with models such as Public Private Partnership, EPC and EPCf, Akfen Environment and Water offers quality, reliable, efficient and competitive solutions to Public and Private Sector employers in the planning and implementation of project management, detail engineering, construction, mechanical and electrical works.

Kardan N.V., 50% shareholder of the company, is an international investment company with an engineer staff of more than a thousand, established in the Netherlands and is among the leading companies in the world with its water, wastewater and waste infrastructure investments in Europe, Africa, Asia, South America and the Mediterranean Basin.

As of 31 December 2021, the number of Akfen Environment and Water employees is 6.

Dilovası was transferred in 2019

Akfen Environment and Water signed a BOT contract with the Dilovası Organized Industrial Zone Directorate on 3 August 2007. As of 1 July 2010, the waste water treatment plant, sludge drying facility and waste water collector lines with a capacity of 21,144 m³/day (11,000 m³ of which is active) were put into operation within the framework of the 29-year BOT contract. With this project, Akfen Environment and Water became the implementer of the first BOT model developed for the solution of wastewater treatment problems in organized industrial zones in Turkey. The project was transferred to Kocaeli Gebze Dilovası Organized Industrial Zone on 1 August 2019.

Akfen Water is the **first private sector company in Turkey** that provides services in the fields of potable water and wastewater networks, wastewater treatment and integrated waste management with concession and PPP models



Shareholding Structure

↳ Akfen Holding **50%**

↳ Kardan **50%**

Waste Management

- Yozgat City Hospital Waste Management**
- Eskişehir City Hospital Waste Management
- Isparta City Hospital Waste Management
- Tekirdağ City Hospital Waste Management
- İDO Solid Waste & Environment Man.
- Mersin International Port Waste Man.

Within the framework of the Concession Agreement for the Construction and Operation of Potable and Utility Water Supply and Wastewater Treatment Plant signed with the Municipality of Güllük* on 29 August 2006, all investments related to this project, whose right of concession has been transferred for 35 years, have been invested by the Akfen Environment and Water's own resources and project finance loan from the European Reconstruction and Development Bank (EBRD). The project, which is the first and only concession agreement in which the privileges of water supply, distribution, waste water collection and treatment of a municipality are transferred to the private sector with the opinion of the Council of State and the decision of the Ministry of Interior, was transferred to Hızır Environment and Water Investments Inc. on 19 April 2021 with all its rights and obligations.

Leader in waste management

Akfen Environment and Water successfully continues to provide services to İDO within the framework of

* All shares of Akfen Güllük Environment and Water Investment Construction Operations Inc., a wholly owned subsidiary of Akfen Environment and Water, were transferred to Hızır Environment and Water Investments Inc. on 19 April 2021 with all its rights and obligations.

** Yozgat City Hospital contract and accordingly waste services has been terminated as of 26.10.2021.

With the recycled portion of 5,162 tons of waste, approximately 1,700 trees were saved, 1,300 tons of metal raw materials were obtained and 41,000 kg of greenhouse gas emissions were reduced

the Waste and Environmental Management Agreement it signed with the company in 2012. Since August 2016, the company has also started to provide the "Disposal and Recycling of Hazardous and Non-Hazardous Wastes" service for MIP. Being the first company to provide Integrated Waste Management services to City Hospitals with the PPP model, Akfen Environment and Water has designed the Waste Management Services of the first 3 City Hospitals opened in Turkey with the supervision and approval of the Public Administrations and started to operate them as of 2017. The Company, which has established and managed the integrated waste management systems of 6 City Hospitals with a total bed capacity of 7,987 since 2017, has become the pioneer and leading Company of the sector by establishing the method and service standards of City Hospitals Waste Management Services.

Continuing to serve 4 city hospitals in 2021, Akfen Environment and Water gives Integrated Waste Management Services to Yozgat City Hospital with a capacity of 475 beds that started accepting patients in January 2017, Isparta City Hospital with a capacity of 855 beds which started accepting patients in March 2017, and Eskişehir City Hospital with a bed capacity of 1,081 that started service in October 2018 and finally the 605-bed Tekirdağ City Hospital, which was opened in December 2020.

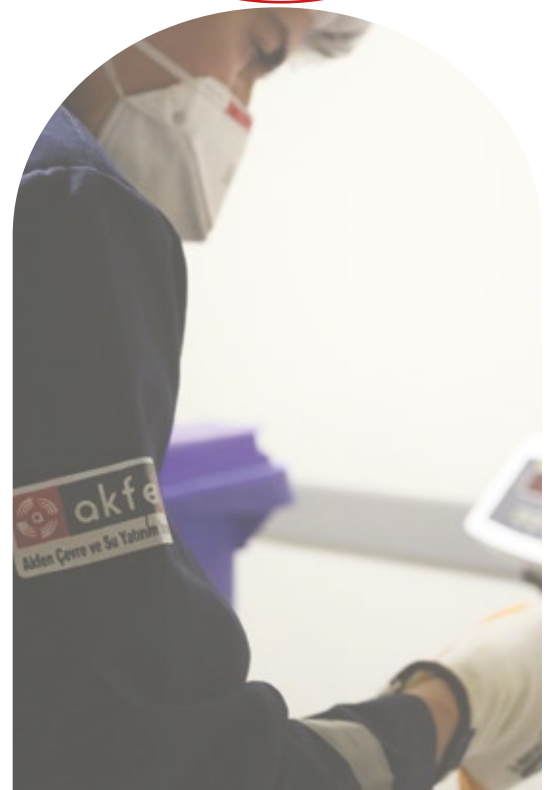
Aiming to implement exemplary services, practices and strategies with water and waste management investments for a sustainable development, Akfen Environment and Water, continuing to provide 7/24 uninterrupted service for the sorting, recycling and disposal of medical, hazardous, packaging and household wastes at the source, ensured the disposal and recycling of a total of 420 tons/month of waste, with an average of 120 tons of medical waste and 300 tons of other waste per month in 2021, with processes and technologies that minimize the environmental impacts of said waste.

Leading company in waste management services of city hospitals

Akfen Environment and Water continued to be a prominent and qualified player in this field by undertaking the waste management services of 4 city hospitals with a total bed capacity of 3,016 in 2021.

Being the first company to design and implement integrated waste management services in city hospitals, Akfen Environment and Water closely monitors the integrated waste management works of health institutions which are expected to be opened within the scope of city hospitals projects and industrial facilities in different sectors, and aims to grow in the sector.

- Construction of water and wastewater networks
- Improving reserves
- Treatment systems construction
- Distribution of groundwater
- Development of sustainable solid waste management systems



Acacia Mining Treatment Plant Project

Akfen Environment and Water won the tender for, using the latest technology integrated treatment systems applied today, the design, planning, construction and operation for 3 months of the 9,600 m³/day capacity treatment plant, needed to treat the wastewater stored in the Waste Storage Facility (ADT-1) with a capacity of 5 million m³ where the wastes coming out of the copper mine and ore enrichment facilities operated by Acacia Mining Operations in Hanönü district of Kastamonu province. The project design and turnkey construction contract for the facility for the reuse and/or return to the nature of the top water collected in the tailings dam has been signed.

Following the completion of the engineering and project design studies, the construction that started in 2021 were completed in the same year and the facility started operation. The wastewater originating from the copper mine and ore enrichment facilities is treated with physical, chemical and membrane systems, and the tail water is recovered as high quality process feed water, and drinking and utility water quality parameters are achieved.



Akasya Mine Recycled Water Amount 2.6 million m³ has the capacity to fill approximately 1,050 olympic pools in 1 year.

**9,600
m³/day**

In order to ensure the uninterrupted operation of the mining processes, the system capacity was divided into two, with process redundancy, and hot redundancy with equipment on the line, thus eliminating the risks that may be encountered in continuous operation. More than 80% of the treatment plant piping works were built as open lines (gallery structures), thus enabling the fastest response to possible operational risks. In every step of the process, thanks to the location MCCs and the advanced SCADA system, full control is provided within the facility, while the full integration of the operation into the mine production processes is ensured, and the required amount and quality of water are under control and automation during the operation phase.

Highlights of 2021

The First Copper Mine Wastewater Treatment and Recovery Plant in Turkey became operational

The Copper Mine Wastewater Treatment and Recovery Plant EPC project with a capacity of 9,600 m³/day has been successfully completed. With this project, which is the first in Turkey, the wastewater originating from the mine is treated with advanced treatment systems and recovered, thus saving water.

Yozgat C.H. Waste Management Service Terminated

As of October 26, 2021, Yozgat City Hospital Waste Management service has been terminated.



Akfen Güllük Inc. transferred

The transfer of the project was carried out on 19 April 2021.

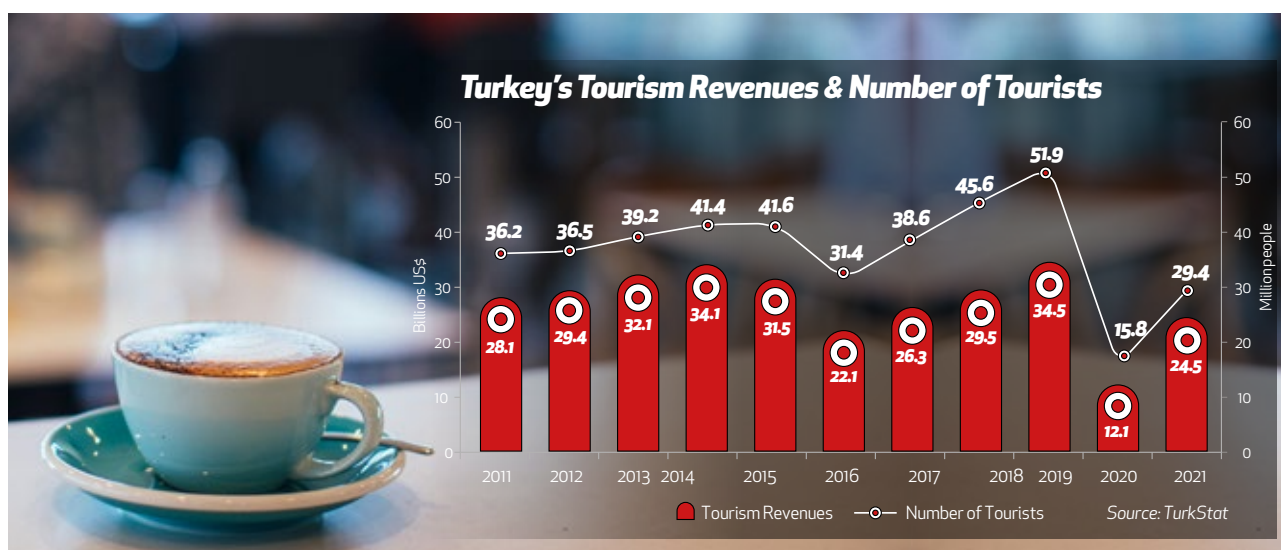


Active mission at TAYÇED continues

After the acceptance of Akfen Environment and Water to TAYÇED (Waste and Environmental Management Association), Akfen Water General Manager Mr.

Emre Sezgin was elected a Member of the Board of Directors of TAYÇED at the TAYÇED Extraordinary General Assembly on 17 October 2018. Active role in TAYÇED studies continued in 2021.

REIT & Tourism Sector



The tourism sector, which with the reduction of the effects of the pandemic and the removal of restrictions in 2021, saw an increase in the number of visitors by 85% and in revenues by 103%

The tourism sector makes a significant contribution to the country's economy. The number of tourists, which was around 10 million in the 2000s, reached 52 million by the end of 2019. In 2021, with an increase of 85% compared to the previous year, 29.4 million people visited our country.

37.7% of the foreign tourists who came to Turkey in 2021 came to Antalya, 35.1% to Istanbul and 4.4% to Muğla. These three provinces were followed by İzmir and Ankara with shares of 2.6% and 1.6% respectively. The COVID-19 epidemic, which was first diagnosed in China at the beginning of 2020, started to show its effects in European countries, especially Italy, at the beginning of March, and in Turkey as of the second week of March. In 2021, after the restrictions were lifted with the increase in vaccination rates, Turkey's tourism performance started to recover as the number of visitors increased compared to the previous year.

While the occupancy rates for 2020 were 35% for Turkey in general, the occupancy rate for Istanbul was 37%. While the average room price in Turkey for the same period was 70 Euros, it was 78 Euros in Istanbul. In 2021, the occupancy rate, which was 52.1% in Turkey, was 54.5% in Istanbul.

The average actual room price in this period is 82 Euros in Turkey and 91 Euros in Istanbul. The negative effect of the Covid-19 epidemic on hotel occupancy and actual room prices decreased compared to the previous year, and average room prices exceeded the level of 2019.

The expenditures of approximately 12.7 million foreign tourists coming to Turkey in 2020 amounted to an average of USD 716 per person. Considering that the average expenditure per capita in 2019 was USD 642, it is seen that per capita expenditures have increased. Looking at the year 2021, it is seen that approximately 24 million foreign tourists visited our country and spent an average of USD 785.

76.8% of the revenue was obtained from foreign visitors

Tourism revenues in 2021 increased by 103% compared to the previous year and amounted to USD 24.5 billion. 76.8% of the income was obtained from foreign visitors and 23.2% from citizens living abroad.

As a result there was a significant recovery in the tourism sector in 2021, but the growth prospects for the next period remain unclear after Russia's invasion of Ukraine, which started in February 2022.

On the other hand, besides the normalization, it is necessary to take into account the competitive advantage arising from the appreciation of foreign currencies against TL. This factor, which will provide a relative advantage for Turkey compared to neighboring countries, will positively affect the contribution of accommodation and tourism revenues to the country's economy and its effect on growth.

Trabzon

Türkiye

Eskişehir

Russia

Ankara

TRNC

İstanbul

Hotel

Reception

City hotel projects

Ibis Hotel

**Akfen
REIT**

Novotel

Resort

Bodrum

Strategic partnership

Kaliningrad

Kütahya

Yaroslavl

Dormitory

Moscow

Akfen REIT, which started the concept of city hotel management that provides long-term sustainable rental income in Turkey in 2007 and has expanded its portfolio with holiday villages and student dormitories, has reached a portfolio consisting of 20 hotels in 3 countries, 1 holiday village, 2 dormitories and 1 office building

Akfen Real Estate Investment Trust

Akfen REIT has reached a portfolio of 21 hotels, 2 dormitories, 1 resort and 1 office building over 14 years since 2007, with the "Contemporary City Hotels" project that it pioneered in the sector. Thus, Akfen REIT has become one of Turkey's main hotel investors, primarily with its Accor expertise. The company, which started its operations as Aksel Tourism Investments and Management Inc. in 1997, was transformed into a real estate investment trust in 2006.

The company has taken action to fill the gap it identified in the 3 and 4 star hotel classes, especially in cities other than Istanbul, under an international brand. After the public offering process in 2011, Akfen REIT shares started to be traded on the Borsa Istanbul on 11 May 2011. The actual free float is 14.10%. At the end of 2021, the closing price of Akfen GYO shares was 7.35 TL (Close market value: 9.6 billions TL). With the capital increases in 2021, its capital has increased 7 times.

Strategic partnership with Accor

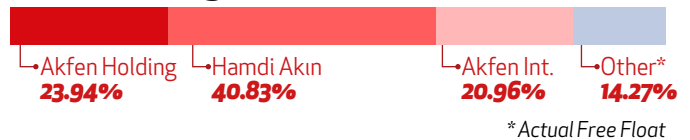
Akfen REIT, which became a strategic partner of Accor in 2005, one of the world's leading hotel chains, obtains regular and predictable rental income by signing long-term rental agreements for the hotels it opens in Turkey and Russia.

In contracts with Accor regarding Akfen REIT's hotels (except 3 hotels in Russia, Bodrum and TRNC) Akfen REIT has a minimum guarantee requirement for its rental income. Rental income for hotels in Turkey is determined as the higher of a certain percentage of turnover or adjusted hotel gross profit. This sharing, on the one hand guarantees a minimum income, and on the other hand, it has the potential to share in the income increase that will be provided by the performance of the hotels.

The business model involves developing city hotel projects under the Novotel and Ibis brands within the framework of the strategic cooperation between Akfen REIT and Accor. The company's domestic investments



Shareholding Structure



Subsidiary Structure (Direct and Indirect)

Akfen Gayrimenkul Tic. ve İnş.	100%
Akfen Karaköy Gayrimenkul Yatırımları ve İnş. A.Ş.	91.47%
Akfen İnş. Tur. ve Tic. A.Ş. ve Akfen GYO A.Ş. Adi Ortaklığı	100%
YaroslavlOtelInvest Ltd.	97.8%
Samstroykom Ltd.	97.8%
Volgastroykom Ltd.	96.17%
KaliningradInvest Ltd.	97.8%
Severnyi Avtovokzal Ltd.	100%
Fıratcan İnşaat Tic. ve Turizm A.Ş.	51%

Operational Performance of Hotels

Hotels	No. of Rooms*		Occupancy rate	
	2021	2020	2021	2020
Turkey Total	2,477		56%	33%
Turkey Total	865		51%	33%
Grand Total	3,342		55%	33%

Hotels	Revenue per room (Euro)**		Total revenue per room (Euro)***	
	2021	2020	2021	2020
Turkey Total	17	10	23	13
Turkey Total	19	11	25	15
Grand Total	18	10	24	13

* 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).

focus on taking the maximum share from the growing middle class potential and from the steadily increasing activity of the Turkish business world in the sector.

On the other hand, the 5-star Merit Park Hotel and casino in the portfolio of Akfen Real Estate Trade, a subsidiary of Akfen REIT, located in Kyrenia, TRNC, has been operated by Voyager, a Net Holding group company, since 2013.

Financial strengthening

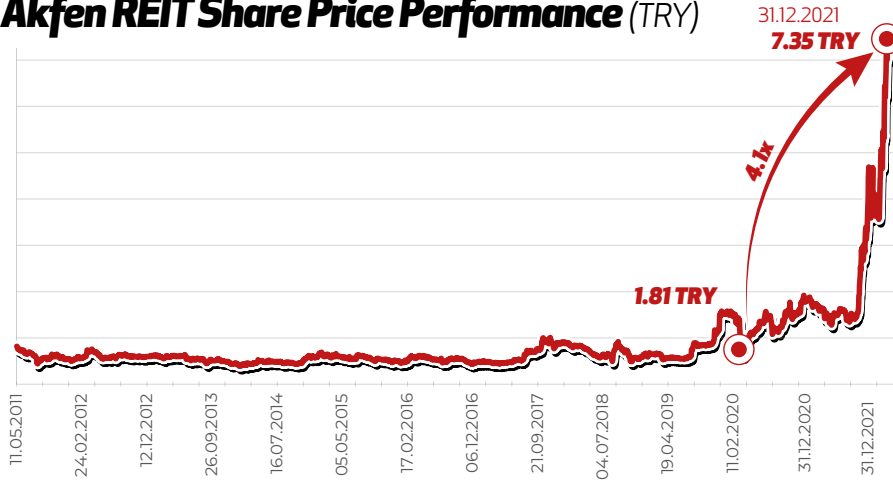
Akfen REIT contributes to company value by reducing debt and further strengthening its financial structure. Akfen REIT, which redeemed the convertible bond issued for the first time by a public company in Turkey by converting it into shares at the beginning of 2021, made its second capital increase and added Bodrum Loft and two dormitory buildings to its portfolio. Additionally, the company restructured all its financial debts to a maturity of 10 years and closed its Dutch subsidiaries, therefore directly connected its Russian investments to Akfen Real Estate Trade, and took important measures against the negative effects of the Covid pandemic by saving on other general expenses, too. The company strengthened its financial structure by revising its lease agreements with Accor in a way to increase rental income by 10%-22.5% depending on the hotel.

The Company, which provided EUR 55 million in funding with the third capital increase (161%) in 2021, paid EUR 44 million of this amount and 26% of its financial debts early. As of 31 December 2021, the number of employees of Akfen REIT and its subsidiaries is 19.

International & Domestic Hotels

	Opening Date	No. 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
TOTAL		3,628
INTERNATIONAL HOTELS		
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		7,232
DORMITORIES		
Isparta Dormitory	2018	4,032
Kütahya Dormitory	2019	3,200
TOTAL		7,232
RESORT		
Bodrum Loft	2020	92
TOTAL		92

Akfen REIT Share Price Performance (TRY)



Projects Added to the Portfolio

Bodrum Loft

The Bodrum Loft project, which was built in Bodrum, one of the most popular tourism centers in Turkey, is located in the Demirbükü Region, 15 kilometers from the center of Bodrum. The allocation period of the land allocated by the Ministry of Culture and Tourism is 49 years. Bodrum Loft, which was added to Akfen REIT's portfolio on 9 February 2021, consists of 19 blocks and 36 independent sections. There are 92 rooms in total in Bodrum Loft. The holiday village, which was opened in July 2020, has attracted the attention of tourists with its location and comfort, and has reached 100% occupancy rate in 2021 despite its new opening.

Isparta Student Dormitory

Isparta Student Dormitory, which was opened in March 2017, was built in the commercial area of Isparta City Hospitals. There are four dormitories and two social facility blocks in the complex, with six blocks in total. There are 1,016 rooms and 4,032 beds in the dormitory, which is designed as ground + seven floors. The project was completed in May 2018 and student admission started after an agreement was reached with KYK on the lease of the building and the contract was signed.

Kütahya Student Dormitory

With the tender opened by Kütahya Dumlupınar University, the easement right of the land within the university was taken for 29 years. The project, whose investment started in 2017, was completed as of the end of 2018 and delivered to the Credit and Hostels Institution (KYK) in January 2019. The student dormitory built on the Evliya Çelebi Campus of the university has a total bed capacity of 3,032.

20 Hotels

3,628 rooms in Turkey, Russia and TRNC.

1 Resort

36 villas

2 Dormitories

7,232 bed capacities

1 Office

4,637 m² rentable office area

1 Other

viaduct, terminal and commercial area

Highlights in 2021



SÖĞÜTLÜÇEŞME
PROJECT

Akfen REIT's capital reached 1.3 billion TL after the rights and bonus issues in 2021

12 January 2021: The redemption of the Convertible Bonds with a principal amount of 170 million TL in 2018 was realized as 238.627.432 TL, with a price of 4.04 TL (adjusted price 1.50) as a result of the capital increase allocated to Hamdi Akın, 59,066,196 Group B bonds were issued, the capital was increased to 243,066,196 TL.

9 February 2021: In order to enrich and diversify Akfen REIT's asset portfolio, to provide additional resources for the repayment of the new loan structure, to ensure that it attains a more sustainable structure that will reduce the impact of the epidemic in its revenues with the contribution of regular and continuous income-generating assets; all of the shares of Masanda Tourism Investments Inc, which has an investment of a 5-Star Holiday Village with 184 beds in Bodrum, were leased by Akfen Infrastructure Holding Inc to the General Directorate of Credits and Dormitories for 13 years; Isparta Yurt Investments, which owns two dormitories with a total of 7,232 beds has been purchased from Akfen Construction Tourism Trade Inc; and the total purchase price of the two assets, 450,000,000 TL, required for the purchase is covered by the capital increase realized at a price of 4.43 (adjusted price of 1.65) allocated to Hamdi Akın and paid as a premium. The capital of the company has reached 344,646,332 TL.

11 March 2021: Rental agreements with Accor Group, which operates 19 hotels, 15 of which are in Turkey and 4 in Russia, have been revised and improved in favor of the Company. Effective from 1 January 2021, AGOP rates are increased from between 72.5% and 85% to 95%.

19 March 2021: A total of 6,233,384 shares, representing 1.81% of the Company's capital, bought back by the Company previously, were sold at a price of 4.24 TL (adjusted price 1.58) for 26,429,548.20 TL.

29 March 2021: 51% shares of Fıratcan Construction Tourism Trade Inc. were purchased for 6.2 million Euros. The company has committed the Söğütlüçeşme High Speed Train Station Project to TCDD and will construct a viaduct terminal, commercial area and parking lot within the scope of the project.

9 April 2021: The loan debt of 177.7 million Euros was refinanced with a maturity of 10 years with the current interest rate and conditions, and the Russian portion of the loan was converted to Rubles.

30 June 2021: Isparta Yurt Investments Inc. and Masanda Tourism Inv.Inc.was taken over by Akfen REIT with all its assets and liabilities.

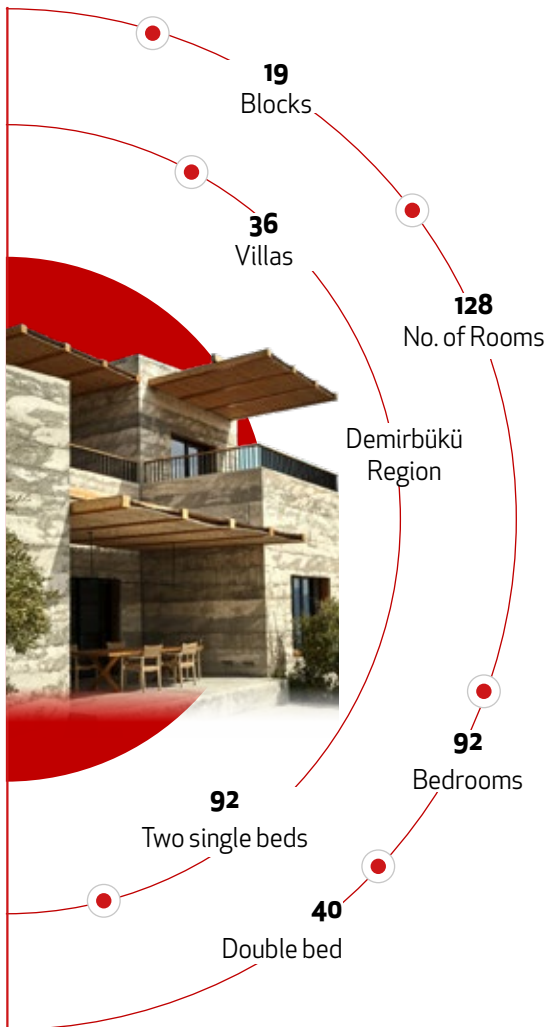
3 August 2021: With a 161% rights issue, the Company's issued capital of 344,646,332 TL increased to 900,000,000 TL, with an increase of 555,353,668 TL, all in cash, by using the preemptive rights of the existing partners.

7 September 2021: As a result of the early payment made with the fund obtained from the capital increase, the net debt of the Company decreased to 130 million Euros. (200 million Euros at the end of 2020).

10 November 2021: An Interest Rate Swap Transaction was carried out for 75% of the Euro-denominated loans (77.7 million Euros) held by Credit Europe.

29 November 2021: An agreement was reached with Penguen Gıda Sanayi Inc. to develop a concept project in Bursa and the project process has started.

7 December 2021: Through a bonus issue (wholly covered by emission premiums), the 900,000,000 TL issued capital of the Company was increased to 1,300,000,000 TL, by exceeding for one time the 1,000,000,000 TL registered capital ceiling.



Bodrum Loft became a member of LHW in 2021



Leading Hotels of the World (LHW) is an organization that was founded in 1928 by 38 hotels. Today 600 independent hotels in the luxury segment in 80 countries are affiliated with it. The organisation does not accept chain hotels, constantly inspects member hotels, and also supports their sales, marketing and reservation systems.

Bodrum Loft has been included in the Leading Hotels of the World as of 2021.

Bodrum Loft Project*

Bodrum Loft, owned by Akfen REIT, set out to bring a different perspective to tourism by using the long-term rental method. Located in the Demirbükü Region, 15 kilometers from the center of Bodrum, one of the most popular tourism destinations not only in Turkey but also in the world, the facility has 92 bedrooms. 40 of the rooms have double beds and 52 bedrooms have two single beds. There are 36 living spaces in total in Bodrum Loft.

Although summer tourism in Turkey is accepted as 3 months, considering the fact that Bodrum Loft will provide active service from 1 May to 1 November, the season has been determined as 6 months. The hotel reached 100 percent occupancy rates in its first year.

The income model in Bodrum Loft has opened the doors to a new system for Turkish tourism. This model should be thought of as "purchasing a seasonal option" rather than a rental. At this point, long-term accommodation programs such as 4-6 months have been prepared for the summer of 2021.

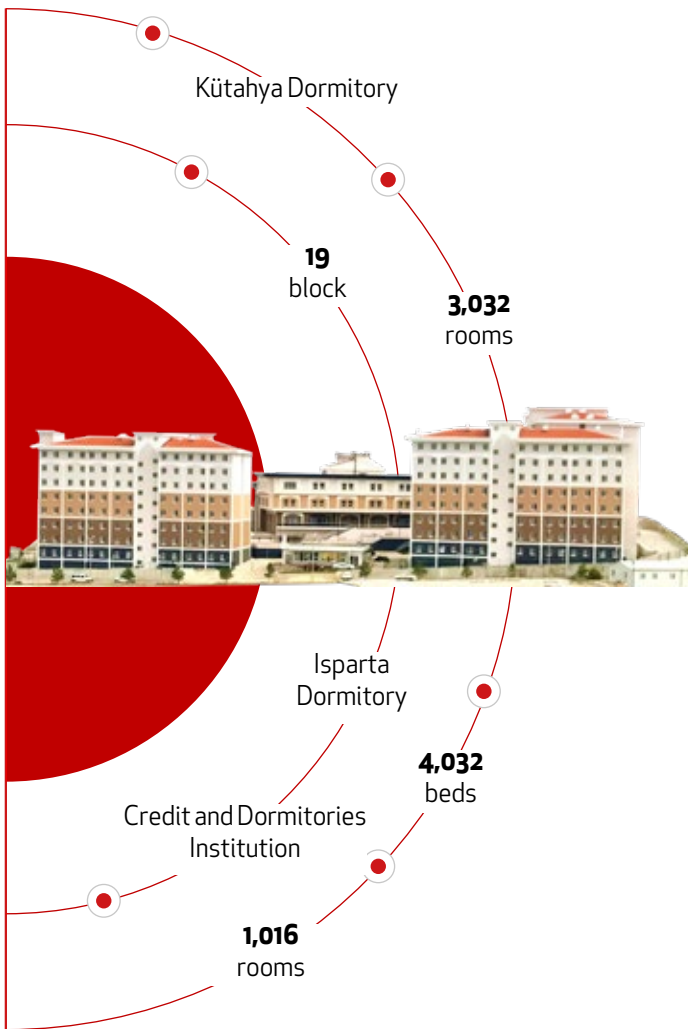
100% occupancy rate reached

When the renters cannot stay 4-6 months, the system enables them to rent out weekly or monthly through foreign agencies, thus providing the seasonal renter to earn income, too. For the option buyer, Akfen Tourism sales team carries out the leasing for free periods.

*As of February 9, 2021, Akfen REIT took over Masanda Turizm (Bodrum Loft).

Bodrum Loft

Land Area	Cons. Area	Allocated by
57 thousand m ²	22,586 m ²	Min.of Culture & Tourism
Opening Date	Allotment Period	Design
2020	49 years	Tabanlıoğlu Architecture



Kütahya Dormitory*

With the tender opened by Kütahya Dumlupınar University, the easement right of the land within the university was taken for 29 years. The project, whose investment started in 2017, was completed by the end of 2018.

The "Kütahya Student Dormitory" built in the Evliya Çelebi Campus of Kütahya Dumlupınar University has a total bed capacity of 3,032. The 59 thousand square meter dormitory was delivered in January 2019 and rented to CDI.

Isparta Dormitory*

Another dormitory project of Akfen Construction is the Isparta Dormitory Project, which was built in the commercial area of Isparta City Hospitals, and opened in March 2017. In the dormitory, which consists of a total of six blocks, there are four residential blocks and two social facility blocks. There are 1,016 rooms and 4,032 beds in the dormitory, which consists of a ground floor + seven floors. The project was completed in May 2018. An agreement was signed with CDI regarding the lease of the building.

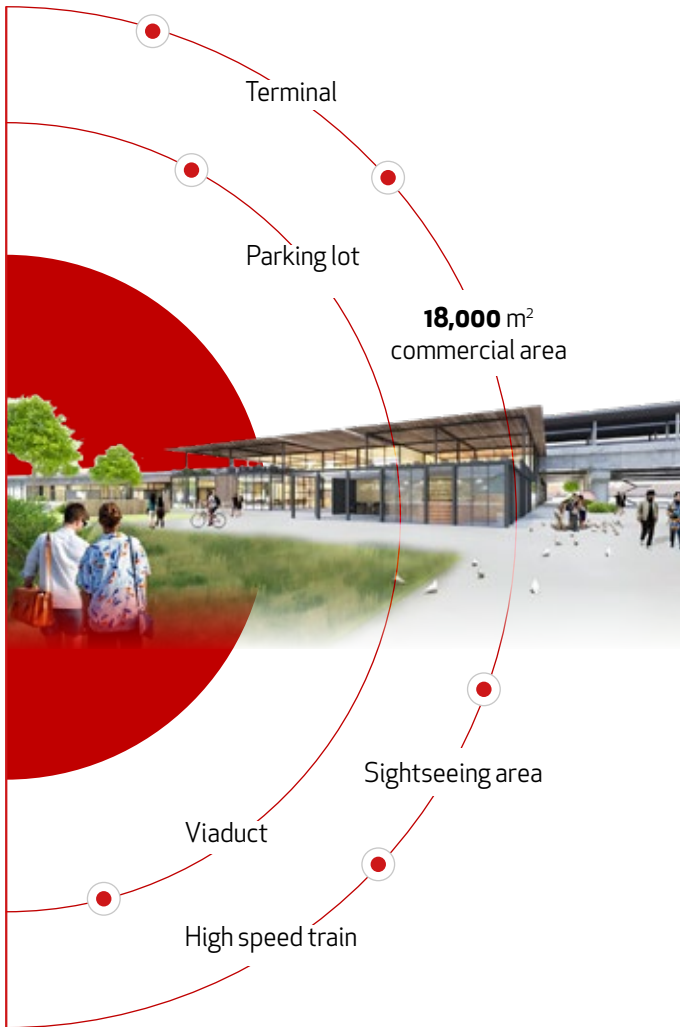
*As of 9 February 2021, Akfen REIT purchased all of the shares of Isparta Dorm (Kütahya and Isparta dormitories) from Akfen Construction

Isparta Dormitory

Land Area	Construction Area	No. of Beds
31,848 m ²	67,000 m ²	4,032 units
Delivery Date	Right of Use	Design
2018 May	25 years	Ediz Architecture

Kütahya Dormitory

Land Area	Construction Area	No. of Beds
59,000 m ²	22,586 m ²	3,032 units
Opening Date	Delivery Date	Right of Use
2017 April	2019 Jan.	29 years



Söğütlüçeşme Project

Akfen REIT, for 6.2 million Euros, took over 51% of the shares of Fıratcan Construction, Trade ve Tourism Inc., which will build the Söğütlüçeşme High Speed Train Station Project belonging to TCDD. The High Speed Train Station Project, which will be built on an area of 28 thousand square meters, includes the construction of a viaduct, terminal, commercial area and parking lot. Additionally, on 29 November 2021, an agreement was reached with Penguen Gıda to develop a concept project in Bursa and the project process started.

Söğütlüçeşme Project

Rentable commercial area	Investment	Share in Fırat A.Ş.
18,000 m²	€6.2 mn	51%
The value of the company		Construction Start
€13.7 mn		2022

In our country, 88.8% of the passengers carried on seas and 88.9% of vehicles are transported on Marmara Sea lines

Maritime Transportation Sector

Maritime transport has great potential in terms of freight and passenger transport in Turkey, which is surrounded by seas on three sides. Although it is fast, safe, economical and environmentally friendly, it has the lowest share among passenger transportation modes.

Cabotage line passenger and vehicle transportation is mainly carried out by TDI passenger ships and ferries, and İDO ferries and sea buses. There are also private motor boat operators in urban sea transportation.

New highways, bridges, high-speed train services and cheap airline tickets affect sea transportation negatively. The Yavuz Sultan Selim Bridge, the Eurasia Tunnel and especially the Osmangazi Bridge which became operational in 2016, have reduced the interest in seaways.

There was an increase in 2021 as the effect of the pandemic decreased

In 2021, with the increase in vaccination and the slow-down of the effects of the pandemic, in line with the normalization process the restrictions were lifted and the number of passengers carried on Turkey cabotage lines increased by 13% compared to 2020 to 97 million, while the number of vehicles increased by 15.9% to 12.6 million. On the other hand, looking at the averages of the last 10 years it can be seen that there was a 2.0% growth in the vehicles transported on the cabotage lines and a 4.7% decrease in the transported passengers.

89% of the passengers are on the Sea of Marmara

Almost all of the passengers and vehicles transported on cabotage lines in 2021 used the Marmara and Aegean seelines. 88.8% of the passengers carried on the seas were carried within the Marmara Sea, and 11.2% on the lines in the İzmir Region.

88.9% of the vehicles were transported within the Marmara Sea and 11.0% on the lines in the İzmir Region. 61.3% of the shipments in the Sea of Marmara were carried out in the Marmara basin, and 27.6% in the Çanakkale Region.





Conventional Ferries

Yalova

Yenikapı

Fast Ferry

Bursa

Kabataş

Sea buses

Bandırma

Harem

Topçular

Innercity lines

Marmara

Pendik

Intercity lines

Eskihisar

Bostancı

Fuel saving

Port

Maritime
Transportation

ido



Dock

Fleet

Terminal

Istanbul Sea Buses (İDO)

İDO, one of the largest maritime transport companies in the world with its large fleet, and high vehicle and passenger carrying capacity, has adopted the mission of economy, comfort, speed and travel safety on 16 lines where it serves with 51 ships.

Contribution to the environment and economy

In 2011, Akfen Holding, Tepe, Souter, Sera Joint Venture, with a block sale method, for a value of USD 861 million, won the tender for the privatization of 100% of the shares of İDO, which was established by İstanbul Metropolitan Municipality in 1987. In 2020, the shareholding structure of İDO was changed and as a result of the exit of one foreign and one domestic partner, it became a 50-50 partnership of Akfen Holding and Tepe Construction. With 51 ships in its fleet working between 35 piers and on 16 lines, İDO helps reduce travel time on the Bosphorus, the Sea of Marmara and the İzmit Gulf, thus contributing to the economy and the environment by saving time and fuel for passengers.

As of the end of 2021, İDO provides service with its modern fleet of 51 sea vehicles (24 sea buses, 20 ferryboats, 7 fast ferries). It operates on 16 lines on the Marmara Sea with a capacity of 35,443 passengers in the summer season, 28,799 passengers in the winter season, and 2,570 vehicles for both periods.

As of 31 December 2021, the number of employees of İDO is 1,019. The most recent collective bargaining agreement with the Turkish Seafarers' Union has expired as of 31.12.2021. Negotiations for the new term have started. In 2021, a total of 3,024,740 liters of fuel were saved. Thus, carbon dioxide emissions were reduced by 8,015 tons.

The number of vehicles (5.9 million) carried by İDO by ferry and ferryboat is more than the number of registered vehicles in Istanbul (4.6 million)



Shareholding Structure*

↳ Marmara Sea Buses **100%**

*With the restructuring completed on 8 July 2021, Akfen Holding and Tepe Construction transferred their shares in İDO to Marmara Sea Buses Investment and Management Inc., which has the same partnership structure as İDO, and Marmara Sea Buses has become the 100% owner of İDO.

Subsidiary Structure

Zeytinburnu Liman İşl. San. ve Tic. A.Ş.

20%

İDO transported 27.8 million people from one coast to another in 2021. The number of passengers carried is almost twice the population of Istanbul (15.8 million people)





Inner city lines

- Adalar** (Yenikapı-Kınalıada-Burgazada-Heybeliada-Büyükkada / Büyükada-Heybeliada-Burgazada-Kınalıada-Yenikapı)
- Harem-Sirkeci**

Intercity lines

FAST FERRY LINES

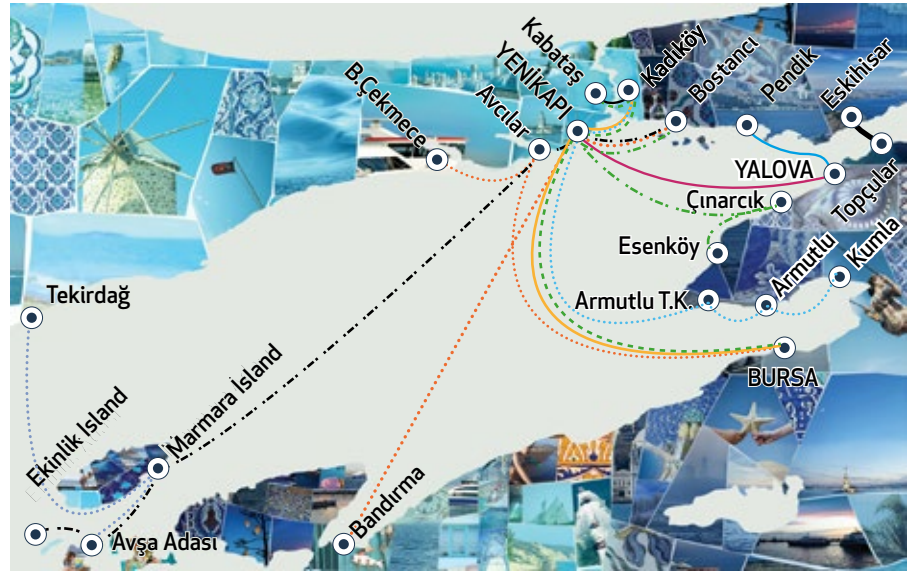
- Yenikapı-Bursa
- Yenikapı-Bandırma
- Yenikapı-Yalova
- Pendik-Yalova

CONVENTIONAL FERRIES

- Eskihisar - Topçular

FAST FERRY INTERCITY LINES

- Bostancı-Yenikapı-Avcılar-Marmara A.-Avşa A.-Ekinlik Adası
- Kadıköy-Yenikapı-Armutlu T.K.-Armutlu-K.Kumla
- Bostancı-Yenikapı-Bandırma
- Bostancı-Yenikapı-Çınarcık-Esenköy
- Kabataş-Kadıköy-Yenikapı-Bursa
- Tekirdağ-Marmara Adası- Avşa Adası
- Büyükçekmece-Avcılar-Bursa



Number of Passengers and Vehicles

	2021	2020	Change
Total No. of Passenger	27,814,269	25,051,731	11.0%
Fast Ferry	4,744,557	3,923,727	20.9%
Sea Bus	1,452,204	1,258,805	15.4%
Conventional Ferry*	21,617,508	19,869,199	8.8%

*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
Axle Bus / 3 Axle TIR	26
4 Axle and over TIR	2

	2021	2020	Change
Total no. of Vehicles	5,870,967	5,187,932	13.2%
Fast Ferry**	1,154,576	958,525	20.5%
Conventional Ferry	4,716,391	4,229,407	11.5%

** 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	Vehicle Class	Coefficient
Motorcycle	0.25	Minibus (19 persons)	1.50
Automobile	1.00	Midibus	2.00
Disable Car	1.00	Pick-up (0-2,000 kg)	1.50
Minivan	1.00	Pick-up (2,001-2,500 kg)	2.00
Minibus (12 persons)	1.25	Pick-up (2,501-3,500 kg)	2.00
Jeep	1.25	Bus	5.00
		Tow Truck	1.50

Social Responsibility Developments of 2021

Collaboration with Unicef

In 2021, too, İDO hosted disadvantaged child guests together with UNICEF. The cooperation between the two institutions has brought new supporters to UNICEF and contributed to extending a helping hand to many disadvantaged children.

Free Avşa Travel for Disabled Passengers with TSD Cooperation

In line with its cooperation with the Turkish Disabled Association (TSD), İDO conducted free Avşa trips to disabled citizens who are included in the "Avşa Accessible Summer Camp" program of the association..

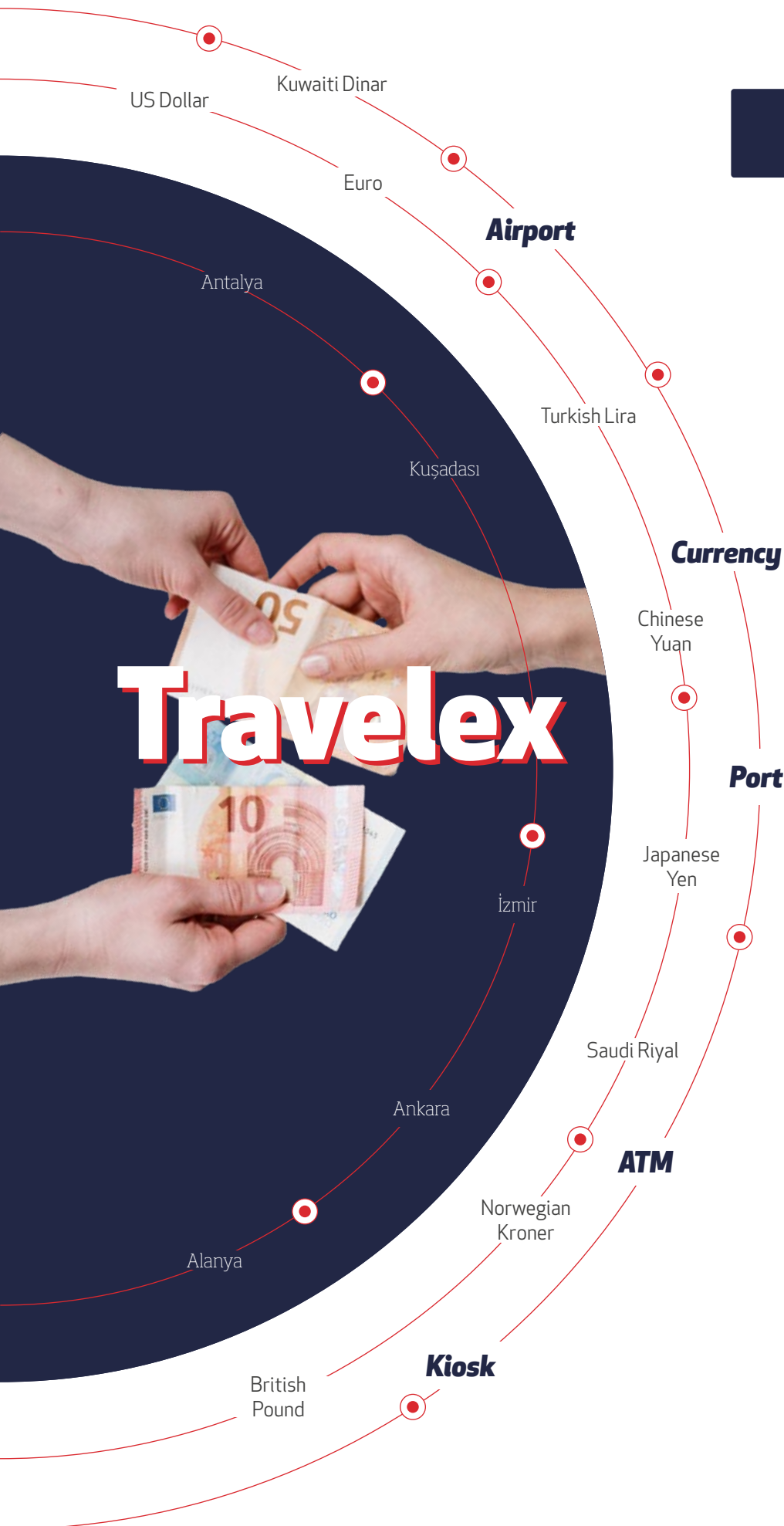
Awareness with LÖSEV, Kızılay and Darüşşafaka posters

LÖSEV, Kızılay and Darüşşafaka posters were placed on İDO ships and terminals, helping increase sensitivity and awareness about leukemia (blood cancer), healthy living, the importance of blood donation and equal opportunity in education.

TEMA Foundation Sapling Donation

Due to the forest fires affecting the Mediterranean, Aegean and Marmara regions in July, İDO made a sapling donation through TEMA.





Travelex

worldwide
money

Airport

Currency

Port

ATM

Kiosk

Travelex

Travelex has more
ATMs than 17
banks in Turkey

Travelex

Established in 1976, Travelex is the world's leading specialist organization in foreign exchange and related services. Travelex, which operates in 24 countries, has created a platform that reinterprets the physical and digital money movement across borders globally, with 900 ATMs and 1,100 service points both at airports and off-airport locations, as well as online and mobile foreign exchange trading service platforms that are developing day by day, thus ensuring that all its customers stay one step ahead of the competition.

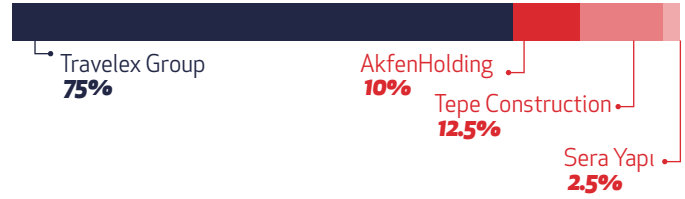
Using its expertise and experience, it provides reliable, effective and accurate international money transfer services to financial institutions, travel agencies and hotels, complementing this service with a secure cash delivery service in all currencies. The group also provides bulk money supply and delivery services to its customers, including central banks and international financial institutions.

Activities in Turkey

Travelex operates in Ankara Esenboğa, İzmir Adnan Menderes, Antalya and Alanya Gazipaşa Airports and Kuşadası Cruise Port in Turkey. After the sale to Travelex in 2014, Akfen Infrastructure has 10% of its shares.



Shareholding Structure*



Travelex at a Glance



12
Number of
Offices in
Turkey

1,100
Location

20
Countries

900
ATM

Other Subsidiaries

AKINISI MACHINERY

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.

Shareholding Structure*



AKFEN REAL ESTATE PORTFOLIO MAN. INC.

Akfen Real Estate Portfolio Management was established in 2017. The main field of activity of the company is the establishment and management of real estate investment funds within the framework of the Capital Markets Law and relevant legislation.



AKFEN MERTER

The company leased the property, which is located in Zeytinburnu district, Merkezefendi district, Çörekçi Nalbant Çukurları Street, on block 3284, parcel 47, which is owned by the General Directorate of Foundations of Istanbul, for a period of 30 years, according to the BOT model, with a "construction conditional lease" agreement dated 21 October 2011.



AKFEN TOURISM INVESTMENT AND BUSINESS INC.

Akfen Tourism coordinates the Group's potential tourism investments. In this context, it operates the Bodrum Loft holiday village, various facilities in the Ankara Bulvar Loft commercial area and the canteens of Isparta, Eskişehir and Tekirdağ City Hospitals. It also provides catering business services in Ankara.



AKFEN CONSULTING AND PROJECT DEV. INC.

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



TEPE AKFEN REFORMER (TAR)

Established in Poland, the company owns a plot in Poland. The company is pursuing opportunities to develop a real estate project on this land.



Other subsidiaries of Akfen Holding; Adana İpekyol is BİZ Mining, Akfen Energy Gas, Akfen Wind Energy and Akfen Solar Energy.

CHAPTER 3

Corporate Governance

- *Corporate Values & Perspective for the Future*
- *Human Resources*
- *Board of Directors*
- *Management of Subsidiaries and Affiliates*
- *Corporate Social Responsibility*
 - ▶ *Summary*
 - ▶ *Global Compact*
 - ▶ *Akfen Sustainability Priorities*
 - ▶ *TİKAV*
 - *Individual Development Program*
 - *The Duke of Edinburgh's International Award - Tr*
 - *National Projects*



Corporate Values and 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 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.
- 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 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 Principles

- To gather development focused, valueadding, participatory, dynamic and competent manpower under the roof of Akfen Infrastructure 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

Akfen Infrastructure Holding is aware that it is the employees who ensure success and the future. With the basic understanding of "All tasks are important, all people are valuable", it aims to develop a working environment where the ideas of employees are valued, their participation is supported and equality of opportunity is provided for everyone.

The company believes that working in an environment based on human rights principles, taking into account all the material and moral rights of Akfen employees, as well as that of subcontractors, who have adopted a spirit of cooperation based on love, respect and tolerance under the umbrella of Akfen, is the main criterion for sustainable success and attaches importance to collaborations in which corporate values and ethical principles are shared.

Our HR Policy, created with this understanding, adopts approaches that protect employee rights and keep the "Akfen Family" feeling alive both within the organization and before all our stakeholders. Human Resources Management Department carries out Human Resources Practices in line with the strategic plan and objectives of the company, aims to review them according to the conditions of the day and to continuously develop them in a dynamic structure. Thus, human resources planning, selection, placement, development, job analysis, preparation of suitable job descriptions according to changing conditions, performance and career planning studies, increase of work motivation and development of corporate culture are executed to ensure that the skills and competencies of the employees meet with the requirements of the job.

Employee Distribution by Male and Female Personnel (31.12.2021)

Companies	Total Employee	Female Employee	Male Employee
Akfen Holding	54	22	32
Akfen Construction	70	24	46
Akfen Tourism	202	82	120
Akfen Cons.&Project Dev.	6	6	0
Akfen Real Estate Portfolio Man.	5	1	4
Travelex	45	15	30
Akfen REIT	20	9	11
Akfen Renewable Energy	214	20	194
MIP	2,028	112	1,916
IDO	1,018	47	971
Akfen Water	6	2	4
Acacia Mining	226	33	193
TAV Investment	1,297	53	1,244
Total	5,191	426	4,765

Employee Distribution by Education Level (31.12.2021)

Companies	Associate Degree, Bachelor Degree, Masters Degree, Ph.D	Secondary & High School Graduate	Primary School Degree
Akfen Holding	35	17	2
Akfen Construction	56	12	2
Akfen Tourism	66	103	33
Akfen Cons.&Project Dev.	3	3	0
Akfen Real Estate Portfolio Man.	5	0	0
Travelex	36	9	0
Akfen REIT	15	5	0
Akfen Renewable Energy	96	99	19
MIP	488	1,279	261
IDO	516	405	97
Akfen Water	6	0	0
Acacia Mining	110	96	20
TAV Investment	520	116	661
Total	1,952	2,144	1,095

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 & 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

In order to develop a career plan for value creating human resources, to reward such resources and identify aspects that are open to development, a goal and competency-based performance evaluation system has been adopted in which success is evaluated according to measurable criteria. While the expectations from the employees are put forward concretely, it is aimed to define effective and efficient training and development programs that support the career paths of the employees in line with the feedback of the managers. The main purpose of the 'Performance Management Model' is to allow the person to improve him/herself, to achieve measurable performance within the framework of fairness, to create developmental and training opportunities, thereby creating a highly motivated climate by improving our corporate performance as the Akfen Family.

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.

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



Hamdi AKIN

Chairman of the Board of Directors
Akfen Holding

Hamdi Akin 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), Akfen Renewable Energy (Akfen Yenilenebilir Enerji A.Ş.), İstanbul Fast Ferries (IDO) and Akfen REIT (Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.). 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. Akin 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 Akin 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 and member of the Board of Trustees at Support and Education Foundation for Basketball.



Selim Akin, graduated from Surrey University, Business Administration Department in the United Kingdom, and after coming back to Turkey Mr. Akin 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 and Akfen Holding's public offering and bond issue. Besides his Chairman of the Board of Directors role at Akfen İnşaat ve Turizm A.Ş., Mr. Akin also serves as the Vice Chairman of the Board of Directors and CEO at Akfen Holding and its various subsidiaries.

Mr. Akin has become a member of the Turkish Young Businessmen's Association. Mr. Akin is a member of TÜSİAD, Turkish Tourism Investors Association (TTYD) and Turkish Contractors Association (TMB) Supervisory Board. Also he is Vice Chairman of Young Businessmen Association of Turkey (TÜGİAD) and he has also been serving as DEİK representative since 2018.

Selim AKIN

Vice Chairman of the Board of Directors
Akfen Holding

After graduating from Surrey University, UK, in 2010, Pelin Akin Özalp started her career in the Deutsche Bank. Following her return to Turkey, she attended the MT Program of TAV Airports Holdings. Later moving on to the parent company, she has been serving as a Board Member in Akfen Holding as of 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 has been serving in DEİK (Foreign Economic Relations Board of Turkey) as a Board Member in Spanish, British and US Business Councils. She is also a Board Member of Turkish Tourism Investors Association (TTYD), Turkey Business Women's Association (TIKAD), the Marine Environment Protection Association (TURMEPA) and American Turkish Society (ATS) Boards at the moment.

Previously, her experience entails different Board Memberships in various networks such as Association of Family Businesses (TAİDER) and Turkey Union of Chambers and Commodity Exchanges (TOBB) Young Entrepreneurs Advisory Councils, Association of Women in Board of Directors (YKKD). She was elected as the youngest deputy board member in TUSIAD in 2014.

Currently serving as Board Member of Akfen Holding, and Board of Directors Member of Akfen Renewable Energy, Akfen REIT, Istanbul Sea Buses (İDO) and Travelex.

She has enjoyed her YPO network from 2013-2020.



Pelin AKIN ÖZALP

Board of Directors Member
Akfen Holding



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.

İrfan ERCİYAS

Executive Director
Akfen Holding

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 Holding A.Ş. and also Board Member of various Akfen Holding subsidiaries and Akfen İnşaat Turizm ve Ticaret A.Ş.



Sıla CILIZ İNANÇ

Board of Directors Member
Akfen Holding

Management of Subsidiaries & Affiliates



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 Gürış 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.



Kayrı KARABEYOĞLU
General Manager,
Akfen Renewable Energy

Kayrı Karabeyođlu graduated from METU Civil Engineering Department in 1998. Between 1998-2001, he completed his master's degrees at New York Lubin School of Business M.B.A. by doing double major on Finance and Information Systems. He started his career by working at the New York office of Standard and Poors between 2001-2004. Between 2004-2006 he worked on purchase financing and financing of energy projects at the Project Finance Department at Garanti Bank. Between 2006 and 2010 he served as Director at SU Private Equity Management. Between 2010-2013 he worked as Country Manager for Turkey at U.S. based Advent International. Between 2013 and 2018 he served as CEO at Dođuş SK Venture Capital Investment Trust. Between 2014 and 2018, he served as a Board Member at Radore Data Center. Currently he is a member of the Endeavor Advisory Board.



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's 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.

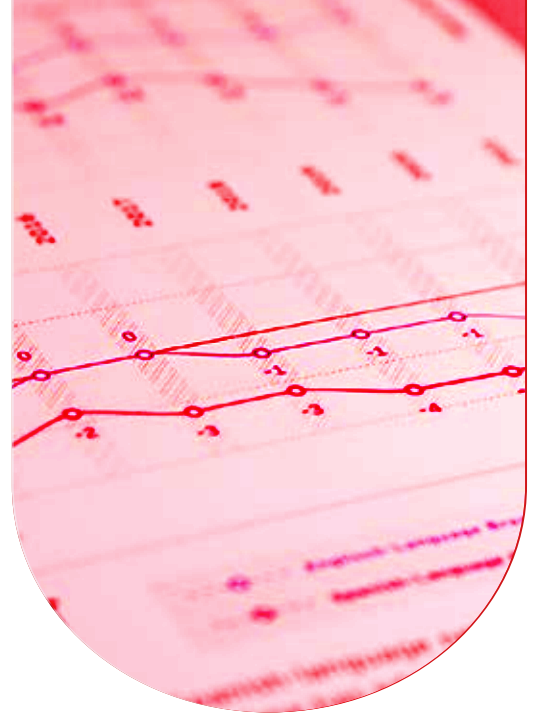


Sertac KARAAĞAOĞLU

General Manager,
Akfen REIT

Mr. Sertac F. Karaağaoğlu, 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 Director 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 the 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.



Murat ORHAN

General Manager,
İDO

After graduating from Anadolu University, Department of Business and Labor Economics and Industrial Relations, Orhan completed his master's degree in Labor Economics and Industrial Relations at Marmara University. He is currently continuing his PhD in Labor Economics and Industrial Relations at Istanbul University (in thesis stage).

Orhan started his career at İstanbul Glass Industry Inc. in 1987 and held various positions in the field of Personnel and Human Resources in different companies of Toprakbank and OYAK. While working as HAVAŞ Personnel Manager starting 2004, he also worked as International Projects and Remuneration Manager, Human Resources Manager and Human Resources Coordinator at TAV Airports Holding. After Orhan was appointed to İDO in 2012, he had the opportunity to work in different disciplines in addition to the Human Resources processes in parallel with the changing organizational structures.

Orhan was appointed as the Acting General Manager on 1 October 2019 and as General Manager on 2 July 2020. Orhan, a member of PERYÖN, gives lectures on Labor Economics and Industrial Relations at various universities. He is also the Vice Chairman of the Board of Zeyport Port Management and a member of the Fenerbahçe Sports Club General Assembly.



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.



Corporate Social Responsibility

Akfen Holding, which has implemented numerous projects in different fields in Turkey and abroad since its establishment in 1976, has touched the lives of thousands of people so far by raising awareness in the fields of education, women, economy and environment together with its subsidiaries working in the regions where these projects take place.

Being the first holding in Turkey to sign the United Nations' Global Compact and Women's Empowerment Principles (WEPs), Akfen also supports He-ForShe, a global solidarity movement for gender equality. In this section, the Corporate Social Responsibility Projects of Akfen Holding in 2021 and the projects of the Human Resources Education and Health Foundation of Turkey (TİKAV), which was established in Ankara on 15 January 1999 by the Akin Family to realize the social responsibility projects of Akfen Holding, are detailed.

Global Compact

On 2 July 2002 Akfen Holding signed the United Nations Global Compact, which was formed to create a common development culture in the constantly competitive business world. The current ten principles included in the Global Compact cover the areas of human rights, working conditions, environment and fighting against corruption

10 Principles of the Global Compact



Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and.

Principle 2: make sure that they are not complicit in human rights abuses.



Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.



Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;.

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.



Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Akfen Group carries out many studies on sustainability for a livable world heritage. In this context, Akfen Holding and its group companies are preparing a detailed Sustainability Report covering the years 2021-22

Akfen

Sustainability Priorities

● **While directing work and investments**

As Akfen, within the Holding, its subsidiaries and affiliates, studies are carried out for the sustainability of global and local resources. Paying attention to sustainability in its investments enables the company to fulfill its social duties, while making financing conditions more accessible.

● **Cares about the future**

Akfen especially cares about the equalization of women's positions in social and business life, creating employment for them, and realizing their efforts and dreams. It implements various projects for women who build our future with the children they raise.

● **Prepares youth for the future**

It invests in young people, who are our future, both with the Individual Development Program and International Award Program Turkey implemented by TIKAV, and with various donations and sponsorships..

● **Respects nature**

Aiming to protect the world we live in and to develop the human being, who is the essence of everything, the company counts caring for the environment as one of its principles in achieving this.

● **Supports art**

Akfen Holding, through various projects, supports arts and culture..

● **Participates in NGOs**

Akfen Group, with all its subsidiaries and managers, takes an active role in many associations and non-governmental organizations established to contribute to Turkey's economic growth..

● **Quality Certificates**

Akfen Holding Inc. has the "ISO 9001:2015 Quality Management System" certificate and has successfully passed the interim audits regarding the aforementioned management system during the period..

● **Management of Natural Resources**

Energy Consumption: With the aim of reducing energy consumption, our server systems have been migrated from single physical servers to multiple combined virtual servers. Thus, with the increase in virtualization, we started to work with fewer physical servers and use less energy with the same system.

Water Consumption: Photocell sink faucets were installed in our offices and all faucets were replaced. Thus, savings are achieved in water usage.

Examples of Akfen Holding's Sustainable Investments

As Akfen, studies are carried out within the body of the Holding, at our subsidiaries and affiliates for the sustainability of global and local resources. Paying attention to sustainability in its investments enables Akfen to fulfill its social duties and makes financing conditions more accessible. Some of these are as follows;

General

- **Akfen Renewable Energy**, has been preparing the Environmental and Social Performance - Annual Monitoring Report, also called ESAP-AMR, annually for 5 years.

- **Acacia Mining**, which operates the Gökırmak Copper Mine located within the borders of Kastamonu, continues its activities conforming to international standards with its expert staff.



Environmental

- **Akfen Renewable Energy**, took action in 2014 to establish 13 all-domestic and renewable wind and solar power plants in 5 regions of Turkey with a total power of 470.3 MW and a total value of USD 530 million.

- We have highlighted the concept of sustainability in many areas, from construction materials to service, in Isparta, Eskişehir and Tekirdağ City Hospitals and Bodrum Loft holiday village, which are the latest projects we have implemented with **Akfen Construction**. For example, in Tekirdağ City Hospital, thanks to the trigen system, we have achieved an energy efficiency of 1.2 million kWh and over 3 million TL in the last year. In the Bodrum Loft project, 32 thousand 400 m³ of wastewater was reused in 2021 only.

- **Akfen Environment and Water**, in line with its founding purpose, has recycled 25.8 million m³ of waste water so far, by purifying the waste water into clean water and making it ready for reuse. On the other hand, within the scope of solid waste management services, 36,800 tons of waste, suitable for recycling, has been separated at the source and brought into the economy.

- **Akfen Environment and Water**, was established with the aim of recovering the great economic losses in Turkey's existing water and infrastructure sector and ensuring that the people receive continuous, reliable, healthy water and infrastructure services.

- Combining its expertise in the water and wastewater sectors with Solid Waste Management services, **Akfen Environment and Water** offers Solid Waste Management systems development and management services in line with the needs of its customers.

- **Akfen Environment and Water**, collected 940 tons of waste suitable for recycling, for which total management service was provided in 2020 and 2021, separately at the

source, and brought it back into the economy. The company, which has expanded its service area, continues its activities with the aim of recycling 550 tons of recyclable waste in 2022.

- While **Acacia Mining** is constantly updating its infrastructure with the aim of using the natural resources of our country in the most accurate way, its reserves have been developed in accordance with the JORC standard with an environmentally compatible and sustainable mining approach. At our open pit copper mine site belonging to our Acacia Mining Operation, the water used in the ore preparation facilities is provided in a completely closed cycle, saving approximately 1.5 million cubic meters of water per year. With the establishment of the solar power plant, which is at the project stage, we anticipate that we will reduce carbon dioxide emissions by approximately 28,000 tons per year by supplying all the needs of the facility from an environmentally friendly renewable energy source.

- **MIP** continues to improve itself in terms of sustainability. While the emission amount of MIP per TEU in 2020 was 0.019 tCO₂, this value was reduced to 0.018 tCO₂ in 2021.

- Established to contribute to İstanbul's maritime transportation and the solution of traffic problems, the **Istanbul Sea Buses** company provides transportation of 27 million passengers and 6 million vehicles on average every year. The company continues its investments in increasing clean and environmentally friendly transportation opportunities.

To give examples from our previous investments;

- **TAVConstruction** - İzmir Adnan Menderes Airport Domestic Terminal project was cited as an example in the report of the US Green Buildings Council (USGBC), 2017.

- **IBS** has WWF Green Office certification.



Social

- **Akfen Holding and Akfen Construction** have completed the construction of 3 schools, Ülkü Akın Secondary School in Ankara, Hikmet Akın Secondary School in Düzce, and Hasan Akın Anatolian High School in Balıkesir, and delivered them to the Ministry of National Education in various years.

- The microcredit project was initiated in Turkey by Prof Dr Aziz Akgül, President of the Turkish Foundation for Waste Prevention (TİSVA) in 2003, and reached approximately 170,000 micro-entrepreneur women in 91 branches in 61 provinces of the country to date.

Operating in Kayseri under the umbrella of Turkey Grameen Microfinance Program and providing support to approximately 2000 low-income micro-entrepreneurs, Kayseri Microfinance Branch is named after Akfen Holding Chairman of the Board Hamdi Akın and **Hamdi Akın Kayseri Microfinance** Branch has supported 1574 low-income Microentrepreneurs so far.

- In 2017, with the cooperation of **TİKAV and Akfen Renewable Energy**, 800 women in 15 regions were reached regarding the development of children in the 0-6 age group with the project "Schooling at Home". Health training was given to 1500 women in



17 regions with the "Health First" project within the context of the Health theme of 2018.

In the "Hygiene is Health" project which started in 2019, 2,000 women were reached at 26 different points.

With the "Savings in Our House, the Future in Our Hands" project which started in 2020 and was interrupted due to the pandemic, 2000 women were informed about saving methods within the family. The number of people reached indirectly through the projects has exceeded 16 thousand.

- **Acacia Mining**, carries out various projects for the social and economic development of the Gökırmak region where it is located. The Ministry of National Education pioneered the opening of the Mining Technologies Department at the Multi-Program Anatolian High School in the Hanönü District. This department became operational with 16 students enrolled at the beginning of the 2018 - 2019 Academic Year.

In order to support the regional economy in terms of local employment, vocational training courses in different branches were opened in cooperation with the Public Education Center in the district and KOSGEB to meet today's needs, and 103 participants successfully completed their training.

Corporate Management

- **Akfen Holding**, is managed in accordance with corporate governance principles. Applications of the Board of Directors and the General Assembly, information sharing platforms such as the annual report and website, and the implementation of ethical codes can be given as examples.

- With Akfen Renewable Energy Inc., the foundations of which were laid in 2007, **Akfen Holding** has implemented a renewable energy platform that consists entirely of domestic and renewable resources and invests in sustainable energy. Continuing its investments over the years, Akfen Renewable Energy has become Turkey's first and largest renewable energy platform.



- Since **Akfen Renewable Energy** has international partners such as EBRD and IFC and Akfen REIT is a public company since 2011, they are managed in accordance with corporate governance principles.

- **Akfen Renewable Energy**, received 'Turkey's largest green energy loan' in 2019, with the giant partnership of 6 domestic and foreign banks.

- **Mersin International Port (MIP)**, as Turkey's largest foreign trade port, with its geographical location, capacity and wide hinterland, is one of the most important ports not only in Turkey but also in the Middle East and Eastern Mediterranean. With its global partners PSA International and IFM Investors, MIP is also managed in accordance with corporate governance principles.

Akfen Meet-up

All Akfen employees came together at an event on the occasion of the 45th anniversary of Akfen Holding's establishment. The event, which was held online on 16 December 2021 due to the pandemic, started with the speech of the Chairman of the Board of Directors, Hamdi Akın.

The event continued with questions asked by all employees to both the Board of Directors and senior managers, and then Demet Akbağ gave an inspiring speech and a quiz

show was conducted with surprise gifts for the winners. In addition to the gifts distributed through drawings throughout the entire event, seniority awards were presented by the management to the personnel who celebrated their thirtieth, twentieth and tenth years with Akfen Holding. In a period when we could get together less due to the pandemic, the aim was to meet as the entire Akfen family online nevertheless and the survey conducted after the event received a satisfaction rate of 84%.

Digitalization Studies

As Akfen Holding, we carry out digitalization studies in various fields in order to meet the requirements of the age and to reduce the consumption of natural resources.

Strategy Magazine: Prepared quarterly with the support of Akfen Holding since 2013, Strategy Magazine offers global and local news about the business and technology world independently of Akfen Holding.

The magazine, which was published in print between 2013-2020, started to be published online as of 2021. Strategy magazine, prepared in English and Turkish with the slogan "Read tomorrow today", is available on Akfen Holding's corporate website, <http://www.akfen.com.tr/strategy-dergisi> link and can be downloaded for free on Turkcell's magazine application Dergilik. As of the 23rd issue of the October-December 2021 period, free audio news have also started on various podcast media.



Awards and Achievements



Akfen Renewable Energy was ranked 46th among 4,914 companies in the world, receiving an A1 grade out of 67 points in the sustainability report prepared by Vigeo Eiris, which was established as a subsidiary of the international rating agency Moody's to inform asset managers and investors.



Akfen Holding CFO Gülbin Uzuner Bekit was among the 50 Most Influential CFOs in 2020 and 2021.

The Telegraph

Bodrum Loft was selected as one of the "25 Newest Hotels in Europe" by Britain's leading newspaper, The Telegraph.

On 14 December 2021, Turkrating confirmed Akfen Holding's Long-Term National Credit Rating as **TR AAA** and Short-Term National Credit Rating as **TR A1** with a stable outlook.

MIP won the "Port Operator of the Year" award for the 11th time in a row. The award ceremony of the Atlas Logistics Awards competition, which has been held for 12 years, was held on 11 November 2021, hosted by the International Logitrans Transport Logistics Fair.

Prepares the youth for the future

● **Abdullah Gül Univercity**

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 of the Contemporary Turkey Studies Chair of London School of Economics, one of the most prestigious academic institutions in the world. The Chair was established with the initiative of the Ministry of Foreign Affairs. On behalf of the Holding, this task is carried out by Member of the Board of Directors Pelin Akın Özalp.

Other Education and Employment Studies

● **Full Scholarship Opportunity:** Within the scope of the Koç University Anatolian Scholars project, Akfen Holding gave 2 students full scholarship during their undergraduate program in the 2021-2022 Academic Year.

● **Support for the First Opportunity Program:** Akfen Holding is among the first corporate supporters of Esas Social's social investments in the field of youth and employment and the First Opportunity program, which aims to remove the obstacles that new graduates face in the transition from school to work. In addition to the participation of Akfen Holding employees as mentors in the First Chance program in 2021, one of the First Opportunity Program participants received his first work experience in The Duke of Edinburgh's International Award.

Burhaniye Anatolian High School where 650 students attend was rebuilt and prepared for the 2021-22 academic year, and the name of the school was changed to **Hasan Akın Anatolian High School** in dedication to the father of Akfen Holding Chairman Hamdi Akın



● **Schools**

Ülkü Akın Secondary School: Ülkü Akın Middle School: Named after the late Ülkü Akın, the wife of Akfen Holding Chairman Hamdi Akın, who died as a result of a sudden illness at a young age, the school was founded in Ankara with the protocol signed between Ankara Governorship and Hamdi Akın at the beginning of the 1993-1994 academic year. The school has 21 classrooms, 1 laboratory, 1 music and 1 arts class, 1 IT class and library, and currently has 435 students.

Hasan Akın Anadolu Lisesi: Hasan Akın Anatolian High School: The construction of Burhaniye Anatolian High School in Burhaniye, Balıkesir, which was evacuated at the beginning of the 2020-21 academic year due to the risk of earthquakes, was completed by Akfen Construction and put into service at the beginning of the 2021-22 academic year.

The school, which was built in time for the new academic season, has 16 classrooms, a conference hall, a laboratory, and 650 students are attend the school. The school is named Hasan Akın Anatolian High School, after the father of Akfen Holding Chairman Hamdi Akın.

Hikmet Akın Middle School: The School, which was founded in the Hamidiye District of Düzce at the beginning of the 2004-2005 academic year, was built by Akfen Holding Chairman of the Board of Directors, Hamdi Akın, in the name of his deceased mother, Hikmet Akın. There are 20 classrooms, 1 laboratory, 1 multi-purpose hall and library Other Education and at the school, and has 429 students.

Support for Youth and Entrepreneurs

Akfen Holding executives, particularly Akfen Holding Chairman Hamdi Akın, attended conferences and summits held in different cities of our country as speakers in 2021 in order to contribute to Turkey's economic growth and inspire young entrepreneurs and managers. In the context of "Supporting Youth and Entrepreneurs", 2021 has been a rich year in terms of online conferences, summits, etc., with the direct participation of Akfen executives.



27 January 2021:

TUREK Online Fair participation (Akfen Renewable Energy)



3 March 2021:

Clean Energy Challenge Project "Fostering Private Sector Engagement to Advance Clean Energy Access in Displaced Settings in Turkey"



4 March 2021:

Sabah Newspaper – Strong Women of Strong Turkey Summit



5 March 2021:

Meeting on "Istanbul Metropolitan Municipality Investment Opportunities" in cooperation with TÜSİAD - Istanbul Investment Agency



9 March 2021:

11. Bosphorus Summit – Women Leaders Panel



10 March 2021:

JP Morgan EMEA CEO Forum



25 March 2021:

Uludağ Economy Summit – "Processes and experiences from family business to corporate company" panel



4 May 2021:

GYODER, Plug & Play Turkey Construction and Real Estate Vertical Meeting

4 May 2021:

Family Business: Creating Future Value webinar hosted by Harvard Business Review



28 June 2021:

EBRD 2021 Annual Meeting & Business Forum



24-25 November 2021:

Bonds, Loans & Sukuk



2 December 2021:

GYODER REITs Senior Management Meeting



15 December 2021:

Re360 New Generation and New Era Dynamism

We Care About For The Future

Hamdi Akin Kayseri Microfinance Branch

The first step of the microcredit project in Turkey was taken by Prof. Dr. Aziz Akgül, President of the Turkish Foundation for Waste Prevention (TİSVA) in 2003, and reached approximately 170,000 micro-entrepreneur women in 91 branches in 61 provinces of the country since then.

Operating in Kayseri under the umbrella of Turkey Grameen Microfinance Program and providing support to nearly 2000 low-income microentrepreneurs, Kayseri Microfinance Branch is named after Akfen Holding Chairman of the Board, Hamdi Akin.

On 8 March 2018, women who will use microcredit from Hamdi Akin Kayseri Microfinance Branch, operating in Kayseri under the umbrella of Turkey Graamen Microfinance Program and providing support to 1574 low-income micro-entrepreneurs, received their checks with a ceremony.

Türkiye İş Kadınları Derneği (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 responsibility in Turkey's democratization and integration with the modern world.

HeForShe Project

Akfen Holding Chairman of the Board Hamdi Akin and Member of the Board of Directors Pelin Akin Özalp support HeForShe, a global solidarity movement for gender equality.

Intercompany Mentorship Program for More Women on Boards of Directors

As Akfen Holding, in line with our corporate culture, we believe that each task is important and each employee is valuable. In addition to supporting women's role in society with applications aimed at our female employees, we also offer professional career opportunities to them. Furthermore, Akfen Holding Chairman Hamdi Akin, within the scope of "Intercompany Mentoring Program to Get More Women on Boards of Directors" implemented in collaboration with Praesta Turkey and Forbes Turkey, mentors female executives to get prepared for board duties.

The Association of Women on Boards of Directors (YKKD)

Pelin Akin Özalp, Member of the Board of Directors of Akfen Holding, has an active role in the Association of Women on Boards of Directors, which works to eliminate gender inequality and ensure that more women take part in the boards of directors.

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.





We Support Art

Loft Art

Loft Art, the art space developed by Akfen as part of its social responsibility project, opened its doors in 2021 with its first exhibition, Humano, at Nispetiye On in İstanbul, Beşiktaş.

Organizing the Art in Bodrum Loft and Sculptville exhibitions in the Bodrum Loft project, which was completed in 2020 with different collaborations, Akfen opened an art space called Loft Art at Nispetiye On, İstanbul Levent. By supporting young artists, Loft Art aims to provide space for independent artists who produce works in all disciplines of art and to make them visible without being their representers.

Works sold in the field of art also become a source for Akfen Holding's Human Resources Education and Health Foundation of Turkey (TİKAV), which implements national and international social responsibility projects by focusing on women, youth and children.

Other Supported Projects

- **SAHA Association:** Akfen Holding is one of the sponsors of the association, which aims to increase the recognition and awareness of Turkish contemporary art and provides unconditional support to projects in this direction.

- **Ankara International Film Festival:** Since 2018, Bulvar Loft has been supporting the Ankara International Film Festival on behalf of Akfen Construction.

We Respect Nature

TEMA

Akfen Holding takes part in projects carried out by the Turkish Foundation for Combating Erosion, Afforestation and Conservation of Natural Assets (TEMA), and contributes to the afforestation of our country with both its specific projects and general donations.

EBRD Sustainability Awards

Akfen Holding has been supporting the EBRD's Sustainability Awards every year since 2014. The event could not be held in 2020 due to the pandemic, it was postponed to 2021 and support was given for the seventh time of the Sustainability Awards held online in 2021.











Zero Waste Blue Promise

Akfen Holding, by giving its "Zero Waste Blue Promise", has committed to work to prevent the pollution of the seas.

Zero Waste Blue Promise:

"We promise to prevent pollution of our seas and coasts, to encourage, develop and increase participation in the fight against pollution, to leave a livable and healthy environment for future generations, to develop their creativity and innovation capacities to develop a good solution, to use alternatives instead of consuming single-use plastics, and to support circular economy with Zero Waste Blue."

We Take an Active Role in NGOs

<p>NGOs we are a member of</p>	 <p>► Turkish Investor Relations Society (TÜYİD)</p>	 <p>► Deloitte Best Managed Companies</p>	 <p>► Foreign Economic Relations Board (DEİK) Spain, Ireland, United Kingdom, USA, Middle East Business Council</p>
<p>TURKONFED</p> <p>► Turkish Enterprise and Business Confederation (TÜRKONFED)</p>	 <p>► World Economic Forum – Global Shapers</p>	<p>GYÖDER</p> <p>► Real Estate and Real Estate Investment Trust Association (GYÖDER)</p>	 <p>► Human Resources Association of Turkey (PERYÖN)</p>
 <p>► Family Businesses Association of Turkey (TAİDER)</p>	<p>TÜSİAD</p> <p>► Turkish Industry and Business Association (TÜSİAD)</p>	 <p>► Young Businessmen Association of Turkey (TÜGİAD)</p>	 <p>► Turkish Business Women Association (TİKAD)</p>
<p>► Turkish Quality Association (KalDer)</p> 	 <p>► Corporate Governance Association of Turkey (TKYD)</p>	<p>TTYD</p> <p>► Turkey Tourism Investors Association (TYD)</p>	<p>► Women on Board Turkey Association (YKKD)</p> 
<p>► Turkish Marine Environment Protection Association (TURMEPA)</p> 	<p>TAYÇED</p> <p>► Waste & Environmental Management Association (TAYÇED)</p>	<p>Examples of our sponsorships and donations</p> <ul style="list-style-type: none"> • SAHA Association • Red Crescent • Ankara Film Festival • EBRD Sustainability Awards • Hikmet Akın Kindergarden • TEMA • Koç University Anatolian Scholarship Program • TİKAV 	



Turkish Human Resources in Health and Education Foundation (TİKAV)

Adopting the idea that sustainable prosperity is only possible through investment in people and society as well as in the economy, Akfen carries out its corporate social responsibility projects within the body of the Turkish Human Resources Education and Health Foundation (TİKAV), which was founded in 1999 by the Akın Family.

TİKAV aims to find solutions for the adaptation of society to change, to bring in individuals who will lead the development, and to lead the spread of social responsibility awareness by working with an innovative understanding in the rapidly changing information age.

Accordingly, TİKAV aims to increase the knowledge and experiences of the young generation through its long-term

social responsibility projects, aims to improve the awareness for healthy living and to contribute to the elimination of today's environmental problems.

In the projects it has carried out so far, TİKAV has met with different segments of the society, including university students, people from the business world, young people, children living in mountain villages, women, village headmen, relatives of the disabled, children receiving treatment in hospitals and mothers accompanying them, and has also undertaken the repair of many schools.

2021, was another year in which young people and women came to the fore in social responsibility projects carried out by TİKAV.



Investing in people

TİKAV projects aim to provide social benefits for the development of individuals who can adapt to innovations in the ever-evolving information age, who respect social and universal values, are sensitive to the environment, and have social responsibility awareness. It classifies its projects in three different categories: Individual Development Program, The Duke of Edinburgh's International Award-Turkey, and National Projects.

Individual Development Program (IDP)

The aim of IDP is to equip university students in Eastern and Southeastern Anatolia regions with various life skills and prepare them for postuniversity working life and social life.

Within the scope of IDP students are provided with development programs that will help them find equal opportunities and start working life as selfconfident, well-equipped, tolerant, socially responsible people open to continuous learning and development, aware of their abilities and able to use their talents.

The project continues with 33 scholarships at Fırat University. By the end of 2021, 30 scholarship students are planned to be included in the program. The Individual Development Program consists of 12 parts:

Orientation Program:

In the Orientation Program, activities are carried out for all students within the group, to help them get to know each other; detailed information is given about the Foundation, the program and educational practices.

Scholarship Program:

Students receive scholarships in an amount determined by the the board of directors each year.

Language and Computer Education:

Each student attends English and computer classes for at least 18 months.

Personal Development Seminars:

Seminars include Communication and Body Language, Teamwork, Storytelling, Presentation Techniques, Basic Dance Training, I Value Myself Seminars, Applied Debate, Diction, European Union Project Writing, Reveal Your Potential, Time Management, Protocol and Courtesy Rules, Towards Active Citizenship, Applied Drama, Camp Preparation, Problem Solving Skills and Conflict Management, Everyone Equal-Everyone Different, Creative Drama, First Aid, Emotional Intelligence, Entrepreneurship and Innovation, Research and Reporting Techniques, Applied Interview Techniques, RYLA and reparation for Business Life.

Individual Reading Program:

Students read at least 3 books each academic year and make presentations about these books in the summer program.

Culture and Art Program:

The excursions and visits made within the scope of the cultural program are conducted with the guidance of the students studying in the province where these will take place. Additionally, different cultural areas are visited in the Summer Programs.

Voluntary Service Program:

They provide assistance to groups in need by performing Social Service Activities on a voluntary basis within social assistance institutions and non-governmental organizations for at least 12 months.

Internship and Vocational Programs:

Internship support is also provided according to the interests, wishes and abilities of the students in accordance with their field of study.

Summer Program:

Students attend a Summer Program at the end of each academic year until they graduate.

The Duke of Edinburgh's International Award - Turkey:

TİKAV has been implementing the Award Program with students who are under the Individual Development Program since 2001.

International Projects:

Each student participates in international youth projects organized within the scope of the European Union Youth Program or The Duke of Edinburgh's International Award at least once during the scholarship process.

TİKAV Career Workshop Mentee-Mentor Program:

The program brings together Akfen Holding managers and employees (mentors) and senior TİKAV scholarship students (mentees). Volunteers who receive Mentorship Training within the scope of the program share their experiences related to business life both online and face-to-face with mentees and give them ideas to draw their own career plans. With the TİKAV Individual Development Program, it is aimed to open the doors of professional life to the students who are preparing to become "Leaders of the Future" and to spread awareness for social responsibility in the business world.

The Purpose of the Project

Within the scope of IDP, the project aims to provide equal opportunities to university students who have difficulty in accessing education, cultural and personal development opportunities due to social and economic reasons. Thanks to the project, starting from the first year of the university until the end of the fourth year, scholarship students enrich their knowledge and skills by participating in various personal development, foreign language and computer training, culture-arts and voluntary service programs, national and international projects, interviews, and professional programs.

Students participate in 40 different programs with IDP, which continues for three and a half years throughout their university life. It has been determined that a total of 95% of IDP students started their business life in a short period of time, 51% of them in government institutions and 49% in the private sector.

Individual Development Program from Past to Present

The Individual Development Program first started with the participation of Elazığ Fırat University students in 1999. It started at Van Yüzüncü Yıl University in 2003 and at Middle East Technical University, Hacettepe University, Ankara University and Eskişehir Osmangazi University in 2006. With the goal of creating equal opportunity in accessing educational resources, in 2009, TİKAV has turned to universities in the Eastern and Southeastern Anatolia Regions that have completed ten years and carried out the project at Elazığ Fırat University, Van Yüzüncü Yıl University, Şanlıurfa Harran University, Kahramanmaraş Sütçü İmam University and Erzurum Atatürk University. Since 2010, the project continues only for Fırat University students.

Since the establishment of TİKAV, 321 scholars have participated in the Individual Development Program. 211 of 321 scholars completed their TİKAV activities and graduated, and 33 of them continue their TİKAV activities. 77 scholars left the Foundation for various reasons or were dismissed.

Individual Development Program in Numbers

Programs participated	40
Number of students attending IDP	321
Graduates	211
Current student	33
Interviewed	150
Accepted	25
Annual application	750
Program term (years)	3.5
Total program hours	995
Project budget (million TL)	550

The Duke of Edinburgh's International Award - Turkey (UGO-Tr)



The Award Program is an exciting personal development program that can be attended by all young people between the ages of 14 and 24. The aim of the program is to equip young people with life skills that will enable them to make a difference in their own lives, in the society they live in and in the world. The program first started in 1956 with the support of Prince Philip, Duke of Edinburgh, in the United Kingdom as the Duke of Edinburgh's Award, and has reached more than 8 million young people in more than 130 countries around the world, and more than 20,000 in our country.

The Award Program is represented by TİKAV in Turkey. The program is actively implemented in 119 award centers in 20 provinces and more than 2,500 young people participate in the Award Program every year.

The Human Resources Education and Health Foundation of Turkey, the only institution authorized to implement the Award Program in Turkey, is a member of the International Award Association approved by the United Nations and the European Union.

The program consists of four areas; In the Gold Category they also participate in a Social Harmony Project.

Voluntary Service: The Voluntary Service section aims to stress the importance of volunteering and taking part in social services by showing young people that individuals within a society need one another. In this section, participants need to find an activity that will help serve their community whilst developing their own personal skill set.

Skills Development: The aim of this section is to encourage young people to choose a suitable activity from among the cultural and social activities they are interested in, in order to help develop their skills. The important thing in the skills development section is that, more importantly than reaching a certain level of skill, the young people set goals within the scope of their skills and interests, and work regularly to reach these goals.

Physical Development: In this section, participants are expected to continue a sporting activity of their choice for a certain period of time, according to the award category they have chosen. The purpose of this section is to teach the participants how to stay in shape, improve fitness, discover new skills, overcome difficulties, and experience the happiness that success will bring.

Adventures and Discoveries: The Adventure and Discovery Journey section aims to increase self-confidence in young people through teamwork, gain environmental awareness and respect for nature through developing a spirit of adventure.

Social Harmony Project: This section, which only needs to be completed within the Gold Category, aims for young people to take part in an activity for the common good with a team that they have not worked with before; this allows young people to improve their life skills.

There are three types of award categories that the participant can aim for:

Bronze Award	Silver Award	Gold Award
Age of participation 14-24 years	Age of participation 15-24 years	Age of participation 16-24 years
Program duration is at least 6 months	Program duration is at least 12 months	Program duration is at least 18 months

Purpose of the Project

Thanks to the Award Program, with the certificate they receive, the participants gain advantages in their applications to universities, scholarships, internships and jobs abroad. Thanks to the Program, within the scope of Skills Development activities, many young people improved their existing skills or acquired new ones and worked on their personal development; strengthened their fitness and health with the Physical Development activities; and within the scope of Voluntary Service activities, contributed to society.

All young people between the ages of 14-24 have had the opportunity to look at life from a different perspective with their increased self-confidence.

From Past to Present Award Program in Turkey

The Award Program was implemented in Turkey for the first time in 1995. The first implementers of the Award Program in our country were the Turkish-British Friendship Association and a few schools.

The Human Resources Foundation of Turkey (TİKAV), which put the Award Program on its agenda in 2001, started the efforts to nationalize the Award Program in cooperation with the Turkish-British Friendship Association. In May 2002, the Ministry of Education approved the implementation of the Award Program in high schools in 7 pilot provinces, namely Ankara, Aydın, Bursa, Elazığ, Eskişehir, Gaziantep and Kayseri.

In September 2003, the Youth Award Association was established by the educators and representatives of non-governmental organizations who implemented The Duke of Edinburgh's International Award within their own structure, and the program was carried out by the association.

The program has been continued by the "National Award Committee" with the representation of the TİKAV "National Authority" since 01 June 2013.

"Award Program" in Numbers

Number of Active Reward Centers	119
Number of Award Centers Signing Sub-License Agreements (AC signed in 2020 only)	8
Total Award Leaders	428
Total Supervisors	261
Number of Active Participants	3,895
Total Number of Participants	7,081
Project Budget (TL)	1,185,000

2022 Project Goals

Number of Active Reward Centers	130
Number of Award Centers Signing Sub-License Agreements	10
Number of Active Award Leaders	465
Number of Active Supervisors	290
Number of Active Participants	4,500
Total Number of Participants	7,500
Number of provinces implementing the program	22

National Projects

Since 2010, TİKAV has been aiming to implement sustainable projects for the education and development of people in order to create permanent solutions to the problems it deals with. In this context, TİKAV, which carries out joint projects with various organizations in different locations in Turkey, met with young people, children living in mountain villages, women, village headmen, relatives of the disabled, children receiving treatment in hospitals and mothers accompanying them, and also carried out school repair works.


Projects	Partners	Period
New Tradition to the Old Villages	MIP	2010
The Mothers' School	MIP	2011 ve 2012
We Restore, You Study	MIP	2012-2016
Hand-in-hand With Headmen in Mersin	MIP	2013
The Disabilities Within Us	MIP	2014
"Working Life and Women' and 'Communication Within the Family' Panels	MIP	2015
My Mother and Me Project	TÜGIAD	2016
Our School at Home Project	Akfen Ren. Energy	2017
Health First Project	Akfen Ren. Energy	2018
The Hygiene is Health Project	Akfen Ren. Energy	2019
Economy at Home for a Prosperous Future Project	Akfen Ren. Energy	2020

*The project, which started in February 2020, paused due to the pandemic and has not yet been resumed. It is planned to restart in June 2022, once the pandemic allows.

Rural Area Education Seminars With Akfen Renewable Energy


With the financing of Akfen Renewable Energy and the coordination of TİKAV, since 2017, activities have been carried out with women living in rural areas where Akfen Renewable Energy power plants operate.

In summary; 1,000 women participated in the workshop on the development of children aged 0-6 with the project "Our School at Home" in 2017; and in 2018, 1,500 women were given training on first aid, basic health, cancer screening, gynecological diseases and organ donation with the "Health First" project. With the "Hygiene is Health" project, which started in 2019, 2000 women who do physical work were given information about food, body and living space hygiene. 200 women were reached with the "Economy at Home for a Prosperous Future" project, which started in 2020 and could be carried out only in six workshops in four different cities between January and February due to the Pandemic. Due to the pandemic, the remaining stages of the project will be completed in 2022.

2017  Our School at Home Project
1,000 women

2018  Health First Project
1,500 women

2019  The Hygiene is Health Project
2,000 women

2020  Economy at Home for a Prosperous Future P.
200 women

Our School at Home Project

In our country, in rural areas where urbanization is low and women play a lesser role in professional working life, most of the children start their education life directly in primary school without getting preschool education. In the preschool period, when people have the highest learning potential, there is a process in which their physical, psychomotor, social-emotional, mental and language developments are completed to a large extent, the personality is shaped and they develop rapidly.

Knowing the importance of preschool education for children aged 0-6, we started the "Our School at Home Project". We implemented our project with the participation of women who have children in the 0-6 age group, residing in rural areas where the hydroelectric and solar power plants affiliated with Akfen Renewable Energy Inc. operate. With the "Our School at Home Project", utilizing practical workshops, it was emphasized that education should not be left only to school in order to raise healthier individuals, and that it is necessary for parents to spend quality time with their children at home.

Within the scope of the project implemented in 15 different locations in Turkey, it was aimed to raise healthier individuals, to strengthen communication within the family, and to support the expansion of preschool educational activities in our country. 1000 people were reached with the project implemented in regions where Akfen Renewable Energy Inc. has 15 active hydroelectric, wind energy and solar power plants.

"We Are School At Home" in Numbers

Number of locations	15
Participant	1,000
Participants' participation rate in similar studies before	7%
Project budget	320,000 TL
Number of family members reached through participants	2,621



Health First Project

In our country, many people lose their lives or become disabled due to home, work or traffic related accidents and natural disasters. With timely, simple and effective first aid, the life of the sick or injured person can be saved. In such cases, the first aid training of the responders plays a decisive role in sustaining life, preventing injuries and shortening the recovery period. It is known that most of the permanent ailments and deaths occur because of insensible first aid interventions and wrong transportation methods within the first minutes when panic and turmoil prevail. It is of great importance to raise awareness about first aid among people living in rural areas, which are far from health centers, especially where the ambulance can reach in 45 minutes at the earliest.

Additionally, it has been seen that the people living in rural areas do not benefit from the health opportunities offered by the state due to their negligent approach to health and their conservative perspectives, and they do not have the routine health screenings they should have.

With the Health First Project, it is aimed to raise awareness by addressing subjects such as first aid, basic health, cancer screening, examination routines, gynecological diseases and organ donation. The project, which was implemented in 17 different locations in Turkey, was carried out with the participation of women over the age of 18.

The project, which was carried out in the regions where Akfen Renewable Energy Inc. has 17 active hydroelectric, wind energy and solar power plants, reached 1,500 participants

"Health First" in Numbers

Number of locations	17
Participant	1,500
Those who were not aware of first aid practices before training	79%
Participants who know their blood type	29%
Project budget	475,000 TL
Number of family members reached through participants	5,571

Awards

The "Health First" project was deemed worthy of the Social Responsibility Award at the 9th Turkey Energy Summit in 2018 and won the first prize. In 2018, it became a finalist in its own branch in the competition organized by the Doctors Club.





The Hygiene is Health Project

Hygiene is described as the practices made or cleaning measures taken to prevent the things that will harm the body's health. Meeting the needs such as nutrition, excretion and dressing in order to maintain the health of the individual is called "self-care". It has been determined that self-care and hygiene for the people living in rural areas in our country is limited to general cleaning, and that they do not have the necessary information to know that if enough attention is not given to hygiene and self-care, they may be exposed to situations that may cause health problems.

The project, which was implemented in 26 different locations in Turkey with the participation of women over the age of 18, aims to raise awareness about living space, body and food hygiene, which are necessary for women living in rural areas and doing physical work.

2000 people were reached with the project implemented in regions where Akfen Renewable Energy Inc. has 26 active hydroelectric, wind and solar power plants.

"Hygiene is Health" in Numbers

Number of locations	26
Participant	2,000
Those who do not know the diseases caused by hygiene and lack of self-care	79%
Those who do not have a habit of brushing teeth	24%
Project budget	500,000 TL
Number of family members reached through participants	7,900

Awards

The "Health First" project was deemed worthy of the Social Responsibility Award at the 9th Turkey Energy Summit in 2018 and won the first prize. In 2018, it became a finalist in its own branch in the competition organized by the Doctors Club.



Economy at Home for a Prosperous Future Project

With the "Economy at Home for a Prosperous Future" project, which will be implemented with the coordination of TIKAV and financed by Akfen Renewable Energy Inc., seminars will be held in the neighborhoods or villages in 27 different locations in regions where Akfen-affiliated power plants are located. In these seminars, we aim to contribute to both household economy and the ecological balance of the country and the world, by educating women living in rural areas about the wise and conscious use of electrical energy, which has a high cost among other energy types, and water, our main non-substitutable source.

Economy at Home for a Prosperous Future Project in Numbers

Because of the pandemic precautions that started in March 2020, only six seminars could be carried out in the provinces of Muğla, Denizli, Aydın and Mersin, and approximately 605 people attended.

Results of Rural Region Training Seminars with Akfen Renewable Energy

According to the results of the "Participant Evaluation Form" applied after the studies, the Instructor Evaluation Reports, the Operations Manager Evaluation Reports and the observations of the project managers, there has been more interest and participation in the projects than anticipated. The participants actively participated in the studies because interactive activities were preferred and the subject matter was of interest for all participants.

In the projects, it was aimed to make an impact on the entire household by meeting with mothers, who are the pillars of the family, who develop habits and maintain order in the family. In addition to receiving information that will benefit them and their relatives, the participants found opportunities to socialize, to express themselves and their motivation increased.

In the feedback of the project participants, there were requests to increase the number and frequency of adult awareness seminars. It has been observed that the problems that rise from the subjects covered within the scope of the projects negatively affect family relations, social relations and health. With the awareness created in the training, positive traces were left in people's lives..

Rural Region Training Seminars with Akfen Renewable Energy in Numbers

Since 2017, a total of 4,900 people have participated in the seminars on four different topics. Considering that the families also benefited through the participants, approximately 18,500 people were reached.



CHAPTER 4

Akfen Holding Anonim Şirketi and its Subsidiaries

Consolidated financial statements as of and for the year ended
December 31, 2021 with the independent auditor's report

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

Monthly Budget

Actual Summary





CONTENTS

Page

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	116
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	118
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	120
CONSOLIDATED STATEMENT OF CASH FLOWS	124
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	126
NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS THE COMPANY	126
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	135
NOTE 3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES	154
NOTE 4 SEGMENT REPORTING	165
NOTE 5 CASH AND CASH EQUIVALENTS	167
NOTE 6 FINANCIAL BORROWINGS	168
NOTE 7 TRADE RECEIVABLES AND PAYABLES	172
NOTE 8 OTHER RECEIVABLES AND PAYABLES	173
NOTE 9 PREPAID EXPENSES/ASSETS ARISING FROM CUSTOMER CONTRACTS	174
NOTE 10 FINANCIAL ASSETS RELATED TO CONCESSION AGREEMENTS/CONTRACTUAL ASSETS ARISING FROM ONGOING CONSTRUCTION AND COMMITMENTS	175
NOTE 11 INVESTMENT PROPERTIES	176
NOTE 12 DERIVATIVE INSTRUMENTS	178
NOTE 13 RIGHT OF USE ASSETS	179
NOTE 14 TANGIBLE ASSETS	180
NOTE 15 INTANGIBLE ASSETS	182
NOTE 16 INVENTORIES	183
NOTE 17 DEFERRED REVENUES /OBLIGATIONS ARISING FROM CUSTOMER CONTRACTS	184
NOTE 18 PROVISIONS	185
NOTE 19 GOVERNMENT INCENTIVES AND GRANTS	186
NOTE 20 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	187
NOTE 21 COMMITMENTS	194
NOTE 22 FINANCIAL INVESTMENTS	195
NOTE 23 OTHER CURRENT/NON-CURRENT ASSETS AND CURRENT/NON-CURRENT LIABILITIES	196
NOTE 24 EQUITY	197
NOTE 25 SALES AND COST OF SALES	198
NOTE 26 GENERAL ADMINISTRATIVE EXPENSES	200
NOTE 27 SELLING AND MARKETING EXPENSES	200
NOTE 28 OTHER INCOMES AND EXPENSES FROM OPERATING ACTIVITIES	201
NOTE 29 FINANCE INCOMES AND EXPENSES	201
NOTE 30 INCOMES AND EXPENSES FROM INVESTMENT ACTIVITIES	202
NOTE 31 TAX ASSETS AND LIABILITIES	203
NOTE 32 RELATED PARTY DISCLOSURES	204
NOTE 33 EARNINGS PER SHARE	208
NOTE 34 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS	209
NOTE 35 EXPLANATIONS ON SHARES IN OTHER BUSINESSES	222
NOTE 36 FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR	223
NOTE 37 SUBSEQUENT EVENTS	223

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Akfen Holding Anonim Şirketi

A) Report on the Audited of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Akfen Holding A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of 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 2021 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 standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) 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.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matters	How key audit matter addressed in the audit
<p>IFRS Comment 12 - Service Concession Agreements</p>	
<p>Taking into account the terms of the service concession agreement with the government, the Group applied IFRS Comment 12 financial asset model and defined a financial asset in its financial statements.</p> <p>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.</p> <p>Financial assets arising from concession agreements are recognized in the consolidated financial statements at their fair value. As of 31 December 2021, the total amount of these financial assets is 12,445,309 thousand TRY, which corresponds to 43% of the total assets. This matter is considered as a key audit matter since the amount of the balance is significant portion in the consolidated financial statements and fair value measurements involve significant assumptions and estimations.</p> <p>Explanations on service concession agreements are disclosed in Note 10.</p>	<p>The following audit procedures have been applied while auditing the financial assets related to service concession agreements;</p> <ul style="list-style-type: none"> - The service concession agreement was obtained, and the terms of the agreement were examined. - The reasonableness of the assumptions and estimates used in the fair value calculation has been evaluated by the audit team and experts on the subject matter. For this evaluation, valuation experts of another organization, which is included in the same audit network as our organization, were included in our work. - 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 notes 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)

Valuation of Financial Assets	
<p>The Group has classified the shares of Mersin Uluslararası Liman İşletmeciliği A.Ş. (MIP) as financial investments and recognized at fair value in the accompanying consolidated financial statements (Note 22).</p> <p>As a result of the fair valuation as of December 31, 2021, the Company carried the shares of MIP amounting to TRY 3,625,827 thousand at fair value in the accompanying consolidated financial statements.</p> <p>In our audit work, we have focused on this issue for the following reasons</p> <ul style="list-style-type: none"> - MIP has carried from fair value is significant for the accompanying consolidated financial statements and valuation requires to expertise. - The market approach method has been used in the (air value calculation and has been determined by the Company Value / Earnings before interest, tax, depreciation, and amortization ("EBITDA") multipliers of peer group companies that could be used in the valuation of MIP. As of December 31, 2021, (air value was calculated by applying peer group companies EBITDA multipliers to the company's 12-month backward EBITDA. 	<p>The following Audit procedures have been applied while auditing the [air value calculation of MIP;</p> <ul style="list-style-type: none"> - We included experts from another entity that is a part of same audit network to our audit team to examine the fair value calculations. - The compliance of the valuation calculations with the financial statements and the mathematical appropriateness of the calculations are checked. - The valuation methods and the technical data used were evaluated by the expert and the Group management with the support of our experts. - The expertise of the appraisers ws evaluated in according to TDS 500. - Data obtained from external sources such as "peer group companies' multipliers" and "current transaction" used in valuation have been checked with relevant independent data sources. - in addition, TERS compliance with the disclosures in the financial statements were also evaluated.

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Valuation of investment properties and important information disclosed	
<p>After the initial recognition, the Group recognised its investment properties with fair value method. As of December 31, 2021, the fair value of investment properties has been determined by independent valuation company with CMB license and details are disclosed.</p> <p>Due to fact that investment properties which are detailed in Note 11 and Note 20 are significant part of the Company's assets and applied valuation methods contain significant judgements and assumptions, we have considered the valuation of investment properties as a key audit matter.</p>	<p>We assessed the qualifications, competencies, and independence of the professional appraisers engaged by the management.</p> <p>In our audit, the appropriateness of the appraisal methods used by appraisal experts in the appraisal reports of the investment properties were evaluated in the appraisal reports, the agreement of the values appraised by the appraisal experts for the relevant real estates with the disclosed amounts has been checked. In addition, we reconciled standing data included in the valuation report such as rental income, duration of lease contracts, occupancy rates and administration expenses to source documents.</p> <p>Among the other audit procedures we performed, we verified the assumptions used by the external appraisers in their valuations (including the discount rate, the market rent and the expected occupancy rates) against external data. For this assessment we involved valuation experts of a firm which is in our audit network to our audit procedures.</p> <p>Due to high level of judgement by the appraisers in the valuation of investment property and the existence of alternative assumptions and valuation methods we assessed if the result of the external valuation is within an acceptable range.</p> <p>We also examined the suitability of the information in the financial statements and explanatory note, given the importance of this information for users of the financial statements.</p>

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

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..

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 as a whole 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 standards on auditing as issued by the Capital Markets Board of Turkey and InAS 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 standards on auditing as issued by the Capital Markets Board of Turkey and mAS, we exercise professional judgment and maintain professional scepticism 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.

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

- 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.

We 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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 1 January -31 December 2021 and financial statements are not in compliance with laws 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
Partner

March 11, 2022
Ankara, Türkiye

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

Akfen Holding Anonim Şirketi

Consolidated Statement of Financial Position as of December 31, 2021

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

ASSETS	Footnote references	Audited December 31, 2021	Restated (Note 3) Audited December 31, 2020	Restated (Note 3) Audited January 1, 2020
Current Assets				
Cash and cash equivalents	5	1,979,924	1,626,879	2,085,358
Short term financial investments	22	1,023,720	474,591	19,638
Trade receivables		102,743	75,000	73,898
- Trade receivables from related parties	7-32	19,996	21,521	24,775
- Trade receivables from third parties		82,747	53,479	49,123
Inventories	16	14,989	43,205	71,028
Other receivables		85,047	58,348	91,150
- Other receivables from related parties	8	9	173	105
- Other receivables from third parties	8	85,038	58,175	91,045
Financial assets related to concession agreements	10	1,368,338	861,978	422,851
Assets arising from customer contracts		-	-	76,912
- Receivables from ongoing construction and service contracts	10	-	-	76,912
Prepaid expenses	9	38,173	27,640	158,169
Current income tax assets	31	10,382	55,002	18,895
Other current assets	23	69,293	90,463	47,416
SUBTOTAL		4,692,609	3,313,106	3,065,315
Assets reclassified as held for sale	11	-	14,922	2,890
TOTAL CURRENT ASSETS		4,692,609	3,328,028	3,068,205
Non-Current Assets				
Financial investments	22	4,882,153	2,619,605	2,414,637
Trade receivables		9,061	12,264	14,673
- Trade receivables from third parties	7-32	9,061	12,264	14,673
Other receivables		847,511	752,437	534,511
- Other receivables from related parties	8-32	835,155	742,603	525,869
- Other receivables from third parties	8	12,356	9,834	8,642
Financial assets related to concession agreements	10	11,076,971	6,513,592	4,361,126
Assets arising from customer contracts		41,760	25,726	721,170
- Receivables from ongoing construction and service contracts	10	-	-	706,831
- Contract assets arising from sales of goods and services	9	41,760	25,726	14,339
Investments accounted using the equity method	20	5,110,706	2,188,084	1,368,198
Investment property	11	1,303,814	1,133,028	875,196
Right of use assets	13	7,792	10,486	8,391
Property, plant and equipment	14	90,492	358,023	110,357
Intangible assets		101,391	105,873	97,935
- Other intangible assets	15	101,391	105,873	97,935
Prepaid expenses	9	6,197	3,355	-
Deferred tax assets	31	991,463	913,824	627,297
Other non current assets	23	26,505	26,707	40,533
TOTAL NON-CURRENT ASSETS		24,495,816	14,663,004	11,174,024
TOTAL ASSETS		29,188,425	17,991,032	14,242,229

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)

Akfen Holding Anonim Şirketi

Consolidated Statement of Financial Position as of December 31, 2021

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

LIABILITIES	Footnote references	Audited December 31, 2021	Restated (Note 3) Audited December 31, 2020	Restated (Note 3) Audited January 1, 2020
Current Liabilities				
Short term borrowings	6	352,068	333,958	113,722
Short term portion of long-term borrowings	6	1,809,952	2,838,527	1,092,222
Trade payables		150,502	1,087,646	1,260,800
- Trade payables to related parties	7-32	9,230	895,171	1,132,906
- Trade payables to third parties	7	141,272	192,475	127,894
Employee benefit obligations		2,232	960	1,121
Other payables		73,085	48,058	57,265
- Other payables to related parties	8-32	40,495	11,948	10,117
- Other payables to third parties	8	32,590	36,110	47,148
Deferred revenue	17	16,559	10,586	6,944
Income tax payable	31	812	18,841	4,815
Current provisions		28,842	41,302	16,672
- Provision for employee benefits	18	9,655	7,222	8,356
- Other short-term provisions	18	19,187	34,080	8,316
Other current liabilities	23	62,386	51,950	9,163
TOTAL CURRENT LIABILITIES		2,496,438	4,431,828	2,562,724
Non-Current Liabilities				
Long term borrowings	6	11,536,810	5,777,097	5,832,694
Other payables		1,395,771	563,654	439,011
- Other payables to related parties	8-32	1,387,002	554,885	429,636
- Other payables to third parties	8	8,769	8,769	9,375
Derivative financial liabilities	12	280,559	266,190	141,290
Obligations arising from customer contracts	17	93,310	67,124	41,327
Non-current provisions		8,419	6,119	26,561
- Provision for employee benefits	18	8,419	6,119	6,417
- Other long-term provisions	18	-	-	20,144
Deferred tax liabilities	31	208,593	235,104	157,133
TOTAL NON-CURRENT LIABILITIES		13,523,462	6,915,288	6,638,016
TOTAL LIABILITIES		16,019,900	11,347,116	9,200,740
EQUITY				
Equity attributable to equity holders of the parent		13,202,434	6,665,458	5,066,136
Issued capital	24	700,000	667,181	667,181
Treasury shares (-)		(237,859)	(569,966)	(569,966)
Share premiums		50,231	2,376	2,376
Effect of business combinations under common control		(1,639,614)	(1,848,968)	(1,848,968)
Other accumulated comprehensive income that will not be reclassified to profit or (loss)		7,209,800	2,512,500	800,934
- Increases on revaluation of property, plant & equipment	24	4,461,126	1,279,681	-
- Losses on remeasurement of defined benefit plans		(6,018)	(5,230)	(4,177)
- Other gains on revaluation and remeasurement	24	2,754,692	1,238,049	805,111
Other accumulated comprehensive income that will be reclassified to (loss) or profit		(1,385,525)	99,689	256,298
- Currency translation difference	24	590,699	281,403	256,298
- Hedge reserve fund	24	(1,976,224)	(181,714)	-
Restricted reserves appropriated from profits	24	2,493,382	2,812,069	2,789,693
Retained earnings		3,244,658	2,946,212	2,279,065
Net profit for the period		2,767,361	44,365	689,523
Non-controlling interests	24	(33,909)	(21,542)	(24,647)
TOTAL LIABILITIES AND EQUITY		29,188,425	17,991,032	14,242,229

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)

Akfen Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Year ended December 31, 2021

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

PROFIT OR LOSS FROM CONTINUING OPERATIONS	Footnote references	Audited January 1,- December 31, 2021	<i>Restated (Note 3) Audited January 1,- December 31, 2020</i>
Revenue	25	600,556	1,183,531
Cost of sales (-)	25	(535,964)	(1,037,416)
GROSS PROFIT		64,592	146,115
General administrative expenses (-)	26	(117,322)	(80,272)
Marketing, selling and distribution expenses (-)	27	(6,249)	(3,980)
Other income from operating activities	28	6,552,729	1,734,241
Other expenses from operating activities (-)	28	(113,368)	(50,864)
Share of profit/(loss) from investments accounted using the equity method	20	895,364	(465,989)
OPERATING PROFIT FROM OPERATING ACTIVITIES		7,275,746	1,279,251
Income from investment activities	30	326,578	213,210
Expense from investment activities (-)	30	(162,928)	(19,054)
PROFIT BEFORE FINANCE INCOME/(LOSS)		7,439,396	1,473,407
Finance income	29	1,159,231	1,183,712
Finance expenses (-)	29	(5,947,878)	(2,835,442)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		2,650,749	(178,323)
Tax income		109,393	225,793
Current period tax expense (-)	31	(32,059)	(33,038)
Deferred tax income	31	141,452	258,831
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		2,760,142	47,470
PROFIT FOR THE PERIOD		2,760,142	47,470
Attributable to			
Non-controlling interests		(7,219)	3,105
Equity holders of the parent		2,767,361	44,365
Net profit for the period		2,760,142	47,470
Earnings per share			
Earnings per share (TRY in full)	33	4.12	0.07
Diluted earnings per share (TRY in full)	33	4.12	0.07

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)

Akfen Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Year ended December 31, 2021

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

		Audited January 1,- December 31, 2021	Restated (Note 3) Audited January 1,- December 31, 2020
PROFIT OR LOSS FROM CONTINUING OPERATIONS	Footnote references		
PROFIT FOR THE YEAR		2,760,142	47,470
Other comprehensive income that will not be reclassified to profit or loss		4,851,733	1,711,566
Losses on remeasurements of defined benefit plans		(788)	(1,053)
Other comprehensive income items that will not be reclassified as other profit or loss	24	1,516,643	432,938
Gains on revaluation of property, plant and equipment	24	3,335,878	1,279,681
Other comprehensive income/loss that will be reclassified to profit or loss		(1,485,214)	(156,609)
Exchange differences on translation	24	309,296	25,105
Other comprehensive loss related with cash flow hedges	24	(1,794,510)	(181,714)
OTHER COMPREHENSIVE INCOME		3,366,519	1,554,957
TOTAL COMPREHENSIVE INCOME		6,126,661	1,602,427
Total comprehensive income/(loss) attributable to			
Non-controlling interests		(7,219)	3,105
Equity holders of the parent		6,133,880	1,599,322
Total comprehensive income		6,126,661	1,602,427

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)

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Year ended December 31, 2021

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

	Issued capital	Adjustments to share capital	Treasury shares	Share premiums	Effects of combinations of entities or businesses under common control	Other comprehensive income and expenses accumulated that will be reclassified in profit or loss	
						Currency translations differences	Loses on hedge
Balances as of January 1, 2020 (previously reported)	667,181	(7,257)	(569,966)	(72,955)	(704,281)	80,694	-
<i>Other adjustments (Note 3)</i>	-	7,257	-	75,331	(1,144,687)	175,604	-
Balances as of January 1, 2020	667,181	-	(569,966)	2,376	(1,848,968)	256,298	-
Transfers	-	-	-	-	-	-	-
Total comprehensive income/(expense)	-	-	-	-	-	25,105	(181,714)
<i>Profit for the period</i>	-	-	-	-	-	-	-
<i>Other comprehensive income/(expense)</i>	-	-	-	-	-	25,105	(181,714)
Balances as of December 31, 2020	667,181	-	(569,966)	2,376	(1,848,968)	281,403	(181,714)

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)

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Year ended December 31, 2021

123 | (All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss			Retained earnings						
Other gains on revaluation and remeasurement	Increases on revaluation fund	(Losses)/ Gains on remeasurments of defined benefit	Restricted reserves appropriated from profits	Retained earnings profits	Net profits for the period	Total	Non-controlling interests	Total equity	
761,094	(4,307)	(3,294)	2,912,107	1,507,269	491,056	5,057,341	13,896	5,071,237	
44,017	4,307	(883)	(122,414)	771,796	198,467	8,795	(38,543)	(29,748)	
805,111	-	(4,177)	2,789,693	2,279,065	689,523	5,066,136	(24,647)	5,041,489	
-	-	-	22,376	667,147	(689,523)	-	-	-	
432,938	1,279,681	(1,053)	-	-	44,365	1,599,322	3,105	1,602,427	
-	-	-	-	-	44,365	44,365	3,105	47,470	
432,938	1,279,681	(1,053)	-	-	-	1,554,957	-	1,554,957	
1,238,049	1,279,681	(5,230)	2,812,069	2,946,212	44,365	6,665,458	(21,542)	6,643,916	

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)

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Year ended December 31, 2021

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

						Other comprehensive income and expenses accumulated that will be reclassified in profit or loss	
	Issued capital	Adjustments to share capital	Treasury shares	Share premiums	Effects of combinations of entities or businesses under common control	Currency translations differences	Losses on hedge
Balances as of January 1, 2021 (previously reported)	667,181	(7,257)	(569,966)	(72,955)	(704,281)	105,798	(181,714)
<i>Other adjustments (Note 3)</i>	-	7,257	-	75,331	(1,144,687)	175,605	-
Balances as of January 1, 2021	667,181	-	(569,966)	2,376	(1,848,968)	281,403	(181,714)
Transfers	-	-	-	-	97,236	-	-
Total comprehensive income/(expense)	-	-	-	-	-	309,296	(1,794,510)
<i>Profit/(loss) for the period</i>	-	-	-	-	-	-	-
<i>Other comprehensive income/(expense)</i>	-	-	-	-	-	309,296	(1,794,510)
Capital increase	32,819	-	-	-	17,057	-	-
Other contributions of shareholders	-	-	-	-	-	-	-
Increase/(decrease) due to share repurchase transactions ^(*)	-	-	332,107	47,855	-	-	-
Increase/(decrease) through share-based payment transactions ^(**)	-	-	-	-	130,853	-	-
Merger effect ^(***)	-	-	-	-	(35,792)	-	-
Balances as of December 31, 2021	700,000	-	(237,859)	50,231	(1,639,614)	590,699	(1,976,224)

(*) It is related to the sale of the Group's repurchased shares amounting to TRY 332,107, the details of which are given in Note 24.

(**) It is the effect of the share sales of Masanda Turizm Yatırımları A.Ş. on January 9, 2021, and IBS Sigorta ve Reasürans Sigorta Brokerliği A.Ş. on January 29, 2021.

(***) It is the effect of the merger of Akfen Enerji Üretim ve Ticaret A.Ş. on March 5, 2021 and Akfen Infrastructure Holding on November 10, 2021 under Akfen Holding.

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)

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Year ended December 31, 2021

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

Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss			Retained earnings						
Other gains on revaluation and remeasurement	Increases on revaluation fund	(Losses)/ Gains on remeasurements of defined benefit	Restricted reserves appropriated profits	Retained earnings profits	Net profits for the period	Total	Non-controlling interests	Total equity	
1,184,655	1,168,448	(4,351)	2,932,286	1,741,027	(61,661)	6,197,210	13,931	6,211,141	
53,394	111,233	(879)	(120,217)	1,205,185	106,026	468,248	(35,473)	432,775	
1,238,049	1,279,681	(5,230)	2,812,069	2,946,212	44,365	6,665,458	(21,542)	6,643,916	
-	(50,616)	-	(2,014)	(241)	(44,365)	-	-	-	
1,516,643	3,335,878	(788)	-	-	2,767,361	6,133,880	(7,219)	6,126,661	
-	-	-	-	-	2,767,361	2,767,361	(7,219)	2,760,142	
1,516,643	3,335,878	(788)	-	-	-	3,366,519	-	3,366,519	
-	-	-	-	(49,876)	-	-	-	-	
-	-	-	15,434	-	-	15,434	-	15,434	
-	-	-	(332,107)	335,142	-	382,997	-	382,997	
-	(103,817)	-	-	(25,744)	-	1,292	-	1,292	
-	-	-	-	39,165	-	3,373	(5,148)	(1,775)	
2,754,692	4,461,126	(6,018)	2,493,382	3,244,658	2,767,361	13,202,434	(33,909)	13,168,525	

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)

Akfen Holding Anonim Şirketi

Consolidated Cash Flow Statement For the Year ended December 31, 2021

126 | (All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	Footnote references	Audited December 31, 2021	Restated (Note 3) Audited December 31, 2020
A. Cash Flows from Operating Activities		2,750,663	458,679
Profit for the year		2,760,142	47,470
Adjustments to reconcile profit		(1,024,425)	419,829
Adjustments for depreciation and amortization	25-26	19,289	10,700
Adjustments for losses on disposal of property, plant and equipment		6,784	-
Adjustments for dividend income	30	(151,963)	(8,211)
Adjustments for participation fee and income from other financial instruments	30	-	(8,235)
Adjustments for fair value gains		(6,644,925)	(1,742,034)
Adjustment for fair value gains of financial assets	28-30	(6,207,952)	(1,608,058)
Adjustment for fair value gains of investment properties	28	(451,342)	(258,876)
Adjustments for the fair value losses of derivative financial instruments	29	14,369	124,900
Adjustments for impairment		5,063	28,044
Adjustment for impairment on receivables	28	5,063	9,844
Adjustments for impairment of tangible and intangible assets		-	18,200
Adjustments for provisions		35,771	14,890
Adjustments for provisions related with employee benefits		2,859	(996)
Adjustments for other provisions	28	32,912	15,886
Adjustments for the undistributed (incomes)/losses of investments accounted using the equity method	20	(895,364)	465,989
Adjustments for unrealized foreign exchange		6,078,533	1,614,151
Adjustments regarding gains related to changes in share or disposal of associates, joint ventures, and financial investments	30	-	(26,306)
Adjustments regarding gains from the disposal of subsidiaries	30	(34,491)	(26,774)
Adjustments for interest income and expenses	28-29	507,728	298,337
Adjustments for tax expenses	31	(109,393)	(225,793)
Adjustments for other items that cause cash flows from investing or financing activities	30	150,428	19,054
Other adjustment for profit/loss reconciliation	29	8,115	6,017
Changes in working capital		126,253	(483,310)
Adjustments for increase in trade receivables		(33,597)	(9,723)
Adjustments for decrease in other receivables related with operations		136,918	97,181
Adjustments for increase in receivables from ongoing construction and service contracts	10	-	(739,225)
Adjustments for decreases in inventories	16	7,889	5,904
Other adjustments for other increase in working capital		(15,443)	(29,224)
Adjustments for (decrease)/increase in trade payables		(54,721)	71,613
Adjustments for increase in other payables from operations		85,207	120,164
Cash flows from/(used in) operations		1,861,970	(16,011)
Tax payments		(45,860)	(73,436)
Payments for other provisions		(75,702)	(9,079)
Payments related with provisions for employee benefits		(334)	(882)
Other cash inflows	10	1,010,589	558,087

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)

Akfen Holding Anonim Şirketi

Consolidated Cash Flow Statement For the Year ended December 31, 2021

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

	Footnote references	Audited December 31, 2021	Restated (Note 3) Audited December 31, 2020
B. Cash Flows Used in Investment Operations		(1,321,517)	(432,600)
Interest received		7,872	46,345
Dividends received		151,963	9,183
Cash outflows from the purchase of tangible and intangible assets	14-15	(35,588)	(42,479)
Cash inflows from sales of tangible and intangible assets	14-15-30	398	7,565
Cash outflows from the purchase of investment property	11	-	(91,258)
Cash inflows from the sale of investment property		9,294	-
Cash inflows caused by share sales or capital decrease of associates and/or joint ventures		558,696	82,000
Cash outflows due to share purchase or capital increase of associates and/or joint ventures		(1,170,587)	(156,901)
Cash outflow from participation fee and other financial instruments		(843,565)	(287,055)
C. Cash Flows used in Financing Activities		(1,072,667)	(408,276)
Proceeds from borrowings	6	3,046,489	1,261,877
Repayments of borrowings	6	(3,853,608)	(1,241,295)
Interest paid	6	(643,654)	(498,878)
Cash outflows related to payments arising from lease agreements	6	-	(1,063)
Other cash (outflows)/inflows		(1,856)	71,083
Cash inflows from the sale of the entity's own shares and other equity instruments	24	379,962	-
Net increase/(decrease) in cash and cash equivalents		356,479	(382,197)
Cash and cash equivalents at the beginning of the period	5	1,620,286	2,002,483
Cash and cash equivalents at the end of the period	5	1,976,765	1,620,286

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

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY

Akfen Holding A.Ş. ("Akfen Holding" or the "Company") was established in Turkey in 1999, having established its first company in 1976. Akfen Holding operates to invest in, administer and coordinate its subsidiaries and affiliates operating in industries such as airport management and operations, construction, seaport management and operations, marine transportation, water distribution and wastewater services, energy and real estate. Akfen Holding, together with its subsidiaries and joint ventures, will be hereinafter referred to as the "Group".

Akfen Holding transferred its contracting operations in infrastructure construction projects that it had been performing since its establishment to a new sphere outside contracting when it was awarded the Build-Operate-Transfer ("BOT") model for Istanbul Atatürk Airport in 1997, transposing the investment planning models it applied for airports to many infrastructure projects in Turkey as an investor and thus transforming into one of Turkey's infrastructure investment holdings.

Consolidated financial statements of the Group as of December 31, 2021 and for the year ended includes the share of Akfen Holding and subsidiaries, the equity accounted joint ventures and financial investments.

With the decision of Akfen Holding Board of Directors dated September 21, 2021, it was decided that Akfen Altyapı Holding ("Akfen Infrastructure"), which owns the majority shares of the Company (89.49%), joins the Company as a whole, without liquidation. At the Akfen Holding Extraordinary General Assembly meeting held on November 2, 2021, the merger was unanimously approved. As of November 10, 2021, the merger of Akfen Holding and Akfen Infrastructure was completed and Akfen Infrastructure was dissolved without liquidation. As a result of this merger, Akınısı Makina Sanayi ve Ticaret A.Ş. ("Akınısı"), Akfen Danışmanlık ve Proje Geliştirme A.Ş. ("Akfen Consultancy"), Akfen Turizm Yatırım ve İşletme A.Ş. ("Akfen Tourism"), Akfen Gayrimenkul Portföy Yönetimi A.Ş. ("Akfen REPMC"), Akfen Merter Gayrimenkul Turizm ve İnşaat A.Ş. ("Akfen Merter"), BİZ Madencilik A.Ş. (formerly BISS Savunma Sanayi A.Ş. "BİZ Mining") has been taken over and also Akfen İnşaat Turizm ve Ticaret A.Ş., which was previously considered as an associate, ("Akfen Construction") has become a subsidiary. In addition, Travelex Döviz Ticaret A.Ş. ("Travelex") and Tepe Akfen Reformer ("TAR") were taken over as financial investments.

However, as of December 31, 2021, there are 11 subsidiaries directly owned by Akfen Holding (December 31, 2020: 14, January 1, 2020: 14). The Company's direct subsidiaries are Akfen Construction, Akınısı, Akfen Consultancy, Akfen Tourism, Akfen REPMC, Akfen Merter, BİZ Mining, Adana İpekyolu Enerji Üretim Tic. San. A.Ş. ("Adana İpekyolu"), Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş. ("Akfen Energy Gas"), Akfen Rüzgar Enerjisi ve Ticaret A.Ş. ("Akfen Wind Energy") and Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş. ("Akfen Solar Energy").

In addition, as of December 31, 2021, there are 5 joint ventures and 4 financial investments owned by Akfen Holding (December 31, 2020: 6 joint ventures and 3 financial investments, January 1, 2020: 7 joint ventures and 3 financial investments).

The Company has joint management rights in Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen REIT"), Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable Energy"), Acacia Maden İşletmeleri A.Ş. ("Acacia Mine"), Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Water"), and Marmara Deniz Otobüsleri Yatırım ve İşletme A.Ş. ("MDO"). Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP"), TAV Yatırım Holding A.Ş. ("TAV Investment"), Travelex Döviz Ticaret A.Ş. ("Travelex") and Tepe Akfen Reformer are classified as financial investment. TAV Investment, which was accounted for in the "Assets classified as held for sale" in the Group's consolidated financial statements as of January 1, 2020 and 31 December 2020, was reclassified to financial investments as of December 31, 2021.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

However, with the Akfen Infrastructure merger, Company was taken over total of 6 indirect subsidiaries as Isparta Şehir Hastanesi Yatırım İşletme A.Ş. ("Isparta City Hospital"), Eskişehir Şehir Hastanesi Yatırım İşletme A.Ş. ("Eskişehir City Hospital"), Tekirdağ Şehir Hastanesi Yatırım İşletme A.Ş. ("Tekirdağ City Hospital"), Hacettepe Teknokent Eği. ve Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro. San. Tic. A.Ş. ("Hacettepe Teknokent"), Ayrı Gayrimenkul Yatırım A.Ş. ("Ayrı Real Estate"), Zeki Grup İnşaat ve Ticaret A.Ş. ("Zeki Construction"). As of January 1, 2020 and December 31, 2020, Akfen Enerji Üretim ve Ticaret A.Ş. ("Akfen Energy Generation"), which is among Akfen Holding's subsidiaries was merged under Akfen Holding on March 5, 2021 and Isparta Yurt Yatırımları A.Ş., ("Isparta Dormitory") which is an indirect subsidiary of Akfen Holding and Masanda Turizm Yatırımları A.Ş. ("Masanda") which is a direct subsidiary were sold to Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., which is also a subsidiary of the Company, on February 9, 2021.

As of December 31, 2021, the Group manages partnerships with nationally and internationally reputed partners such as, Tepe İnşaat Sanayi A.Ş., ("Tepe Construction"), İlbak Holding A.Ş., Kardan N.V., PSA International ("PSA"), Travelex Group, European Bank for Reconstruction and Development ("EBRD"), Global InfraCo SP NEUM SLU ("Global InfraCo") and International Finance Corporation ("IFC"). The Group also has a framework agreement with ACCOR S.A, ("Accor"), one of the world's leading hotel chains, for hotel brands Novotel and Ibis, which will have additional hotels constructed in Turkey.

Akfen Holding shares had been traded in Borsa İstanbul A.Ş., ("BİAŞ") under the code "AKFEN" since May 14, 2010 but were de-listed as of May 12, 2016.

On March 10, 2020, Akfen Holding signed a "Share Sales Contract" to transfer its 123.250 shares (17% of the capital) in IBS Sigorta ve Reasürans Sigorta Brokerliği A.Ş. ("IBS Insurance") for a price of TRY 34mn. After the completion of the transaction, Akfen Holding's share in IBS Insurance decreased from 37% to 20%. Akfen Holding signed a sales agreement on December 28, 2020 to sell the remaining 20% of its shares in IBS Insurance for TRY 48,000. As of January 28, 2021, sale transaction has been completed.

The merger transaction on November 10, 2021, was evaluated as a "Business Combination Under Common Control" and was accounted for using the "Pooling of Interest" method. When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred.

As of December 31, 2021, 2020 ve January 1, 2020 the shareholders of Akfen Holding are as follows:

	December 31, 2021		December 31, 2020		January 1, 2020	
	Share Amount	Share Ratio %	Share Amount	Share Ratio %	Share Amount	Share Ratio %
Pelin Akın Özalp	329,732	47.10	-	-	-	-
Selim Akın	329,732	47.10	-	-	-	-
Akfen Infrastructure	-	-	597,056	89.49	597,056	89.49
Akfen Holding (*)	15,883	2.27	65,839	9.87	65,839	9.87
Hamdi Akın (**)	23,002	3.29	0	0.00	0	0.00
Other Shareholders	1,651	0.24	4,286	0.64	4,286	0.64
Paid-in capital (nominal)	700,000	100	667,181	100	667,181	100

(*) It consists of Akfen Holding's Treasury shares.

(**) There is 1 B Group registered share of Hamdi Akın

Akfen Holding's legal residence address is as follows:

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06700 / Ankara-Türkiye

Tel: 90 312 408 10 00 - Fax: 90 312 441 07 82

Web: <http://www.akfen.com.tr>

As of December 31, 2021, the number of employees of the Company and Company's joint ventures/financial investments is 54 and 5,137 (December 31, 2020: 54, January 1, 2020: 62) (December 31, 2020: 4,944, January 1, 2020: 6,454) respectively.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

The main subsidiaries and joint ventures/financial investments of Akfen Holding are listed as follows:

i) Subsidiaries

Akfen Construction

A contract was signed between Akfen Holding and Akfen Infrastructure on March 13, 2018 for the transfer of the right to capital increase of Akfen Construction which is a 100% subsidiary of Akfen Infrastructure. As of the registration of Akfen Construction's capital increase on May 30, 2018, Akfen Holding has acquired a 48.81% stake in Akfen Construction. The Company's shares in Akfen Construction increased to 100% after Akfen Holding Board of Directors decided to merge Akfen Infrastructure Holding, which holds the majority shares of the Company (89.49%), with no liquidation and participation in the Company as a whole. As a result, while Akfen Construction was accounted for using the equity method in the pre-merger financial statements, it started to be accounted for using the full consolidation method after the merger.

Akfen Construction, one of the oldest companies in the group, was originally set up to realize the feasibility and engineering services of industrial facilities and has expanded its range of services with the manufacturing, installation and erection services of industrial plants.

So far, Akfen Construction has built a number of infrastructure, including airport terminals and associated infrastructure constructions, natural gas pipelines/distribution systems, hospitals, schools, student residences, residential housing projects, industrial power plants, hydroelectric power plants, water distribution, sewage systems and wastewater treatment plants project.

Currently, Akfen Construction's field of activity are hospital Public Private Partnership projects via its subsidiaries Isparta Şehir Hastanesi Yatırım İşletme A.Ş., Eskişehir Şehir Hastanesi Yatırım İşletme A.Ş., Tekirdağ Şehir Hastanesi Yatırım İşletme A.Ş. (currently, three hospitals built with a Public Private Partnership model with a total bed capacity of 2,316), the dormitory via Hacettepe Teknokent Eği. Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro San. Tic. A.Ş. (2,264 bed capacity Hacettepe Student Residence) and construction/commitment projects with Zeki Construction and real estate/housing projects with Ayrı Real Estate.

Akfen Energy Generation

Akfen Energy Generation obtained its production license on March 8, 2012 for its natural gas-based power plant investment in Mersin with an installed capacity of 450 MW. On December 18, 2012, an amendment application was made to EMRA to increase the installed power of Mersin Combined Natural Gas Power Plant from 570 MW to 1,148.4 MW, and the Environmental Impact Assessment ("EIA") Report prepared was accepted as final. In addition to this, a capital increase was made and the license modification was completed on January 13, 2014. The production license of the Mersin Combined Natural Gas Power Plant project was terminated with the Board decision of EMRA dated December 30, 2020, numbered 9943-9, after the positive evaluation of the application made to EMRA.

Akfen Holding took over the remaining 0.75% shares of Akfen Energy Generation, of which it has a 99.25% share from and Akfen Tourism, Akfen Construction and Akınısı equally, on January 18, 2021, thus becoming the 100% owner of the Company. Subsequently, merger transactions were initiated with Akfen Energy Generation, a 100% subsidiary of Akfen Holding. With the registration process that took place on March 5, 2021, Akfen Holding's merger with Akfen Energy Generation was completed.

Akfen Tourism

Akfen Tourism coordinates the Group's potential tourism investments. In this context; It operates the Akfen Club hotel in Kuşadası, the Bodrum Loft holiday village, various facilities in Ankara Bulvar Loft and İncek Loft commercial areas, the canteens of Isparta, Eskişehir and Tekirdağ City Hospitals, and also generates rental income from hotel in Uludağ. It also provides catering services in Ankara.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

Subsidiaries (cont'd)

Akfen REPMC

Akfen Real Estate Portfolio Management was established in 2017. The main field of activity of the company is the establishment and management of real estate investment funds within the framework of the Capital Market Law and relevant legislation.

Among the subsidiaries of Akfen Holding, it was also established to develop an imported coal power plant in Adana-Yumurtalık with an electric power generation capacity of 615Mw-600Mw. Inactive Adana İpekyolu Enerji Üretim Tic. A.Ş., the inactive Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş., Akfen Rüzgar Enerjisi ve Ticaret A.Ş. and Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş. companies.

In addition, Akınısı, Akfen Consultancy, Akfen Merter and BİZ Mining companies were taken over from Akfen Infrastructure as subsidiaries.

ii) Joint Ventures/associates and financial investments

Akfen REIT

Akfen REIT was first incorporated on June 25, 1997 as a partnership of Hamdi Akın and Yüksel İnşaat A.Ş., to make domestic tourism investments, Akfen Holding then purchased Yüksel İnşaat A.Ş. shares in Aksel in 2006 and Akfen REIT became a subsidiary of Akfen Holding. The restructuring was registered on August 25, 2006 through the resolution of the CMB No, 31/894 of July 14, 2006 following the board resolution of April 25, 2006, thus transforming Akfen REIT into a "Real Estate Investment Trust". The acquisition of the trade name of Real Estate Investment Trust and the change in field of business were published on the Trade Registry Gazette of August 31, 2006.

The main field of business for Akfen REIT is to invest in real estate-based capital market instruments, establish and develop a real estate portfolio and engage in business for the purposes and subjects stated in Articles 23 and 25 of the CMB Communique on Principles Governing Real Estate Investment Trusts (Serial VI, No: 11), Akfen Holding, the controlling shareholder in Akfen REIT, signed a framework agreement with Accor, one of the world's leading hotel chains, to develop hotel projects in Turkey under the brand names Novotel and Ibis Hotel, Akfen REIT mainly develops hotel projects under brand names Novotel and Ibis Hotel and leases this out to Tamaris Turizm A.Ş. ("Tamaris"), a 100% affiliate of Accor operating in Turkey, Akfen REIT shares have been traded on BİAŞ under the share code "AKFGY" since May 11, 2011.

On February 21, 2007, the shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. ("Akfen Trade"), an associate of Akfen Holding, were transferred to Akfen REIT over their nominal value. The main field of business for Akfen Trade is to make real estate-based investments, and establish and develop a real estate portfolio. On May 31, 2011, Akfen REIT incorporated a subsidiary called Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş., in order to develop a hotel project in Karaköy, İstanbul. After the capital increase on May 18, 2018, the Group's direct and indirect ownership interest in Akfen Karaköy increased from 69.99% to 91.47%.

Akfen Trade holds 97.89% and 96.37% shares, respectively in Russian Hotel Investment BV ("Russian Hotel" or "RHI"), which was incorporated in the Netherlands on September 21, 2007, and in Russian Property Investment BV ("Russian Property" or "RPI"), which was incorporated in the Netherlands on January 3, 2008. The main field of business for the Russian Hotel is to develop hotel investments to be operated by Accor in the Ukraine and Russia. The main field of business of the Russian Property, on the other hand, is to carry out office projects in Russia.

On March 18, 2011, Akfen REIT set up a subsidiary named Hotel Development and Investment BV (HDI) with 100% ownership in the Netherlands to develop hotel projects in Russia, Ibis Hotel Moscow located in the center of Moscow has started to operate as of July 16, 2015.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

ii) Joint Ventures/associates and financial investments (cont'd)

Akfen REIT (cont'd)

100% subsidiary of Akfen REIT, Akfen Gayrimenkul Tic. ve İnş. A.Ş.'s subsidiaries residing in the Netherlands and owning the investments in Russia;

- ▶ Russian Hotel Investment BV, in which it has 97.89% participation,
- ▶ Russian Property Investment BV, of which 96.37% participated and
- ▶ 100% owned Hotel Development Investment BV

In order to reduce the operational costs in the general structure of the company, to simplify the organizational structure and to facilitate the activities, it was liquidated on November 3, 2020 and the investments in Russia were directly transferred to Akfen Gayrimenkul Tic. ve İnş. A.Ş.'s subsidiary.

As of December 31, 2021, the total number of rooms in the 21 hotels (December 31, 2020: 20 hotels) owned by Akfen REIT is 3,720 (December 31, 2020 3,628) while the total number of beds corresponding to such number of rooms is 7,298 (December 31, 2020: 7,114). As of February 9, 2021, the acquisition of Akfen REIT's shares of Masanda Tourism ("Bodrum Loft") and Isparta Dormitory (Kütahya and Isparta dormitories) has been completed. Thus, the company added a holiday village with a capacity of 92 rooms and two dormitories with a bed capacity of 7,232 to its portfolio. On June 30, 2021, with the registration of the merger, Isparta Yurt Yatırımları A.Ş. and Masanda Turizm Yatırımları A.Ş. was taken over by Akfen REIT, along with all its assets and liabilities

As of March 29, 2021, Akfen REIT, has been purchased 51% shares of Fıratcan İnş. Turz. Tic. A.Ş. ("Fıratcan Tourism") which has the right to lease the Söğütlüçeşme train station in Istanbul, Kadıköy, within the scope of the High Speed Train Station Project for 2 years of permission and license, 2 years of construction period and 25 years to operate according to the Lease Contract for Construction Containing Areas signed with TCDD in amount of TRY 58,375,000 (EUR 6,200,000). In this context, the Company has undertaken the Söğütlüçeşme High Speed Train Station Project to TCDD, and viaduct, train station, commercial area and parking lot will be built within the scope of the project.

On January 12, 2021, the Convertible Bonds were redeemed as TRY 238,627,431.84 as a result of the capital increase within the framework of the Board of Directors decision dated December 30, 2020 and the CMB approval dated January 7, 2021 the Company's capital was increased to TRY 243,066,196 by issuing 59,066,196 new Group B shares. On February 9, 2021, by providing a fund of TRY 450,000,002 during company acquisitions, of the issued capital amounting to TRY 243,066,196, 101,580,136 B group shares (traded on the stock exchange) with a nominal value of TRY 101,580,136 allocated to Hamdi Akın were issued, and the share capital of the Company was increased to TRY 344,646.332. Akfen Holding's share became 30.37% after Akfen REIT's dedicated, paid-in capital increase completed as of February 9, 2021. After the paid capital increase on August 20, 2021, Akfen Holding's share became 23.94%.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

ii) Joint Ventures/associates and financial investments (cont'd)

MIP

MIP was incorporated on May 4, 2007 by PSA-Akfen Holding Joint Venture Group, which submitted the highest bid and was awarded the contract on the transfer of operating rights for Mersin Port, which is owned by the Republic of Turkey State Railways ("TCDD"), for a period of 36 years during the tender held by the Republic of Turkey Presidency of Privatization Administration ("ÖİB"). Through the concession agreement signed with ÖİB and TCDD on May 11, 2007, MIP took over Mersin Port from TCDD to operate the port for a period of 36 years.

As at July 28, 2017, Akfen Holding signed an agreement with Global InfraCo SP NEUM SLU in order to sell its 40% stake in MIP, for a total consideration of USD 869 million. The sale has been completed as of October 27, 2017, after that date, the value of the MIP's retained stake has been recognized under financial investments with its fair value on the consolidated financial statements.

Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable")

Under restructuring efforts for the renewable energy portfolio, the process of absorption merger for Akfenres Rüzgar Enerjisi Yatırımları A.Ş. ("Akfen WPP"), a subsidiary of the Company, into AkfenHES Yatırımları ve Enerji Üretim A.Ş. ("Akfen HEPP") completely (universally) and without liquidation and of changing the trade name of Akfen HEPP to Akfen Yenilenebilir Enerji A.Ş. were completed and registered as of January 19, 2016.

On December 15, 2015, Akfen Holding signed a shareholders' agreement with the EBRD worth USD 100 million for a total of 20 percent stake in the renewable energy company which will be incorporated through restructuring by a merger of renewable energy subsidiaries, namely Akfen HEPP, Akfen WPP, Akfen Electricity Wholesale and Karine SPP, following the transfer of the latter to the Holding, under the same roof. On June 23, 2016, the previous agreement signed with the EBRD was amended, and a new agreement was signed with the EBRD and the IFC in order for them to become shareholders in Akfen Renewable Energy, each subscribing for 16.667% of shares on a fee of USD 100 million. Following the fulfillment of closing requirements, the capital of Akfen Renewable Energy was increased, on premium, to TRY 705,000 from TRY 634,500 with the EBRD and the IFC transferring USD 44,444,444 for 5% of shares each to Akfen Renewable Energy. The capital increase was registered on July 12, 2016. The share transfer agreement stipulates that Akfen Renewable Energy be managed jointly by Akfen Holding, EBRD and IFC, and unanimous decisions of the parties be sought in relation to operations which significantly impact on Akfen Renewable Energy's returns. Therefore, Akfen Holding considered this transaction to be a sale of shares in a subsidiary, which gives rise to a loss of control, and the equity accounting of the Company's shares in Akfen Renewable Energy started.

On December 5, 2019, the capital of Akfen Renewable Energy was increased to 959,410 TL with a premium, within this scope, a total of USD 12,078,804 was transferred to Akfen Renewable Energy by the EBRD and IFC, thus EBRD and IFC's shares were from 15,982% to 16.993%. While the share of Akfen Holding decreased from 68,036% to 66,134%. On February 17, 2020, Akfen Renewable Energy's capital was increased to TL 1,016,032 at a premium, within this scope, US \$ 5,100,000 was transferred from the EBRD to Akfen Renewable Energy, thus Akfen Holding's share was 66.91% and EBRD and IFC's share was 15.99%. As of December 31, 2020, Akfen Holding's share in Akfen Renewable is 66.91%.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

ii) Joint Ventures/associates and financial investments (cont'd)

Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable") (cont'd)

HEPP Companies

As of December 31, 2021, the HEPP Companies have a total installed capacity of 235,7 MW and an annual power generation capacity of 916,8 GWh, with generation operations going on in 13 power plants.

As of December 31, 2021; Akfen Renewable Energy has 5 subsidiaries it owns directly and via companies within the same controlling structure under HEPP Companies, namely Bt Bordo Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Bt Bordo"), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Elen"), HHK Enerji Elektrik Üretim A.Ş. ("HHK"), Kurtal Elektrik Üretim A.Ş. ("Kurtal") and Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk").

WPP Companies

As of December 31, 2021; Akfen Renewable Energy has 7 subsidiaries it owns directly and via companies within the same controlling structure under WPP Companies, namely İmbat Enerji A.Ş., Kanat Enerji A.Ş., Pruva Enerji A.Ş., Derbent Enerji Üretim Paz.İth.ve İhr.A.Ş., Isider Enerji Üretim Paz.İth.ve İhr.A.Ş., Korda Enerji Üretim Paz.İth.ve İhr.A.Ş. and Kovancı Enerji Üretim Paz.İth.ve İhr.A.Ş.

On December 23, 2019, a purchase agreement was signed with Zorlu Rüzgar Enerjisi Elektrik Üretim A.Ş., covering the entire share price of the company. Pursuant to the share purchase agreement, the purchase process was completed as of February 5, 2020, after obtaining permission and approval from the relevant institutions and organizations. As of February 5, 2020, the purchase has been completed. On April 21, 2020, Zorlu Rüzgar Enerjisi Elektrik Üretim A.Ş., İmbat Enerji A.Ş. combined with this purchase.

As of December 31, 2021, a WPP project with a total installed power of 348.9 MW is in operation.

SPP Companies

As of December 31, 2021, SPP Companies continue to work on a portfolio of projects with a total installed power of 121.4 MW, consisting of 26 MW unlicensed and 95.4 MW licensed projects. In this context, there are 33 project companies, Akfen Renewable, excluding two of these companies (Me-Se Elektrik Üretim A.Ş. ("Me-Se") 80%, Solentegre Enerji Yatırımları Tic. A.Ş. (Solentegre)% 90) has 100% of the rest.

All of the HEPP Companies projects in the portfolio of Akfen Renewable Energy, except for Sirma HEPP, are covered by the Law on the Use of Renewable Energy Resources for the Purpose of Electric Energy Generation as of December 31, 2021. If the projects under this scope obtain Renewable Energy Resources Certificate and complete their investments by December 31, 2021, they have the right to benefit from the state's purchase guarantee from production for a period of 10 years, at least 7.3 US \$ cents/kWh, starting from the date of commissioning. Within the scope of the support mechanism, if the investments are completed by December 31, 2021, the WPP portfolio can benefit from a minimum purchase guarantee of 7.3 USD cents/kWh and the SPP portfolio from a minimum 13.3 USD cents/kWh purchase guarantee. Again, within the scope of the same law, if domestic manufactured equipment is used in the production facility, various local additives are also applicable. In this context, the application made on October 19, 2017 for the Solentegre SPP project within Solentegre, within the framework of the "Regulation on Supporting Domestic Parts Used in Facilities Generating Electrical Energy from Renewable Energy Sources" was evaluated positively and as of January 1, 2018, 0.44 USD cent/kWh deserved to receive contribution supplement. However, other licensed GES projects in Akfen Renewable portfolio, Me-Se, MT, Engil 208, Erciş and Yaysun, Engil 207 as of January 1, 2019, USD 0.44 cent/kWh as of January 1, 2020, and İota M. As of January 2021, Üçpınar, Kocalar, Hasanoba and Denizli, which are licensed WPP projects of 0.44 USD cents/kWh, are entitled to receive a domestic contribution of 0.60 USD cents/kWh as of January 1, 2020.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

ii) Joint Ventures/associates and financial investments (cont'd)

TAV Investment

TAV Investment was incorporated on July 1, 2005 to make investments in aviation and construction sectors. The main fields of business for TAV Investment are construction and car park operations, TAV Investment's subsidiary is TAV Tepe Akfen Yatırım İnşaat ve İşletme A.Ş. ("TAV Construction").

Akfen Holding acquired its 21.68% share in TAV Investment Holding, Gazelle Yatçılık Gayrimenkul Turizm Otomotiv İç ve Dış Ticaret A.Ş. on May 29, 2019 for USD 500,000, based on the contract dated May 10, 2019. ("Gazelle Yatçılık") and the share transfer was notified to the company on June 12, 2019 for the transfer to be recorded in the share register. As of 31 December 2020, since the transfer transaction has not been recorded in TAV Investment's share ledger, TAV Investment is among the assets of the Group and is accounted for in the "Assets classified as held for sale" in the consolidated financial statements and it was reclassified to financial investments as of December 31, 2021.

Akfen Water

Akfen Water Güllük started operations on August 24, 2006. All the shares of Akfen Su Güllük which is a wholly owned subsidiary of Akfen Su, were transferred to Hız Environment and Water Investments Inc. with all its rights and obligations on April 19, 2021.

Akfen Su-Arbiogaz Dilovası Atıksu Arıtma Tesisi Yapım ve İşletim A.Ş. (Akfen Water-Arbiogaz Dilovası) was incorporated on July 19, 2007. The company completed its investments on July 1, 2010 and started operations. It continues serving Dilovası district, which has an approximate population of 40,000, via the factories and plants currently operational at Dilovası Organized Industrial Zone. Akfen Water, which has 75% shares in Akfen Water-Arbiogaz Dilovası, signed Share Transfer Agreement on December 11, 2018 with the sale of all of its shares to Kocaeli Gebze Dilovası Organized Industrial Zone. After all the prerequisites regarding share transfer have been fulfilled, the transfer of the shares to Kocaeli Gebze Dilovası Organized Industrial Zone has been made on August 1, 2019.

In addition, Akfen Water employs new technologies in line with the needs of its customers to develop and manage sustainable and environmentally-friendly Solid Waste Management systems. Concluding its first contract on Solid Waste Services with İDO, Akfen Water also started to provide waste management services for City Hospitals projects run by the Republic of Turkey Ministry of Health within a Public-Private Partnership model. To this end, Akfen Water signed its first contract with Isparta Şehir Hastanesi Yapım ve İşletme A.Ş. and provides the services of managing waste management processes. Subsequently, Akfen Water also started to provide waste management services to Mersin Integrated Health Campus and Yozgat City Hospital projects. Furthermore, it began to provide hazardous and non-hazardous waste disposal and recycling services to MIP during 2016.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

ii) Joint Ventures/associates and financial investments (cont'd)

İDO and MDO

The tender held by Istanbul Metropolitan Municipality ("İBB"), the former controlling shareholder of İDO, for the block selling of İDO on June 16, 2011 was awarded to Tepe Construction, Akfen Holding, Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Joint Venture Group, İDO carries passengers and vehicles under the name "Sea Bus and Fast Ferry Lines" on intracity and intercity sea routes. Having a modern fleet of 53 vessels (24 sea buses, 21 ferryboats, 7 fast ferries and 1 service ships), İDO carries passengers and vehicles in Marmara Sea on a total of 16 lines. As of December 31, 2021, sea buses, fast ferries and ferryboats have a total capacity of 35,443 passengers in summer season and 28,299 passengers in winter season while presenting a vehicle capacity of 2,570 in both seasons.

Akfen Holding's share became 50% (other partner is Tepe Construction with 50% share) after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing at the stage of completion of İDO. In this context, MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe Construction. With the restructuring completed on July 8, 2021 after the reporting period, Akfen Holding and Tepe Construction transferred their shares in İDO to MDO and MDO became the 100% owner of İDO.

Acacia Mine

Asya Maden İşletmeleri A.Ş. was founded in 2007. In 2011, Akfen Group became a shareholder with a share of 30% in 2016. The Company is currently operating its Acacia Maden İşletmeleri A.Ş. under the name of Akfen Holding, İlbak Holding and İzbir Madencilik A.Ş. in partnership. The Company is constructing the Gökirmak copper mine project in the Hanönü district of Kastamonu province. As of March 15, 2019, Acacia Maden produced the first salable copper.

Travellex

Travellex, which opened its first store in London in 1976, is the world's leading independent foreign exchange trading company. It operates in 12 locations in Turkey.

IBS Insurance

IBS Insurance was established in 1997. In 2002, IBS Insurance, which has partnered with Lloyd's broker, United Insurance Brokers, has had the opportunity to expand into the world, IBS Insurance is one of the 104 largest companies in the insurance brokerage industry in which the firm's activities in Turkey. The Company currently operates in four regions; namely Istanbul, Mersin, Izmir and Ankara.

As of March 17, 2018, 268,250 Group A IBS Insurance shares (37% of the company's shares) belonging to Akfen Infrastructure were transferred to Akfen Holding at a price of TRY 80,000. After the transfer of Akfen Holding's 17% share in IBS Insurance on March 10, 2020, Akfen Holding's share in IBS Insurance decreased to 20%.

Akfen Holding signed a sales agreement on December 28, 2020 to sell its remaining 20% share in IBS. As of the reporting period, necessary permissions are obtained to complete the sales process and the processes regarding the terms of sale are ongoing. As of January 28, 2021, the sale transaction was completed. As the transfer process has not been completed as of December 31, 2020, IBS Insurance is among the assets of the Group and has been accounted for in the " Non-current assets classified as held for sale " account in the consolidated financial statements. Since the transfer was completed on January 28, 2021, IBS Insurance is not included in the Group's assets as of December 31, 2021.

In addition, Tepe Reformer company was taken over from Akfen Infrastructure as a financial investment. Established in Poland, the company owns a land in Poland. The company is pursuing opportunities to develop a real estate project on this land.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

Declaration of conformity

Akfen Holding companies operating in Turkey employ the Uniform Chart of Accounts as well as the accounting principles set by the CMB in keeping accounting records and drafting TRY-denominated financial statements.

The consolidated financial statements attached are issued in line with the provisions of the "Communique on Principles Pertaining to Financial Reporting in the Capital Market" Serial II. No, 14.1 ("Communique") by the CMB, which was published in the Official Gazette No. 28676 of June 13, 2013.

The Group applies the Turkish Accounting Standards ("TAS") published by the Public Oversight, Accounting and Auditing Standards Authority as per Article 5 of the Communique, The TAS is comprised of the Turkish Financial Reporting Standards ("TFRS") and the appendices and comments pertaining thereto.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, consolidated financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

The consolidated financial statements of the Group are approved by the Company's Board of Directors on March 11, 2022.

Going concern

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

Principles of measurement

The consolidated financial statements are issued over historical costs except for financial assets whose fair value differences are recognized in profit or loss and whose fair value differences are classified in other comprehensive income.

Applicable currency and reporting currency

Akfen Holding, its subsidiaries operating in Turkey and its affiliates under joint control keep their accounting records and financial statements in TRY in accordance with the Turkish Commercial Code and the Tax Procedure Code. The attached consolidated financial statements are presented in TRY, the Company's reporting currency, and are issued in accordance with the TAS by taking legal accounting records as basis and creating the required adjustment and classification records.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

Applicable currency and reporting currency (cont'd)

December 31, 2021 ve 2020 tarihleri itibarıyla bağlı ortaklıkların, iş ortaklıklarının ve finansal yatırımların geçerli para birimleri aşağıdaki gibidir:

Company	Functional Currency
Akfen REIT	TRY
Akfen Energy Generation (*)	TRY
Akfen Renewable	TRY
Akfen Water	TRY
MDO/iDO	TRY
IBS Insurance (*)	TRY
Akfen Construction	TRY
Akfen Akınısı	TRY
Akfen Consultancy	TRY
Akfen Tourism	TRY
Akfen REPMC	TRY
BİZ Mining	TRY
Acacia Mine	US Dollar

^(*) As of December 31, 2020, it is among the assets of the Group, and as of December 31, 2021, it is not included in the Group assets due to the share sales and mergers. (Note 1).

Principles for consolidation

The attached consolidated financial statements, which are all prepared in consistence with the principles set in the consolidated financial statements for the accounting years ended on December 31, 2021, 2020 and January 1, 2020 include the accounts for investments in equity-accounted joint ventures by Akfen Holding, the parent company, and its subsidiaries that are consolidated via the full consolidation method.

Subsidiaries and joint ventures are consolidated using the following methods:

Subsidiaries

Subsidiaries are exposed to, or are eligible for, returns on variable returns due to the relationship Akfen Holding invests in refers to the companies in which it has control authority because it has the ability to influence it with its power on the enterprise.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

Subsidiaries (cont'd)

	December 31, 2021 Share- holding rate (%)	December 31, 2021 Voting rights (%)	December 31, 2020 Share- holding rate (%)	December 31, 2020 Voting rights (%)	January 1, 2020 Share- holding rate (%)	January 1, 2020 Voting rights (%)	Main Operations
Direct subsidiaries							
Adana İpekyolu	99.96	99.96	99.96	99.96	99.96	99.96	Inactive
Akfen Energy Gas	100	100	100	100	100	100	Inactive
Akfen Wind Energy	100	100	100	100	100	100	Inactive
Akfen Solar Energy	100	100	100	100	100	100	Real estate
Akfen Construction ⁽¹⁾	100	100	100	100	100	100	Construction
Akınısı ⁽¹⁾	99.99	99.99	99.99	99.99	99.99	99.99	Inactive
Akfen Consultancy ⁽¹⁾	100	100	100	100	100	100	Consultancy services
Akfen Tourism ⁽¹⁾	99.99	99.99	99.99	99.99	99.99	99.99	Tourism/restaurant administration
Akfen REPMC ⁽¹⁾	100	100	100	100	100	100	Real estate portfolio man.
Akfen Merter ⁽¹⁾	91.52	75	91.52	75	91.52	75	Real estate
BİZ Mining ⁽¹⁾	100	100	100	100	100	100	Inactive
Akfen Energy Generation ⁽²⁾	-	-	99.25	99.25	99.25	99.25	Inactive
Masanda Tourism ⁽³⁾	-	-	100	100	100	100	Tourism
Indirect subsidiaries							
Isparta City Hospital ⁽⁴⁾	99.88	99.88	99.88	99.88	99.88	99.88	City hospital
Eskişehir City Hospital ⁽⁴⁾	100	100	100	100	100	100	City hospital
Tekirdağ City Hospital ⁽⁴⁾	100	100	100	100	100	100	City hospital
Ayrı Real Estate ⁽⁴⁾	100	100	100	100	100	100	Inactive
Hacettepe Teknokent ^(*) (4)	70	70	70	70	45	45	Dormitory man.
Zeki Construction ⁽⁴⁾	100	100	100	100	100	100	Inactive
Isparta Dormitory ⁽³⁾ (4)	-	-	100	100	100	100	Dormitory man.

⁽¹⁾ After the merger of Akfen Holding and Akfen Infrastructure Holding on November 10, 2021, it became a subsidiary of Akfen Holding.

⁽²⁾ It merged with Akfen Holding on March 5, 2021.

⁽³⁾ On February 9, 2021, the Company sold all of its shares in Isparta Dormitory and Masanda to Akfen REIT, another subsidiary of the Company.

⁽⁴⁾ It is a subsidiary of Akfen Construction.

^(*) The Group controls the company by holding the majority of the voting rights.

Joint agreements and 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 subsidiaries and financial investments as of December 31, 2021, 2020 and January 1, 2020 are as follows:

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

Joint agreements and financial investments (cont'd)

	December 31, 2021		December 31, 2020		January 1, 2020		
	Share- holding rate (%)	Voting rights (%)	Share- holding rate (%)	Voting rights (%)	Share- holding rate (%)	Voting rights (%)	Main Operations
Financial investments							
MIP	10	10	10	10	10	10	Port management
TAV Investment (**)	21.68	21.68	21.68	21.68	21.68	21.68	Construction and parking man.
Travelex ⁽¹⁾	10	10	10	10	10	10	Currency trading activity
Tepe Akfen Reformer ^(*) (1)	26	26	26	26	26	26	Inactive
Associates							
Akfen Water	50	50	50	50	50	50	Solid waste services
Akfen Renewable energy	66.91	66.91	66.91	66.91	66.91	66.91	Energy
İDO ^(***)	-	-	-	-	30	30	Sea bus transportation
MDO ^(***)	50	50	50	50	-	-	Sea bus transportation
Acacia Mine	30	30	30	30	30	30	Mine
IBS Insurance ^(****)	-	-	-	-	20	20	Insurance
Akfen REIT ^(*****)	23.94	23.94	56.88	56.88	56.88	56.88	Real estate investment /Tourism

⁽¹⁾ It is considered as a financial investment as it does not have a significant impact on the business.

^(**) TAV Investment transferred and delivered its shares to Gazelle Yachting on May 29, 2019 pursuant to the contract dated May 10, 2019, and the share transfer was notified to the company on June 12, 2019 for the transfer to be recorded in the share book. TAV Investment, which was recognised in the "Assets classified as held for sale" in the Group's consolidated financial statements as of January 1, 2020 and December 31, 2020, was reclassified to financial investments as of December 31, 2021.

^(***) Akfen Holding's share became 50% after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing at the stage of completion of İDO. In this context, MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe İnşaat.

^(****) Akfen Holding transferred its remaining 20% share in IBS Insurance at the end of 2020 for a consideration of TRY 48,000, and as of December 31, 2021, Akfen Holding has no IBS Insurance shares.

^(*****) After the capital increases on January 12, 2021, February 9, 2021 and August 20, 2021, Akfen Holding's share in Akfen REIT decreased to 23.94%.

⁽¹⁾ After the merger of Akfen Holding and Akfen Infrastructure Holding on November 10, 2021, it became Akfen Holding's financial investment.

Combinations of businesses under joint control

Business combinations arising from the transfer of the shares of companies under the control of the shareholder that controls the Group are recognized like they took place at the beginning of the earliest comparative period offered, and, if it took place later, on the date the joint control is established. To this end, comparative periods are restated. Acquired assets and liabilities are recorded over the carrying amount registered in the consolidated financial statements of the shareholders under the Group's control. The shareholders' equity items for 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 within equity.

Adjustment transactions in consolidation

Intra-group transactions and balances among the companies included in the consolidation are written off during consolidation. Unrealized profits and losses arising from transactions between the company and its consolidated subsidiaries and joint ventures are adjusted to the extent of the Group's share in the joint venture.

Business combinations for purchasing from third persons

Purchasing from third persons are recognized by using the purchasing method. Purchasing cost is calculated as the total of the fair values of assets, of the liabilities that arise or are assumed, and of the equity capital instruments issued to acquire the control of the affiliate as well as the total of other costs directly attributable to acquisition. In accordance with TFRS 3, identifiable assets, liabilities and conditional liabilities which meet the registration requirements are registered over their fair values.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

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 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 of 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.

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.

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

The attached consolidated financial statements are compared to the previous period in order to identify trends in the financial position, performance and cash flow of the Group. In order to ensure comparability if the way the items in the consolidated financial statements are represented or classified changes, consolidated financial statements from the previous periods are also re-classified accordingly and explanations are provided on such matters.

The merger transaction on November 10, 2021, was evaluated as a "Business Combination Under Common Control" and was accounted for using the "Pooling of Interest" method. When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred.

Changes in the financial statements of 2020

The reclassifications and adjustments made in the consolidated statements of financial position of the Group as of December 31, 2020 and January 1, 2020, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows as of December 31, 2021 are explained in Note 3.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

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 fixed assets

Accounting and measurement

Tangible fixed assets purchased until December 31, 2004 are adjusted for inflation in TRY denomination as of December 31, 2004 in compliance with TAS 29. Accordingly, tangible fixed assets are indicated by deducting accumulated depreciation and permanent losses in value from the historical costs under inflation. Tangible fixed assets purchased starting from January 1, 2005, on the other hand, are indicated by deducting accumulated depreciation and permanent losses in value from their historical costs.

The cost reflects those expenditures that are directly related to the acquisition of the asset concerned. The cost of the assets constructed by the Group includes the material costs, labor costs and the costs directly related with making that asset available for the use of the Group as well as the costs for disassembly and replacement of parts and the costs for the restoration of the space such parts are in. Any software purchased in order to use the relevant equipment is capitalized as a part of that equipment. Items constituting tangible fixed assets are recognized as separate items (basic components) of tangible fixed assets if they have different economic lives.

Profits or losses regarding the disposal of tangible fixed assets are determined by comparing the disposal fee and the registered value of the asset concerned and are registered in the consolidated comprehensive income statement under "income and profits/(expenditures and losses) from investment operations".

Subsequent expenses

Expenses arising from replacing any part of tangible fixed assets and including research and maintenance and repair costs can be capitalized if they increase the future economic benefit of the said tangible fixed asset. The registered values of the changed parts are removed from the records. All other expenses are recognized in profit or loss as they occur.

Depreciation

Tangible fixed assets are depreciated and registered under profit or loss after the estimated surplus value is deducted by using the straight-line method of depreciation on the basis of the date of purchasing or installation according to the estimated useful lives of assets. Terrain and land are not depreciated.

Economic lives in the current period and previous periods are as follows:

Description	Years
Buildings	2-50
Furniture and fixtures	2-15
Machinery and Equipment	3-40
Vehicles	5
Special costs	1-15

Special costs are depreciated with straight-line method of depreciation over their relevant rental periods or economic lives, whichever is shorter.

Depreciation methods, economic lives and residual values are reviewed at the end of each accounting period.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.2 Summary of Significant Accounting Policies (cont'd)

Intangible fixed assets

Licenses and other intangible fixed assets

Intangible fixed assets that are acquired by the Group and have a limited economic life are reflected after the accumulated amortization and accumulated impairments are deducted from historical cost.

Subsequent expenditures

Other subsequent expenditures may be capitalized if they can increase the future economic benefit of the said intangible fixed asset. All other expenses within the enterprise including those related to goodwill and trademarks are indicated under profit or loss as they arise.

Amortization

During their economic lives, intangible fixed assets are registered under profit or loss through the straight-line method of amortization starting from the date when they become available for use. Out of intangible fixed assets, Licenses are amortized within a range of 3-49 years while other intangible fixed assets are amortized within a range of 3-5 years.

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.

The Group classifies its rights regarding the lands it leased to develop investment property as investment property. In such a case, the right for the land in question is accounted for in the same way as leasing, and in addition, the fair value method is used for the land in question. Since the fair value determinations of the investment properties of the Group, which are developed above the leased lands, are made by deducting the lease fees to be paid for these lands from the estimated cash flows, the reduced values of the lease payable related to the lands are mutually accounted in the investment properties and borrowings accounts.

Leasing transactions

KGK published TFRS 16 "Leasing Transactions" standard in April 2018. The new standard eliminates the distinction between operating leasing and financial leasing, requiring many leases to be included in the balance sheet under a single model for companies that are tenants. Recognition for companies that are lessor has remained largely unchanged, and the difference between operating lease and financial leasing continues. TFRS 16 will replace the Interpretations on TAS 17 and TAS 17 and will be valid for annual periods beginning on or after 1 January 2019.

Tenants are exempt from applying this standard to short-term leases (leases with a lease term of 12 months or less) or leases where the underlying asset is of low value (e.g. personal computers, some office equipment, etc.). At the actual beginning of the lease, the tenant measures the lease liability over the present value of the lease payments not paid at that date (lease liability) and records the related right-of-use asset as of the same date and is subject to depreciation throughout the lease term. Lease payments are discounted using this rate if the interest rate implied on the lease can be easily determined. The tenant uses the lessee's alternative borrowing rate if this rate cannot be easily determined. The lessee must separately record the interest expense on the lease obligation and the depreciation expense of the right-of-use asset.

It is the case for the lessee to remeasure the lease obligation if certain events occur (for example, changes in the lease term, forward lease payments change due to changes in a particular index or rate, etc.). In this case, the lessee records the remeasurement effect of the lease obligation as an adjustment on the right-of-use asset.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2. Summary of Significant Accounting Policies (cont'd)

Right to use assets

The Group recognizes the right of use assets on the date the lease commences (for example, as of the date when the asset is eligible for use). Right of use assets are calculated by deducting accumulated depreciation and impairment losses from the cost value. If the financial lease payables are revalued, this figure is adjusted.

The cost of the right-of-use asset includes:

- (a) the initial measurement of the lease liability,
- (b) the amount obtained by deducting all lease incentives received from all lease payments made on or before the effective date of the lease, and
- (c) all initial direct costs incurred by the Group.

Unless the transfer of ownership of the underlying asset to the Group at the end of the lease term is reasonably finalized, the Group depreciates the right of use asset from the effective date of the lease until the end of the useful life of the underlying asset.

Right of use assets are subject to impairment assessment.

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.

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 "trade receivables", "other 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 reflected at fair value through other comprehensive income" are non-derivative instruments that are held within the scope of a business model that aims to collect contractual cash flows and sell the financial asset, and in which there are cash flows that include only interest payments arising from the principal and principal balance at certain dates in the terms of the contract. are financial assets. Gains or losses arising from the relevant financial assets other than impairment gains or losses and foreign exchange gains or expenses are reflected in other comprehensive income. In case the mentioned assets are sold, valuation differences classified to other comprehensive income are classified into previous years' profits. For investments in equity-based financial assets, the Group may irrevocably opt for the method of reflecting subsequent changes in fair value to other comprehensive income at initial recognition. In the event that the said choice is made, the dividends obtained from the relevant investments are accounted in the consolidated statement of profit or loss. The Group's financial assets, whose fair value difference is reflected in other comprehensive income, includes financial investments based on equity.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2. Summary of Significant Accounting Policies (cont'd)

Financial Assets (cont'd)

Recognition and Measurement (cont'd)

"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 also include "derivative instruments" and "financial assets related to concession agreements" in the statement of financial position. Derivative instruments are recognized as an asset if the fair value is positive and as a liability if the fair value is negative. Derivative instruments of the Company reflected in profit or loss consist of interest rate fixing contracts.

Financial assets related to concession agreements

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 through profit or loss and classifies these changes in fair value as reflected in profit or loss as "other operating income expense".

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.

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.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2. Summary of Significant Accounting Policies (cont'd)

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 receivable, 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 1 year), the simplified approach is implemented. In cases where the trade receivables are not impaired due to certain reasons (except for the realized impairment losses), the provision for losses related to trade receivables are measured by an amount equal to the expected loan losses.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2. Summary of Significant Accounting Policies (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 and borrowing costs

Financial liabilities are recognized initially at the proceeds received, netted off transaction costs incurred. Financial liabilities are followed in the consolidated financial statements with their discounted values calculated with effective interest rate.

Financial liabilities are debts arising from the disappearance of this obligation, the expiration of the cancellation period and the situation is derecognized.

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.

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. Bank deposits with a maturity of longer than 3 months and less than 1 year are classified as short-term financial investments.

Equity

Ordinary shares

Ordinary shares are classified as equity. The additional costs directly associated with the export of ordinary shares and stock options are recognized as a decrease in equity after deducting the tax effect

Employee benefits

Provision for severance pay

In accordance with existing labor law in Turkey, the Group is required to make payments of certain amounts to employees who have completed one year of service and who quite due to causes such as retirement and military service or who die. Provision for severance pay represents the present value of future probable obligation of the Group arising from the retirement of employees on a 30-day basis. Provision for severance pay is calculated on the assumption that all employees will receive such payment, and it is recognized in the consolidated financial statements on an accrual basis. Provision for severance pay is calculated in accordance with the severance pay cap announced by the Government. All actuarial gains and losses are recognized under other comprehensive income.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation because of past events, it is probable that an outflow of resources involving economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are calculated by discounting the estimated future cash flows at a pre-tax discount rate to be computed in consideration of the impact of time value of money and the risks associated with such obligation.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2. Summary of Significant Accounting Policies (cont'd)

Revenue

Revenue from customer contracts

Group started to use the following five-stage model in the recognition of revenue in line with the TFRS 15 "Revenue from Customer Contracts Standard".

- Defining contracts with customers
- Defining performance obligations in contracts
- Determining the transaction price in the contracts
- Distribution of transaction price to performance obligations
- Recognition of revenue

According to this model, first of all, the goods or services promised in each contract made with the customers are evaluated and each commitment made for the transfer of the said goods or services is determined as a separate performance obligation. Afterwards, it is determined whether the performance obligations will be fulfilled over time or at a certain time.

If the Group transfers control of a good or service over time and therefore fulfills the performance obligations related to the related sales over time, it measures the progress towards the full fulfillment of the said performance obligations and recognizes the revenue in the consolidated financial statements over time. Revenue related to performance obligations in the form of goods or service transfer commitments are recognized when the control of the goods or services is taken over by the customers.

The Group, while evaluating the transfer of control of the goods or services sold to the customer,

- a) Ownership of the Group's right to collect on goods or services
- b) The customer's ownership of the legal ownership of the goods or services
- c) Transfer of possession of goods or services,
- d) The customer's ownership of significant risks and rewards arising from owning the property or service,
- e) It takes into account the customer's acceptance of goods or services.

The Group accounts for a contract with a customer within the scope of TFRS 15, only if all of the following conditions are met.

- ▶ In case the parties of the contract approve the contract and undertake to perform their own actions.
- ▶ In case the company can define the rights regarding the goods or services to be transferred by each party.
- ▶ Where the company can define payment terms for the goods or services to be transferred.
- ▶ Where there is a contract of commercial importance.
- ▶ In the event that the company will collect a price for goods or services to be transferred to the customer.

Sale of goods

In cases where significant risks and returns of revenue are transferred to the customer, the probability of recovery of goods, associated costs and possible return of goods can be reliably calculated, and in the absence of an ongoing management relationship with the goods, the amount of income can be measured reliably. Revenues; Buy-backs, sales discounts, volume discounts are measured.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2. Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

Revenue from customer contracts (cont'd)

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 City Hospital, Eskisehir City Hospital and Tekirdağ City Hospital).

Contract assets arising from ongoing construction and 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 Tekirdag 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.

► 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 amortized cost in the projects under construction.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2. Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

Rental revenues

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 confidently.

Other transactions

Income from delivered services is recognized in the consolidated comprehensive income statement in line with the completion rate of the transaction by the end of the reporting period.

Government incentives

Government incentives, including non-monetary government incentives measured by their fair values, are recognized in the consolidated financial statements when there is reasonable assurance that the entity will meet the conditions for obtaining them and that the incentives will be received by the entity.

Government incentives are presented in the financial statements in the same manner, even if they are obtained in cash or as a reduction of an obligation to the government.

Investment incentives are valued at their fair value if reasonable assurance is provided that the incentives will be received and that all conditions will be met. If the incentive is associated with an asset item, it is deducted during the calculation of the fair value of the asset. The incentive is recognized in profit or loss through the acquisition of rental income for the asset.

Financing income and expenses

Financing income includes interest income, exchange rate difference income, dividend income and gains from derivative instruments accounted for in profit or loss. Interest income is recognized in profit or loss on an accrual basis using the effective interest method.

Financing expenses include the interest expenses from bank loans, impairments accounted for in relation to financial assets (except for trade receivables), and the losses from ineffective portions of derivative hedge instruments accounted for in profit or loss. Borrowing costs which cannot be directly related to the acquisition, construction or production of an asset are recognized in profit or loss by using the effective rate of interest.

Rediscount and exchange rate difference income/expenses pertaining to trade transactions are recognized in other operating income and expenses.

Earnings per share

Earnings per share disclosed in the consolidated profit or loss statement are determined by dividing net income for the period from parent company shares by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares (bonus shares) to existing shareholders from retained earnings and inflation adjustment. Such distribution of bonus shares is treated as issued shares in the calculation of earnings per share. Accordingly, the weighted average number of shares used in such calculations are determined by giving the said distribution of shares a retroactive effect.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2. Summary of Significant Accounting Policies (cont'd)

Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. Current tax is recognized in consolidated comprehensive income statement except for the taxes of items recognized directly in profit or loss.

Current tax is calculated over the taxable part of the income for the period. The current tax liability of the Group is calculated using the tax rates enacted at the reporting date.

Furthermore, provisional corporate taxes are paid at 25% (will be applied as 23% for 2022 and 20% for 2023 and after tax periods) over profits declared for interim periods in order to be deducted from the final corporate tax.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

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. Deferred tax is not recognized in the initial recognition of goodwill, the initial recognition of assets and liabilities that impact on neither financial profit nor commercial profit in transactions other than business combinations, and in differences pertaining to associates and joint ventures which are unlikely to be reversed in the near future. Deferred tax is calculated on the basis of laws applicable by the end of the reporting period and over the tax rates that are expected to be applied once temporary differences are reversed.

When the deferred tax assets and deferred tax liabilities are levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities and in the event that the acquisition of deferred tax assets and the performance of deferred tax liabilities are simultaneous, deferred tax assets and deferred tax liabilities can be offset.

Deferred tax assets 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 are reviewed at each reporting period and their carrying amount is reduced to the extent that it is not probable that the relevant tax advantage will be available.

Deferred taxes arising from the fair value measurement for available-for-sale assets and their cash flow hedging is recognized in profit or loss before being recognized in consolidated comprehensive income statement together with other deferred gains that are previously recognized.

Out of the investment incentives the Group enjoys, those that ensure a corporate tax rebate are recognized under TAS 12.

The current tax amounts to be paid are offset with the prepaid tax amounts since they are related to corporate tax. Deferred tax asset and liability are also offset individually for each company.

Tax arrangements in Turkey do not allow a parent company and its subsidiaries to submit consolidated tax statements. Therefore, tax provisions are calculated on a company basis as reflected in the consolidated financial statements attached.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2. Summary of Significant Accounting Policies (cont'd)

Related parties

For the purpose of the accompanying consolidated financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements.

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies
 - (i) The entity and the reporting entity are members of the same group
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself 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 (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Segment reporting

Operating segments are segments of the Group which engage in operating activities from which the Group can reap revenues and through which it can make expenditures, the operating results of which are regularly reviewed by the chief operating decision maker of the Group for allocating resources and assessing performance of the operating segments, and for which there are separate financial information.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2. Summary of Significant Accounting Policies (cont'd)

Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Fair value, according to valuation techniques used is classified into these following levels:

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).

The fair value of other long-term investments, the details of which are given in Note 22, are within the scope of level 3 valuation method techniques and the income discounting method.

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:

Financial assets related to concession agreements and contract assets arising from ongoing construction and contracts

Group's financial assets are recognized in the financial statements covered by the Republic of Turkey Health Ministry, signed City Hospital Agreement Pursuant During the City Hospital are entitled to charge a fee on the use of compatible concession infrastructure with the construction of the model. In projects that are under construction, the Group includes financial assets from service concession agreements at reduced cost, as receivables from service concession agreements, as financial assets related to Concession agreements at fair value in completed and operational projects. The Company management makes important estimates and assumptions for inflation and exchange rates during the contract period in order to calculate receivables from concession contracts.

As of December 31, 2021, the discount rate used in the fair value calculation is 10% (Euro) for Eskişehir and Tekirdağ City Hospitals and 11.5% (USD) for Isparta City Hospital. For inflation and exchange rate estimates, fair value calculations are made with different scenarios and the average value is accepted as the final result. The inflation values used in fair value calculations are in parallel with the medium and long term inflation rates announced by the CBRT.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2. Summary of Significant Accounting Policies (cont'd)

Significant accounting evaluation, estimation and assumptions (cont'd)

Financial assets related to concession agreements and contract assets arising from ongoing construction and contracts (cont'd)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (Note 10). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Determining the fair value of equity instruments

The Group has classified and recorded the MIP, Travelex and TAR shares held in the accompanying consolidated financial statements as financial assets at fair value through other comprehensive income/expense. MIP, Travelex and TAR financial investments carried at fair value are important in terms of financial statements and valuation studies require expertise. Valuations are made in accordance with market conditions, taking into account similar company multipliers, discount rates, current market transactions return and sales prices. In these estimates and assumptions, changes that may occur in the future may have a significant impact on the Group's consolidated financial statements

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group has not recognized deferred tax assets because it is in the development stage and it is not apparent that taxable profit will be available sufficient to recognize deferred tax assets. If future results of operations exceed the Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2. Summary of Significant Accounting Policies (cont'd)

Derivative instruments

TDerivative instruments are first recorded at their acquisition cost reflecting their fair value at the contract date and are valued at fair value in the following periods. The derivative instruments of the Group are mainly composed of forward foreign exchange purchase-sale contracts and foreign currency and interest rate swap transactions. Although these derivatives provide effective protection against risks for the Group economically, when they do not meet the necessary conditions in terms of risk accounting, they are accounted as trading derivatives in the consolidated financial statements and the fair value changes related to them are reflected in the consolidated statement of profit or loss.

2.3. Amendments to the Turkish Financial Reporting Standards

New standards, amendments and interpretations effective from January 1, 2021:

- ▶ Interest Rate Benchmark Reform - Phase 2-Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- ▶ Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- ▶ Relief from discontinuing hedging relationships
- ▶ Separately identifiable risk components
- ▶ Additional disclosures
- ▶ Amendments to TFRS 16 – Covid-19 Rent Related Concessions

These amendments did not have a significant impact on the financial position or performance of the Company.

The new standards, amendments and interpretations issued but not yet effective and not early adopted:

- ▶ TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- ▶ TFRS 17 - The new Standard for insurance contracts
- ▶ Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- ▶ Amendments to TFRS 3 – Reference to the Conceptual Framework
- ▶ Amendments to TAS 16 – Proceeds before intended use
- ▶ Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- ▶ TAS 8 Amendments – Definition of Accounting Estimates
- ▶ TAS 1 Amendments – Disclosure of Accounting Policies
- ▶ TAS 12 Amendments – Deferred tax on assets and liabilities arising from a single transaction
- ▶ Annual Improvements - 2018-2020 Period

These standards, changes and improvements are assessed on the financial position of the Company and its possible impact on performance.

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES

The merger transaction of Akfen Holding and Akfen Infrastructure Holding which was completed on November 10, 2021, was evaluated as a "Business Combination Under Common Control" and was accounted for using the "Pooling of Interest" method (Note 4). When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred. As a result of this merger; the effect of the adjustments made in the prior period consolidated financial statements, the profit or loss and other comprehensive income and expense statement and the consolidated cash flow statement as of December 31, 2020 and January 1, 2020, are as follows:

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

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

RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

December 31, 2020:

ASSETS	Previously reported December 31, 2020	Akfen Infrastructure merger effect December 31, 2020	Restated December 31, 2020
Current Assets			
Cash and cash equivalents	1,345,933	280,946	1,626,879
Short term financial investments	474,591	-	474,591
Trade receivables	8,384	66,616	75,000
- Trade receivables from related parties	8,384	13,137	21,521
- Trade receivables from third parties	-	53,479	53,479
Financial assets related to concession agreements	-	861,978	861,978
Other receivables	798	57,550	58,348
- Other receivables from related parties	-	173	173
- Other receivables from third parties	798	57,377	58,175
Inventories	-	43,205	43,205
Prepaid expenses	1,206	26,434	27,640
Current income tax assets	7,032	47,970	55,002
Other current assets	6	90,457	90,463
SUBTOTAL	1,837,950	1,475,156	3,313,106
Assets reclassified as held for sale	14,922	-	14,922
TOTAL CURRENT ASSETS	1,852,872	1,475,156	3,328,028
Non-Current Assets			
Financial investments	2,560,858	58,747	2,619,605
Trade receivables	-	12,264	12,264
- Trade receivables from third parties	-	12,264	12,264
Financial assets related to concession agreements	-	6,513,592	6,513,592
Other receivables	770,961	(18,524)	752,437
- Other receivables from related parties	770,945	(28,342)	742,603
- Other receivables from third parties	16	9,818	9,834
Investments accounted using the equity Method	3,597,845	(1,409,761)	2,188,084
Investment property	58,000	1,075,028	1,133,028
Property, plant and equipment	4,679	353,344	358,023
Intangible assets	846	105,027	105,873
-Other intangible assets	846	105,027	105,873
Right of use assets	-	10,486	10,486
Assets arising from customer contracts	-	25,726	25,726
- Contract assets arising from sales of goods and services	-	25,726	25,726
Prepaid expenses	3,355	-	3,355
Deferred tax assets	8,010	905,814	913,824
Other non current assets	9	26,698	26,707
TOTAL NON-CURRENT ASSETS	7,004,563	7,658,441	14,663,004
TOTAL ASSETS	8,857,435	9,133,597	17,991,032

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

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

RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

December 31, 2020:

LIABILITIES	Previously reported December 31, 2020	Akfen Infrastructure merger effect December 31,2020	Restated December 31,2020
Current Liabilities			
Short term borrowings	-	333,958	333,958
Short term portion of long-term borrowings	2,001,813	836,714	2,838,527
Trade payables	3,903	1,083,743	1,087,646
- Trade payables to related parties	1,398	893,773	895,171
- Trade payables to third parties	2,505	189,970	192,475
Employee benefit obligations	145	815	960
Other payables	13,358	34,700	48,058
- Other payables to related parties	10,439	1,509	11,948
- Other payables to third parties	2,919	33,191	36,110
Income tax payable	13,441	5,400	18,841
Deferred revenue	-	10,586	10,586
Current provisions	38,227	3,075	41,302
- Provision for employee benefits	4,147	3,075	7,222
- Other short-term provisions	34,080	-	34,080
Other current liabilities	51,870	80	51,950
TOTAL CURRENT LIABILITIES	2,122,757	2,309,071	4,431,828
Non-Current Liabilities			
Long term borrowings	308,634	5,468,463	5,777,097
Other payables	101,866	461,788	563,654
- Other payables to related parties	101,864	453,021	554,885
- Other payables to third parties	2	8,767	8,769
Derivative financial liabilities	-	266,190	266,190
Obligations arising from customer contracts	-	67,124	67,124
Non-current provisions	2,361	3,758	6,119
-Provision for employee benefits	2,361	3,758	6,119
-Other long-term provisions	-	-	-
Deferred tax liabilities	110,675	124,429	235,104
TOTAL NON-CURRENT LIABILITIES	523,536	6,391,752	6,915,288
TOTAL LIABILITIES	2,646,293	8,700,823	11,347,116

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

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

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

December 31, 2020:

	Previously Reported December 31, 2020	Akfen Infrastructure merger effect December 31, 2020	Restated December 31, 2020
EQUITY	6,211,141	432,775	6,643,916
Equity attributable to equity holders of the parent	6,197,210	468,248	6,665,458
Issued capital	667,181	-	667,181
Capital adjustment differences	(7,257)	7,257	-
Treasury shares (-)	(569,966)	-	(569,966)
Share premiums	(72,955)	75,331	2,376
Effect of business combinations under common control	(704,281)	(1,144,687)	(1,848,968)
Other accumulated comprehensive income that will not be reclassified to profit	2,348,752	163,748	2,512,500
Revaluation and measurement gains	2,348,752	163,748	2,512,500
- Increases on revaluation of property, plant and equipment	1,168,448	111,233	1,279,681
- Losses on remeasurement of defined benefit plans	(4,351)	(879)	(5,230)
- Other gains on revaluation and remeasurement	1,184,655	53,394	1,238,049
Other accumulated comprehensive income that will be reclassified to (loss) or profit	(75,916)	175,605	99,689
-Currency translation difference	105,798	175,605	281,403
-Hedge reserve fund	(181,714)	-	(181,714)
Restricted reserves appropriated from profits	2,932,286	(120,217)	2,812,069
Retained earnings	1,741,027	1,205,185	2,946,212
Net (loss)/profit for the period	(61,661)	106,026	44,365
Non-controlling interests	13,931	(35,473)	(21,542)
TOTAL LIABILITIES AND EQUITY	8,857,434	9,133,598	17,991,032

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

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

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

January 1, 2020:

ASSETS	Previously reported January 1, 2020	Akfen Infrastructure merger effect January 1, 2020	Restated January 1, 2020
Current Assets			
Cash and cash equivalents	1,750,395	334,963	2,085,358
Short term financial investments	19,638	-	19,638
Trade receivables	5,382	68,516	73,898
- Trade receivables from related parties	5,382	19,393	24,775
- Trade receivables from third parties	-	49,123	49,123
Financial assets related to concession agreements	-	422,851	422,851
Assets arising from customer contracts	-	76,912	76,912
- Receivables from ongoing construction and service contracts	-	76,912	76,912
Other receivables	288	90,862	91,150
- Other receivables from related parties	-	105	105
- Other receivables from third parties	288	90,757	91,045
Inventories	-	71,028	71,028
Prepaid expenses	1,259	156,910	158,169
Current income tax assets	322	18,573	18,895
Other current assets	6	47,410	47,416
SUBTOTAL	1,777,290	1,288,025	3,065,315
Assets reclassified as held for sale	2,890	-	2,890
TOTAL CURRENT ASSETS	1,780,180	1,288,025	3,068,205
Non-Current Assets			
Financial investments	2,365,760	48,877	2,414,637
Trade receivables	-	14,673	14,673
- Trade receivables from third parties	-	14,673	14,673
Financial assets related to concession agreements	-	4,361,126	4,361,126
Assets arising from customer contracts	-	721,170	721,170
- Receivables from ongoing construction and service contracts	-	706,831	706,831
- Contract assets arising from sales of goods and services	-	14,339	14,339
Other receivables	552,023	(17,512)	534,511
- Other receivables from related parties	552,007	(26,138)	525,869
- Other receivables from third parties	16	8,626	8,642
Investments accounted using the equity method	2,645,114	(1,276,916)	1,368,198
Investment property	-	875,196	875,196
Property, plant and equipment	69,050	41,307	110,357
Intangible assets	584	97,351	97,935
- Other intangible assets	584	97,351	97,935
Right of use assets	-	8,391	8,391
Deferred tax assets	6,637	620,660	627,297
Other non current assets	16	40,517	40,533
TOTAL NON-CURRENT ASSETS	5,639,184	5,534,840	11,174,024
TOTAL ASSETS	7,419,364	6,822,865	14,242,229

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

January 1, 2020:

LIABILITIES	Previously reported January 1, 2020	Akfen Infrastructure merger effect January 1, 2020	Restated January 1, 2020
Current Liabilities			
Short term borrowings	-	113,722	113,722
Short term portion of long-term borrowings	436,949	655,273	1,092,222
Trade payables	2,998	1,257,802	1,260,800
- Trade payables to related parties	498	1,132,408	1,132,906
- Trade payables to third parties	2,500	125,394	127,894
Employee benefit obligations	280	841	1,121
Other payables	14,042	43,223	57,265
- Other payables to related parties	9,772	345	10,117
- Other payables to third parties	4,270	42,878	47,148
Income tax payable	4,074	741	4,815
Deferred revenue	-	6,944	6,944
Current provisions	13,124	3,548	16,672
- Provision for employee benefits	4,808	3,548	8,356
- Other short-term provisions	8,316	-	8,316
Other current liabilities	9,163	-	9,163
TOTAL CURRENT LIABILITIES	480,630	2,082,094	2,562,724
Non-Current Liabilities			
Long term borrowings	1,683,721	4,148,973	5,832,694
Other payables	117,479	321,532	439,011
- Other payables to related parties	117,477	312,159	429,636
- Other payables to third parties	2	9,373	9,375
Derivative financial liabilities	-	141,290	141,290
Obligations arising from customer contracts	-	41,327	41,327
Non-current provisions	22,758	3,803	26,561
- Provision for employee benefits	2,614	3,803	6,417
- Other long-term provisions	20,144	-	20,144
Deferred tax liabilities	43,539	113,594	157,133
TOTAL NON-CURRENT LIABILITIES	1,867,497	4,770,519	6,638,016
TOTAL LIABILITIES	2,348,127	6,852,613	9,200,740

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

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

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

January 1, 2020:

	Previously reported January 1, 2020	Akfen Infrastructure merger effect January 1, 2020	Restated January 1, 2020
EQUITY	5,071,237	(29,748)	5,041,489
Equity attributable to equity holders of the parent	5,057,341	8,795	5,066,136
Issued capital	667,181	-	667,181
Capital adjustment differences	(7,257)	7,257	-
Treasury shares (-)	(569,966)	-	(569,966)
Share premiums	(72,955)	75,331	2,376
Effect of business combinations under common control	(704,281)	(1,144,687)	(1,848,968)
Other accumulated comprehensive income that will not be reclassified to profit		753,493	47,441
800,934			
Revaluation and measurement gains	753,493	47,441	800,934
- (Decreases)/Increases on revaluation of property, plant and equipment	(4,307)	4,307	-
- Losses on remeasurement of defined benefit plans	(3,294)	(883)	(4,177)
- Other gains on revaluation and remeasurement	761,094	44,017	805,111
Other accumulated comprehensive income that will be reclassified to (loss) or profit	80,694	175,604	256,298
-Currency translation difference	80,694	175,604	256,298
-Hedge reserve fund	-	-	-
Restricted reserves appropriated from profits	2,912,107	(122,414)	2,789,693
Retained earnings	1,507,269	771,796	2,279,065
Net profit for the period	491,056	198,467	689,523
Non-controlling interests	13,896	(38,543)	(24,647)
TOTAL LIABILITIES AND EQUITY	7,419,364	6,822,865	14,242,229

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

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

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

December 31, 2020:

	<i>Previously reported</i>	<i>Akfen Infrastructure merger effect</i>	<i>Restated</i>
	Jan. 1- Dec. 31, 2020	Jan. 1- Dec. 31, 2020	Jan. 1- Dec. 31, 2020
PROFIT OR LOSS FROM CONTINUING OPERATIONS			
Revenue	6,633	1,176,898	1,183,531
Cost of sales (-)	-	(1,037,416)	(1,037,416)
GROSS PROFIT	6,633	139,482	146,115
General administrative expenses (-)	(39,583)	(40,689)	(80,272)
Marketing, selling and distribution expenses (-)	-	(3,980)	(3,980)
Other income from operating activities	12,560	1,721,681	1,734,241
Other expenses from operating activities (-)	(34,267)	(16,597)	(50,864)
Share of profit/(loss) from investments accounted using the equity method	(336,105)	(129,884)	(465,989)
OPERATING (LOSS)/PROFIT FROM OPERATING ACTIVITIES	(390,762)	1,670,013	1,279,251
Income from investment activities	212,227	983	213,210
Expense from investment activities (-)	(19,050)	(4)	(19,054)
(LOSS)/PROFIT BEFORE FINANCE (LOSS)/INCOME	(197,585)	1,670,992	1,473,407
Finance income	337,273	846,439	1,183,712
Finance expenses (-)	(132,952)	(2,702,490)	(2,835,442)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	6,736	(185,059)	(178,323)
Tax (expense)/income	(68,362)	294,155	225,793
Current period tax expense (-)	(24,900)	(8,138)	(33,038)
Deferred tax (expense)/income	(43,462)	302,293	258,831
(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	(61,626)	109,096	47,470
(LOSS)/PROFIT FOR THE PERIOD	(61,626)	109,096	47,470
Attributable to			
Non-controlling interests	35	3,070	3,105
Equity holders of the parent	(61,661)	106,026	44,365
Net (loss)/profit for the period	(61,626)	109,096	47,470
(Losses)/Earnings per share			
(Losses)/earnings per share (TRY in full)	(0.09)	0.16	0.07
Diluted (losses)/earnings per share (TRY in full)	(0.09)	0.16	0.07

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

December 31, 2020:

	<i>Previously reported</i>	<i>Akfen Infrastructure merger effect</i>	<i>Restated</i>
	Jan. 1- Dec. 31, 2020	Jan. 1- Dec. 31, 2020	Jan. 1- Dec. 31, 2020
STATEMENT OF OTHER COMPREHENSIVE INCOME/(EXPENSE)			
(LOSS)/PROFIT FOR THE YEAR	(61,626)	109,096	47,470
Other comprehensive income that will not be reclassified to profit or loss	1,595,259	116,307	1,711,566
Losses/(earnings) on remeasurements			
of defined benefit plans	(1,057)	4	(1,053)
Gains on revaluation of property, plant and equipment	1,172,755	106,926	1,279,681
Other comprehensive income items that will not be reclassified as other profit	423,561	9,377	432,938
Other comprehensive income/loss that will be reclassified to profit or loss	(156,610)	1	(156,609)
Exchange differences on translation	25,104	1	25,105
Other comprehensive loss related with cash flow hedges	(181,714)	-	(181,714)
OTHER COMPREHENSIVE INCOME	1,438,649	116,308	1,554,957
TOTAL COMPREHENSIVE INCOME	1,377,023	225,404	1,602,427
Total comprehensive income attributable to			
Non-controlling interests	35	3,070	3,105
Equity holders of the parent	1,376,988	222,334	1,599,322
Total comprehensive income	1,377,023	225,404	1,602,427

December 31, 2020:

	<i>Previously reported</i>	<i>Akfen Infrastructure merger effect</i>	<i>Restated</i>
	Dec. 31, 2020	Dec. 31, 2020	Dec. 31, 2020
A. Cash Flows from Operating Activities	230,850	227,829	458,679
(Loss)/profit for the year	(61,626)	109,096	47,470
Adjustments to reconcile (loss)/profit	449,387	(29,558)	419,829
Changes in working capital	(125,192)	(358,118)	(483,310)
Cash flows from/(used in) operations	262,569	(278,580)	(16,011)
B. Cash Flows Used in Investment Operations	(317,156)	(115,444)	(432,600)
C. Cash Flows used in Financing Activities	(318,152)	(90,124)	(408,276)
Net (decrease)/increase in cash and cash equivalents	(404,458)	22,261	(382,197)
Cash and cash equivalents at the beginning of the period	1,750,404	252,079	2,002,483
Cash and cash equivalents at the end of the period	1,345,946	274,340	1,620,286

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

Sale of shares of subsidiaries

As of February 9, 2021 Company sold all of the shares of Masanda, which has a 184-bed 5-Star Holiday Village investment in Bodrum, for TRY 235.000 and sold all of its shares in Isparta Dormitory, which has been leased to the General Directorate of Credits and Dormitories for 15 years and has two dormitories with a total of 7,232 beds, to Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. amounting to TRY 215.000. For the statement of financial position on the date of sale, the date of January 31, 2021, which is the closest to the aforementioned date and where no significant change has occurred from this date to the date of sale, is taken as a basis.

The financial statements of the related companies as of January 31, 2021 are as follows:

	Masanda Tourism	Isparta Dormitory	Total
Assets	January 31, 2021	January 31, 2021	January 31, 2021
Current assets	3,089	7,647	10,736
Cash and cash equivalents	27	3,460	3,487
Trade receivables	3	42	45
- Trade receivables from related parties	3	-	3
- Trade receivables from third parties	-	42	42
Other receivables	-	1,473	1,473
- Other receivables from third parties	-	1,473	1,473
Prepaid expenses	880	125	1,005
Other current assets	2,179	2,547	4,726
Non-current assets	310,477	297,063	607,540
Other receivables	10	-	10
- Other receivables from third parties	10	-	10
Right of use assets (Note 12)	2,394	-	2,394
Investment property (Note 10)	-	285,453	285,453
Property, plant and equipment (Note 13)	287,565	-	287,565
Other non-current assets	20,508	11,610	32,118
Total assets	313,566	304,710	618,276
Liabilities	January 31, 2021	January 31, 2021	January 31, 2021
Current liabilities	831	1,794	2,625
Short-term borrowings (Note 5)	506	806	1,312
- Lease liabilities (Note 5)	506	806	1,312
Trade payables	315	92	407
- Trade payables to related parties	71	57	128
- Trade payables to third parties	244	35	279
Other payables	3	7	10
- Other payables to third parties	3	7	10
Deferred revenue	-	887	887
Other current liabilities	7	2	9
Non-current liabilities	5,278	42,845	48,123
Long-term borrowings (Note 5)	2,507	3,096	5,603
- Lease liabilities (Note 5)	2,507	3,096	5,603
Deferred tax liabilities (Note 30)	2,771	39,749	42,520
Equity attributable to owners of parent	307,457	260,071	567,528
Issued capital	192,504	78,000	270,504
Share premiums	-	25,050	25,050
Restricted reserves appropriated from profits	2	-	2
Retained earnings	115,452	156,601	272,053
Net (loss)/profit for the period	(501)	420	(81)
Total liabilities	313,566	304,710	618,276

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

Sale of shares of subsidiaries (cont'd)

The difference between the sale price of Isparta Dormitory and the net asset value at the date of sale is recognised in the Group's financials as a loss on the disposal of the subsidiary as of December 31, 2021 and is as follows:

Isparta Dormitory	June 30, 2021
Sale price	215,000
Net asset value on the date of sale	260,071
Losses on disposal of subsidiary (Note 32)	45,071

Isparta Dormitory	
Total sale price – cash	215,000
Cash and cash equivalents - disposed	(3,460)
Cash inflow from sales, (net)	211,540

The difference between the sale price of Masanda and the net asset value at the date of sale is recognised in the Group's financials as a loss on the disposal of the subsidiary as of December 31, 2021 and is as follows:

Masanda Tourism	June 30, 2021
Sale price	235,000
Net asset value on the date of sale	307,457
Losses on disposal of subsidiary (Note 32)	72,457

Masanda Tourism	
Total sale price – cash	235,000
Share transfer expenses	(2,250)
Cash and cash equivalents - disposed	(27)
Cash inflow from sales, (net)	232,723

3. RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS RESULTING FROM BUSINESS COMBINATIONS AND SHARE SALES OF ASSOCIATES/SUBSIDIARIES (cont'd)

Sale of shares of associate

IBS Insurance

On March 10, 2020, Akfen Holding signed a "Share Sales Agreement" to transfer its 17% stake in IBS Insurance for a price of TRY 34,000. After the completion of the transaction, Akfen Holding's share in IBS Insurance decreased to 20%. The positive difference between the mentioned sales price and the net asset derecognized from the records has been recorded as income from investment activities in the consolidated statement of profit or loss and other comprehensive income as of December 31, 2020.

	On the date of sale
Net assets	42,506
IBS Insurance's share of shares sold	17%
IBS Insurance's net asset amount sold (Note 11) (A)	7,226
Sales price (B)	34,000
Earnings arising from the disposal of subsidiaries (Note 26) (B-A)	26,774

Furthermore, Akfen Holding signed a "Share Sale Agreement" on December 28, 2020 to transfer its remaining 20% share in IBS Insurance for a consideration of TRY 48,000, and the sale was completed on January 28, 2021. After the transaction was completed, Akfen Holding had no shares in IBS Insurance. The positive difference between the mentioned sale price and the net asset derecognized, was recorded as income from investment activities in the consolidated statement of profit or loss and other comprehensive income as of December 31, 2021.

	On the date of sale
Net assets	67,544
IBS Insurance's share of shares sold	%20
IBS Insurance's net asset amount sold (A)	13,509
Sales price (B)	48,000
Earnings arising from the disposal of subsidiaries (Note 30) (B-A)	34,491

Akfen REIT

On 20 August 2021, Akfen REIT paid capital increase was realized by using the right to preference of the existing shareholders and the Group transferred 6.43% of its shares in Akfen REIT for a price of TRY 66,433 before the capital increase and sale price and the value of the shares subject to sale and the loss amounting to TRY 11,304, which is the difference between the mentioned sale price and the value of the shares subject to sale, is accounted for in the expense from investment activities in the consolidated statement of profit or loss and other comprehensive income of the Group (Note 30).

Akfen Renewable Energy

On February 17, 2020, Akfen Renewable Energy's capital was increased to TRY 1,016,032 at a premium, within this scope, USD 5,100,000 was transferred from the EBRD to Akfen Renewable Energy, thus Akfen Holding's share was 66.91%, and EBRD's share 17.10% and IFC's share was 15.99%. The effect of the change in the net assets of Akfen Renewable due to this transaction amounting to TRY 26,306 has been recognized in the Group's consolidated financial statements in the income from investment activities as of December 31, 2020 (Note 30).

4. SEGMENT REPORTING

January 1-December 31, 2021

Investments accounted using the equity method

	Akfen Holding	Akfen Cons.	Akfen Tourism	Akfen REIT ^(*)	Akfen Ren. Energy	MDO-İDO ^(**)	Akfen Water	Acacia	Other ^(***)	Total	Consolidation adjustment and classification	Consolidated Total
Revenue	8,162	520,950	72,966	55,647	863,793	401,776	54,354	509,761	8,117	2,495,526	(1,894,970)	600,556
Cost of sales	-	(465,447)	(92,042)	(4,198)	(405,868)	(316,575)	(49,867)	(246,475)	(4,740)	(1,585,212)	1,049,248	(535,964)
Gross profit/(loss)	8,162	55,503	(19,076)	51,449	457,925	85,201	4,487	263,286	3,377	910,314	(845,722)	64,592
Selling and marketing expenses	-	(5,855)	(1,133)	-	-	(7,905)	-	(22,715)	(33)	(37,641)	31,392	(6,249)
General administrative expenses	(61,854)	(54,230)	(1,049)	(3,612)	(22,153)	(32,715)	(2,016)	(21,343)	(5,930)	(204,902)	87,580	(117,322)
Other operating income	51,077	6,501,840	5,522	603,812	53,655	6,028	68	(2,381)	2,717	7,222,338	(669,609)	6,552,729
Other operating expenses	(94,384)	(18,376)	(600)	(529)	(63,123)	(11,288)	(3,781)	-	(1,387)	(193,468)	80,100	(113,368)
Share of profit from investments accounted using the equity method	-	-	-	-	-	1,374	-	-	-	1,374	893,990	895,364
Operating (loss)/profit	(96,999)	6,478,882	(16,336)	651,120	426,304	40,695	(1,242)	216,847	(1,256)	7,698,015	(422,269)	7,275,746
Investment activity income	593,091	-	12,758	71,204	-	123	-	-	516	677,692	(351,114)	326,578
Investment activity expenses	(352,148)	(45,071)	-	-	-	-	-	-	-	(397,219)	234,291	(162,928)
Finance income	267,715	897,725	30,027	78,479	5,478	80,425	20,914	54,751	7,516	1,443,030	(283,799)	1,159,231
Finance expense	(585,415)	(5,365,516)	(24,494)	(203,478)	(249,436)	(988,598)	(14,813)	(53,526)	(1,191)	(7,486,467)	1,538,589	(5,947,878)
(Loss)/profit before tax from continuing Operations	(173,756)	1,966,020	1,955	597,325	182,346	(867,355)	4,859	218,072	5,585	1,935,051	715,698	2,650,749
Tax income/(expense) for the period	146,389	(34,881)	(1,011)	(59,509)	88,426	-	(474)	(74,707)	(1,463)	62,770	46,623	109,393
(Loss)/profit after tax from continuing Operations	(27,367)	1,931,139	944	537,816	270,772	(867,355)	4,385	143,365	4,122	1,997,821	762,321	2,760,142
Profit/(loss) for the period from parent company shares	(27,367)	1,939,097	944	531,271	272,997	(867,355)	4,385	143,365	4,122	2,001,459	765,902	2,767,361
Depreciation and amortization expenses	1,974	12,378	4,633	969	208,208	68,011	110	80,662	312	377,257	(357,968)	19,289
Tangible and intangible fixed asset, investment property and other investments	7,112	18,668	13,643	261	4,002	39,155	426	78,266	2	161,535	(121,426)	40,109
December 31, 2021												
Segment assets	8,078,333	15,381,029	50,792	1,643,104	9,747,000	1,267,426	29,633	1,477,874	368,641	38,043,832	(8,855,407)	29,188,425
Segment liabilities	5,089,156	10,825,985	31,364	600,930	6,083,721	3,287,934	4,969	879,079	52,039	26,855,177	(10,835,277)	16,019,900

The merger transaction on November 10, 2021, was evaluated as a "Business Combination Under Common Control" and was accounted for using the "Pooling of Interest" method (Note 3). When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred. As a result of the merger, Akfen Consultancy, Akfen REPMC, Akfen Tourism, Akfını, Biz Mining, Akfen Merter, Tralelex and TAR companies were taken over and Tralevex and TAR are not included in the segment reporting as they are financial investments.

^(*) After the capital increases on January 12, 2021 and February 9, 2021, details of which are given in Note 2, the ownership rate of Akfen REIT decreased from 56.88% to 30.37% and with the capital increase realized on August 20, 2021, it decreased to 23.94%. Profit or loss items of Akfen REIT were consolidated at the rate of 56.88%, which is the pre-capital increase ownership rate until January 31, 2021, which is the closest accounting period to the capital increase dates, at the rate of 30.37%, which is the ownership rate after the capital increase dated January 12 and February 9, between January 31, 2021 to September 30, 2021 and at the rate of 23.94% which is the ownership rate after the capital increase on August 20, 2021 between September 30, 2021 to December 31, 2021.

^(**) With the restructuring completed on July 8, 2021, Akfen Holding and Tepe İnşaat transferred their shares in İDO to MDO and MDO became the 100% owner of İDO. 50% of İDO's pre-transfer rate is indirectly included in the Group's consolidation.

^(***) Other companies include Akfen Consultancy, Akfen REPMC, Akfını, Biz Mining, Akfen Merter, Adana İpekyolu, Akfen Energy Gas, Akfen Wind Energy and Akfen Solar Energy (subsidiaries).

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

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

4. SEGMENT REPORTING (cont'd)

January 1-December 31, 2020	Investments accounted using the equity method										Consolidation adjustment and classification	Consolidated Total
	Akfen Holding	Akfen Cons.	Akfen Tourism	Akfen REIT ^(*)	Akfen Ren. Energy	MDO-İDO ^(**)	Akfen Water	Acacia	Other ^(***)	Total		
Revenue	6,633	1,224,017	22,054	37,022	682,757	200,338	16,716	285,425	26,820	2,501,782	(1,318,251)	1,183,531
Cost of sales	-	(1,077,288)	(28,716)	(5,166)	(279,429)	(154,144)	(15,734)	(128,721)	(12,099)	(1,701,297)	663,881	(1,037,416)
Gross profit/(loss)	6,633	146,729	(6,662)	31,856	403,328	46,194	982	156,704	14,721	800,485	(654,370)	146,115
Selling and marketing expenses	-	(3,732)	(992)	(42)	-	3,580	-	(15,803)	(185)	(17,174)	13,194	(3,980)
General administrative expenses	(42,531)	(33,303)	(1,613)	(4,914)	(16,853)	(30,709)	(2,248)	(16,660)	(8,758)	(157,589)	77,317	(80,272)
Other operating income	892	1,721,599	664	151,851	21,201	3,706	14	384	165,871	2,066,182	(331,941)	1,734,241
Other operating expenses	(28,047)	(4,611)	-	(556)	(55,738)	(20,734)	(12)	-	(41,119)	(150,817)	99,953	(50,864)
Share of profit/(loss) from investments accounted using the equity method	-	-	22,053	-	-	402	-	-	(22,054)	401	(466,390)	(465,989)
Operating (loss)/profit	(63,053)	1,826,682	13,450	178,195	351,938	2,439	(1,264)	124,625	108,476	2,541,488	(1,262,237)	1,279,251
Investment activity income	386,312	38	588	-	-	-	-	-	21,645	408,583	(195,373)	213,210
Investment activity expenses	(21,811)	-	-	-	-	(71)	-	-	(859)	(22,741)	3,687	(19,054)
Finance income	341,506	814,962	252	2,220	2,542	16,122	5,872	18,622	55,862	1,257,960	(74,248)	1,183,712
Finance expense	(211,102)	(2,640,141)	(1,884)	(300,374)	(600,596)	(229,962)	(1,436)	(115,027)	(5,170)	(4,105,692)	1,270,250	(2,835,442)
Profit/(loss) before tax from continuing operations	431,852	1,541	12,406	(119,959)	(246,116)	(211,472)	3,172	28,220	179,954	79,598	(257,921)	(178,323)
Tax (expense)/income for the period	(45,767)	269,459	1,932	(16,723)	45,858	-	(1,078)	(23,889)	(28,010)	201,782	24,011	225,793
Profit/(loss) after tax from continuing operations	386,085	271,000	14,338	(136,682)	(200,258)	(211,472)	2,094	4,331	151,944	281,380	(233,910)	47,470
Profit/(loss) for the period from parent company shares	386,085	268,747	(7,715)	(136,754)	(198,647)	(211,471)	2,094	4,331	173,965	280,635	(236,270)	44,365
Depreciation and amortization expenses	1,605	6,952	2,062	28	136,219	39,398	322	57,596	483	244,665	(233,965)	10,700
Tangible and intangible fixed asset, investment property and other investments	1,472	776,462	3,642	1,201	128,081	15,714	338	59,889	91,345	1,078,144	(197,093)	881,051
December 31, 2020												
Segment assets	10,134,357	10,249,082	29,203	1,651,777	5,640,330	1,138,832	30,199	873,070	551,364	30,298,214	(12,307,182)	17,991,032
Segment liabilities	4,165,878	7,365,176	29,028	1,243,402	3,790,228	2,027,888	7,014	661,153	92,712	19,382,479	(8,035,363)	11,347,116

^(*) Due to the capital increase realized on February 17, 2020 and the details of which are given in Note 2, the ownership rate of Akfen Renewable increased from 66.13% to 66.91%. Profit or loss items of Akfen Renewable were consolidated at the rate of 66.13%, which was the pre-capital increase ownership rate, until 31 March 2020, the accounting period closest to the capital increase date.

^(**) As of October 14, 2020, Akfen Holding's share became 50% after the share transfers made within the scope of the restructuring of the project finance completed by İDO as of the reporting date. Profit or loss items of İDO were consolidated at the rate of 30% before the share increase until September 30, 2020, which is the accounting period closest to the share increase date, and at the rate of 50%, which is the new ownership rate after September 30, 2020.

^(***) Other companies include Akfen Energy Generation, Akfen Consultancy, Akfen REPMC, Akınısı, Biz Mining, Akfen Merter, Adana İpekyolu, Akfen Energy Gas, Akfen Wind Energy, Akfen Solar Energy (subsidiaries), IBS Insurance (associates).

Due to the share sale that took place on March 10, 2020 and the details of which are given in Note 2, the ownership rate of IBS Insurance decreased from 37% to 20%. Profit or loss items of IBS Insurance were consolidated at the rate of 37%, which is the pre-sales ownership rate until March 31, 2020, which is the accounting period closest to the share sale date, and 20% with the post-sale ownership rate from March 31, 2020 until December 31, 2020.

5. CASH AND CASH EQUIVALENTS

As of December 31, 2021, 2020 and January 1, 2020 cash and cash equivalents are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Cash on hand	1,494	992	804
Banks	780,347	908,881	1,118,342
- Demand deposits	51,630	47,078	157,158
- Time deposits	728,717	861,803	961,184
Other cash and cash equivalents ^(*)	1,198,105	717,019	966,221
Impairment	(22)	(13)	(9)
Cash and cash equivalents	1,979,924	1,626,879	2,085,358
Restricted bank balance (-)	(3,181)	(6,606)	(82,884)
Impairment	22	13	9
Cash and cash equivalents in the cash flow statement	1,976,765	1,620,286	2,002,483

^(*) As of December 31, 2021, 2020 and January 1, 2020 all of the other cash and cash equivalents consist of Group's overnight repos, fixed investment funds whose duration is less than 3 months and government and private sector bonds.

As of December 31, 2021, TRY 3,172 of the bank's restricted bank balance has been blocked for loan payments, and the blockage disappears when credit payments are made (December 31, 2020: TRY 5,354, January 1, 2020: TRY 82,191). The remaining amount, TRY 9, is blocked for insurance payments and the blockage is removed when insurance payments are made (December 31, 2020: TRY 1,252, January 1, 2020: TRY 693).

Demand deposits

As of December 31, 2021, 2020 and January 1, 2020 TRY equivalent of demand deposits in currency terms is as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
US Dollar	42,390	27,028	4,967
EUR	6,717	15,388	143,136
TRY	2,322	4,542	9,047
Other	201	120	8
Total	51,630	47,078	157,158

Time deposits

As of December 31, 2021, 2020 and January 1, 2020 the TRY equivalent of time deposits in currency terms is as follows:

	Maturity	Interest rate(%)	Dec. 31, 2021	Maturity	Interest rate (%)	Dec. 31, 2020	Maturity	Interest rate(%)	Jan. 1, 2020
					<i>Restated</i>			<i>Restated</i>	
US Dollar	Jan. 2022	0.01 - 0.2	467.865	Jan. 2021	0.01 - 0.65	647.012	Jan. 2020	0.17 - 1.95	587,541
EUR	Jan. 2022	0.01 - 0.25	243.378	Jan. 2021	0.01 - 0.75	188.316	Jan. 2020	0.01 - 1.00	176,242
TRY	Jan. 2022	4.75 - 20	17.474	Jan. 2021	5.00 - 16.00	26.475	Jan. 2020	3.00 - 12.05	197,401
Total			728.717			861.803			961,184

5. CASH AND CASH EQUIVALENTS (cont'd)

Other cash and cash equivalents

As of December 31, 2021, 2020 and January 1, 2020 the distribution of cash and cash equivalents of the Group in foreign currency and Turkish lira is as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
US Dollar	1,189,573	716,857	899,330
TRY	8,532	162	66,891
Total	1,198,105	717,019	966,221

The currency and interest rate risks and sensitivity analyses pertaining to the financial assets and liabilities of the Group are provided in Note 34.

6. FINANCIAL BORROWINGS

The details for financial borrowings as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Short-term financial borrowings	2,162,020	3,172,485	1,205,944
Short-term secured bank loans	352,068	333,958	113,722
Current portion of long-term secured bank loans	1,633,364	2,583,242	703,736
Current portion of long-term bonds	155,398	228,182	384,243
Current portion of long-term financial lease borrowings	16,871	22,653	-
Current portion of long-term lease liabilities	4,319	4,450	4,243
Long-term financial liabilities	11,536,810	5,777,097	5,832,694
Long-term secured bank loans	11,527,812	5,612,533	5,646,335
Bonds issued	-	134,966	174,108
Long-term financial lease borrowings	-	15,486	-
Long-term lease liabilities	8,998	14,112	12,251
Total	13,698,830	8,949,582	7,038,638

6. FINANCIAL BORROWINGS (cont'd)

The details for financial borrowings as of December 31, 2021, 2020 and January 1, 2020 are as follows:

December 31, 2021	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
Collateralized bank loan ⁽¹⁾	TRY	7.50-31	2022-2023	458,987	466,780
Collateralized bank loan ⁽²⁾	TRY	10.00	2022-2023	1,800	1,878
Financial lease borrowings ⁽¹⁾	TRY	10.70	2022	16,541	16,871
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +5.50	2035	2,537,771	2,552,671
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +4.75	2034	2,135,828	2,128,036
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor+6.10	2034	2,135,828	2,130,200
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor+5.05	2029	1,161,374	1,175,215
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +6.00	2029	153,790	155,967
Collateralized bank loan ⁽³⁾	Euro	Euribor +6.55	2022	218,396	218,851
Collateralized bank loan ⁽³⁾	Euro	0.7	2022	87,661	87,775
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor +5.15	2029	1,137,017	1,151,170
Collateralized project bank loan ⁽¹⁾	US Dollar	6M Libor+4.90	2027	216,175	216,390
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor +6.20	2029	149,951	152,188
Collateralized bank loan ⁽³⁾	US Dollar	1.33	2026	534,120	535,580
Collateralized bank loan ⁽³⁾	US Dollar	1.40	2026	934,710	935,218
Collateralized bank loan ⁽³⁾	US Dollar	1.36	2025	1,602,360	1,605,325
Bond ⁽⁴⁾	TRY	TRYREF Index + 2	2022	150,000	155,398
				13,632,309	13,685,513

December 31, 2020	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
				<i>Restated</i>	<i>Restated</i>
Collateralized bank loan ⁽¹⁾	TRY	10.69-18.50	2020-2023	450,699	454,926
Financial lease borrowings ⁽¹⁾	TRY	10.70	2021-2022	37,373	38,139
Collateralized bank loan(2)	TRY	10.00	2022-2023	3,000	2,437
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +5.50	2035	1,612,938	1,623,195
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +4.75	2034	1,363,504	1,357,620
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor+6.10	2034	1,363,504	1,359,038
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor+5.05	2029	754,021	763,008
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +6.00	2029	100,139	101,557
Collateralized bank loan ⁽³⁾	Euro	Euribor +6.55	2022	130,164	130,411
Collateralized bank loan ⁽³⁾	Euro	Euribor +0.60	2021	40,536	40,568
Collateralized bank loan ⁽³⁾	Euro	0.7	2022	52,246	52,313
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor +5.15	2029	682,283	694,729
Collateralized project bank loan ⁽¹⁾	US Dollar	6M Libor+4.90	2027	133,740	133,797
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor +6.20	2029	90,264	92,134
Collateralized bank loan ⁽³⁾	US Dollar	3.55	2021	513,835	514,894
Collateralized bank loan ⁽³⁾	US Dollar	3.47	2021	367,025	369,816
Collateralized bank loan ⁽³⁾	US Dollar	1Y Libor + 0.6	2021	400,057	396,832
Collateralized bank loan ⁽³⁾	US Dollar	3.47	2021	440,430	442,458
Bond ⁽⁴⁾	TL	TRYREF Index + 2	2022	150,000	154,120
Bond ⁽⁵⁾	TL	3M TRYLIBOR+2.50	2021	200,000	209,028
				8,885,758	8,931,020

6. FINANCIAL BORROWINGS (cont'd)

January 1, 2020	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
				<i>Restated</i>	<i>Restated</i>
Collateralized bank loan ⁽¹⁾	TRY	11.40-18.50	2020-2021	317,595	318,622
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +4.75	2034	1,094,398	1,089,163
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor+6.10	2034	1,094,398	1,090,420
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor+5.75	2035	909,470	911,511
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +5.05	2029	598,340	604,291
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +6.00	2029	82,326	83,298
Collateralized bank loan ⁽³⁾	Euro	Euribor+6.55	2022	96,101	96,302
Collateralized bank loan ⁽³⁾	Euro	0.7	2022	38,573	38,624
Collateralized bank loan ⁽³⁾	Euro	Euribor+0.60	2021	29,928	29,952
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor+5.15	2029	593,106	602,130
Collateralized project bank loan ⁽¹⁾	US Dollar	6M Libor+4.90	2027	119,204	119,316
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor+6.20	2029	81,319	82,724
Collateralized bank loan ⁽³⁾	US Dollar	3.55	2021	415,814	416,671
Collateralized bank loan ⁽³⁾	US Dollar	3.47	2021	356,412	358,058
Collateralized bank loan ⁽³⁾	US Dollar	1Y Libor + 0.6	2021	323,741	323,386
Collateralized bank loan ⁽³⁾	US Dollar	3.47	2021	297,010	299,325
Bond ⁽⁵⁾	TRY	3M TRYLIBOR+2.50	2021	200,000	203,551
Bond ⁽⁶⁾	TRY	DiBS(**) + 4.50	2020	252,570	262,881
Bond ⁽⁷⁾	TRY	DiBS(**) + 4.50	2020	92,013	91,919
				6,992,318	7,022,144

⁽¹⁾ Akfen Construction loans.

⁽²⁾ Akfen Tourism loans.

⁽³⁾ Akfen Holding loans.

⁽⁴⁾ It shows the debt arising from the issuance of a floating rate bond with a maturity of 2 years and a quarterly coupon payment amounting to TRY 150,000 on February 7, 2020.

⁽⁵⁾ It shows the debt arising from the issuance of a floating rate bond with a maturity of 2 years and a quarterly coupon payment amounting to TRY 200,000 on November 20, 2019.

⁽⁶⁾ It shows the debt arising from the issuance of a floating rate bond with a maturity of 3 years and a quarterly coupon payment amounting to TRY 300,000 on January 9, 2017.

⁽⁷⁾ It shows the debt arising from the issuance of floating rate bond with a maturity of 3 years and a quarterly coupon payment amounting to TRY 150,360 on March 23, 2017.

Secured project bank loans are secured by the following instruments:

- Transfer and assignment of receivables,
- Pledge of accounts
- Mortgage of rights of construction,
- Share pledge,

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

6. FINANCIAL BORROWINGS (cont'd)

As of December 31, 2021, 2020 and January 1, 2020 the breakdown of short- and long-term financial borrowings according to their maturities is as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Within 1 year	2,157,701	3,168,035	1,201,701
Between 1 – 2 years	1,178,517	1,004,992	2,034,041
Between 2 – 3 years	1,125,810	644,648	572,691
Between 3 – 4 years	2,574,530	612,205	435,207
Over 5 years	6,648,955	3,501,140	2,778,504
Total	13,685,513	8,931,020	7,022,144

The movements in financial borrowings for the years ended December 31, 2021 ve 2020 are as follows:

	2021	2020
		<i>Restated</i>
Opening balance - previously reported	2,310,447	2,120,670
<i>Merger effects (Note 3)</i>	6,620,573	4,901,474
Financial liabilities at the beginning of the year	8,931,020	7,022,144
<i>Proceeds from borrowings</i>	3,046,489	1,261,877
<i>Repayments of borrowings</i>	(3,853,608)	(1,241,295)
<i>Interest paid</i>	(643,654)	(498,878)
<i>Accrual</i>	650,474	514,010
<i>Foreign exchange difference</i>	5,554,792	1,873,162
Financial liabilities at the year end	13,685,513	8,931,020

Operation lease liabilities

The Group has started to apply TFRS 16 as of January 1, 2019 and since the fair value of investment properties developed on the Group's leased land has been deducted from the estimated cash flows, the discounted values of the lease amounts to be paid related to the lands are classified under operational lease liabilities.

The details of operating lease liabilities are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Less than 1 year	4,319	4,450	4,243
1 - 5 years	7,863	13,029	12,248
5 years and over	36,554	60,297	63,834
Less: Financial expense for future periods	(35,419)	(59,214)	(63,831)
Total operational lease liabilities	13,317	18,562	16,494

6. FINANCIAL BORROWINGS (cont'd)

Operation lease liabilities (cont'd)

The movements of the lease liabilities in the period of December 31, 2021 and 2020 are as follows::

	2021	2020
		Restated
Opening balance - previously reported	-	-
Merger effects (Note 3)	18,562	16,494
January 1	18,562	16,494
Finance expense	1,670	2,887
Addition	-	244
Payments	-	(1,063)
Subsidiary sales impact (Note 3)	(6,915)	-
December 31	13,317	18,562

7. TRADE RECEIVABLES AND PAYABLES

The short-term trade receivables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		Restated	Restated
Trade receivables due from related parties (Note 32)	19,996	21,521	24,775
Trade receivables due from third parties	53,479	49,123	
- Receivables from the Ministry of Health (*)	75,176	39,669	34,737
- Notes receivables (**)	97	1,098	9,233
- Other trade receivables	7,474	12,712	5,153
Total	102,743	75,000	73,898

The long-term trade receivables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		Restated	Restated
Trade receivables from third parties	9,061	12,264	14,673
- Notes receivables (**)	9,061	12,264	14,673
Total	9,061	12,264	14,673

(*) 31 As of December 31, 2021, 2020 and January 1, 2020 trade receivables from the Ministry of Health consist of the trade receivables from the agreements signed with the Ministry of Health.

(**) As of December 31, 2021 notes receivable consists of notes receivable from Incek-Loft. (December 31, 2020 and January 1, 2020: Incek-Loft and Bulvar-Loft)

The short-term trade payables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		Restated	Restated
Trade payables due to related parties (Note 32)	9,230	895,171	1,132,906
Trade payables due to third parties	141,272	192,475	127,894
- Trade payables	141,268	183,940	116,001
- Expense accruals	4	8,535	11,893
Total	150,502	1,087,646	1,260,800

8. OTHER RECEIVABLES AND PAYABLES

The short-term other receivables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Other receivables due from related parties	9	173	105
Other receivables due from third parties	85,038	58,175	91,045
- Receivables from tax office	84,188	56,776	90,506
- Deposits and guarantees given	157	156	214
- Other receivables	693	1,243	325
Total	85,047	58,348	91,150

The long-term other receivables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Other receivables from related parties (Note 32)	835,155	742,603	525,869
Other receivables from third parties	12,356	9,834	8,642
- Deposits and guarantees given	542	250	225
- Other long-term receivables	11,814	9,584	8,417
Total	847,511	752,437	534,511

The short-term other payables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Other payables to related parties (Note 32)	40,495	11,948	10,117
Other payables to third parties	32,590	36,110	47,148
- Deposit and guarantees received	21,969	23,682	40,790
- Taxes and funds payable	10,275	12,235	5,919
- Other payables	346	193	439
Total	73,085	48,058	57,265

The long-term other payables of the Group as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Other payables to related parties (Note 32)	1,387,002	554,885	429,636
Other payables to third parties	8,769	8,769	9,375
- Deposit and guarantees received	11	11	14
- Other payables	8,758	8,758	9,361
Total	1,395,771	563,654	439,011

9. PREPAID EXPENSES/ASSETS ARISING FROM CUSTOMER CONTRACTS

As of December 31, 2021, 2020 and January 1, 2020 short-term prepaid expenses are stated as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Advance given (*)	25,838	17,172	152,718
Prepaid expenses	11,928	10,020	4,902
Other	407	448	549
Total	38,173	27,640	158,169

(*) It consists of the advances given for construction works as of December 31, 2021, 2020 and January 1, 2020..

Long-term prepaid expenses as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Advances given	6,197	3,355	-
Total	6,197	3,355	-

Long-term assets arising from customer contracts as of December 31, 2021, 2020 and January 1, 2020 are as follows:

Long-term assets arising from customer contracts/Contract assets arising from sales of goods and services	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Assets arising from customer contracts/ Contract assets arising from sales of goods and services (*)	41,760	25,726	14,339
Total	41,760	25,726	14,339

(*) The Group has evaluated the service contract submitted to the Ministry of Health within the scope of TFRS 15 and financial statements. As of December 31, 2021, 2020 and January 1, 2020, the balances consist of the advance payments made for the extraordinary maintenance and repair service expenses to be provided to the Ministry of Health.

10. FINANCIAL ASSETS RELATED TO CONCESSION AGREEMENTS/CONTRACTUAL ASSETS ARISING FROM ONGOING CONSTRUCTION AND COMMITMENTS

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		Restated	Restated
Isparta City Hospital			
Short-term financial assets related to concession agreements (*)	398,834	254,774	164,468
Long-term financial assets related to concession agreements (*)	3,158,983	1,761,087	1,612,850
	3,557,817	2,015,861	1,777,318
Eskişehir City Hospital			
Short-term financial assets related to concession agreements (*)	621,114	407,937	258,383
Long-term financial assets related to concession agreements (*)	5,447,920	3,257,162	2,748,276
	6,069,034	3,665,099	3,006,659
Tekirdağ City Hospital			
Short-term financial assets related to concession agreements (*) 348,390	199,267	-	-
Contract assets arising from ongoing construction and commitments (*)	-	-	76,912
Short-term financial assets related to concession agreements (*)	2,470,068	1,495,343	-
Contract assets arising from ongoing construction and commitments (*)	-	-	706,831
	2,818,458	1,694,610	783,743
Total City Hospital			
Short-term financial assets related to concession agreements (*)	1,368,338	861,978	422,851
Contract assets arising from ongoing construction and commitments (*)	-	-	76,912
Long-term financial assets related to concession agreements (*)	11,076,971	6,513,592	4,361,126
Contract assets arising from ongoing construction and commitments (*)	-	-	706,831
Total	12,445,309	7,375,570	5,567,720

(*) 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.

Isparta City Hospital, Eskişehir City Hospital and Tekirdağ City Hospital started their activities and collections related to the operation of the hospitals as of March 31, 2017, October 27, 2018 and November 30, 2020, respectively.

For the years ended December 31, 2021 and 2020, financial asset movements are as follows:

	2021	2020
		Restated
Opening balance - previously reported	-	-
Merger effects (Note 3)	7,375,570	5,567,720
January 1	7,375,570	5,567,720
Increase in value arising from the calculation of fair value of Service Concession Agreements (Note 28)	6,080,328	1,464,390
IFRIC 12 interest income (Note 29)	-	162,322
Additions to contract assets arising from ongoing construction and contracts (Note 25)	-	739,225
Collections	(1,010,589)	(558,087)
December 31	12,445,309	7,375,570

11. INVESTMENT PROPERTIES

As of December 31, 2021, 2020 and January 1, 2020 t investment properties are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Investment properties	1,303,814	1,129,189	869,187
Land leases	-	3,839	6,009
	1,303,814	1,133,028	875,196

As of December 31, 2021 pledge on property, plant and equipment and investment property is TRY 2,177,690 (December 31, 2020: TRY 1,335,940 TL, January 1, 2020: 1,101,927).

As of December 31, 2021, 2020 and January 1, 2020 the types of investment properties are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Land	655,516	516,747	344,865
Building	640,343	607,571	520,128
Hotel	7,955	4,871	4,194
Land leases	-	3,839	6,009
	1,303,814	1,133,028	875,196

For the years ended at December 31, 2021 and 2020, the movement table of investment properties is as follows:

	2021	2020
		<i>Restated</i>
Opening balance - previously reported	58,000	-
Merger effects (Note 3)	1,075,028	875,196
January 1	1,133,028	875,196
Transfer to tangible fixed assets (Note 14) (*)-	(158,065)	
Transfer from tangible fixed assets (Note 14) (**)	649	46,262
Additions	91,258	
Transfer from inventories (Note 16)	20,327	21,919
Fair value increase (Note 28)	451,342	258,876
Disposals	(16,079)	-
Transfer to right of use assets-Land leases (Note 13)	-	(2,418)
Subsidiary sales impact-Land leases (Note 3)	(3,839)	-
Subsidiary sales impact (Note 3)	(281,614)	-
December 31	1,303,814	1,133,028

(*) The Group management has decided that the Bodrum Loft project, which is planned to be leased to a third-party company that is not included in the scope of consolidation as of January 1, 2020, will be operated by Akfen Tourism with the contract signed in June 2020. For this reason, the value of the project, which was accounted for as investment property as of January 1, 2020, was reclassified to tangible assets as of December 31, 2020.

(**) The generation license of the Mersin Natural Gas Combined Cycle Power Plant project owned by the Group was terminated with the Board decision of EMRA dated December 30, 2020, numbered 9943-9, after the positive evaluation of the application made to EMRA. With the revocation of the license, the land amount recognized under the investments in progress under tangible fixed assets was classified into investment properties and accounted with its fair value as of December 31, 2020.

11. INVESTMENT PROPERTIES (cont'd)

Land leases

The Group classifies its rights on land leased to develop investment properties as investment property. In such a case, the right to the relevant land is accounted for as it was in the lease, and in addition, the fair value method is used for the land in question. Since the fair value determinations of the investment properties of the Group developed on the leased lands are made by deducting the rental prices to be paid for these lands from the estimated cash flows, the reduced values of the rental prices to be paid related to the relevant lands are accounted in the investment property account. As of January 1, 2020, amounting to TRY 3,591 of the relevant figure is related with Akfen Construction and the remaining TRY 2,418 is related with Masanda Tourism. With the Group management's decision to operate the Bodrum Loft project by Akfen Tourism with the contract signed in June 2020, the related balance is TRY 3,839 as of December 31, 2020, due to the transfer of the mentioned project, which is accounted for as investment property, to right-of-use assets. As of February 9, 2021, the sales transactions of the shares of Masanda Tourism ("Bodrum Loft") and Isparta Dormitory (Kütahya and Isparta dormitories) to Akfen REIT have been completed and there is no land rent due to the sale of the mentioned company and have been started to be accounted for under investments accounted using the equity method in the consolidated financial statements as of December 31, 2021.

As of December 31, 2021, 2020 and January 1, 2020 the fair value classifications of investment properties are as follows:

December 31, 2021	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Hotel	-	-	7,955
Investment properties – Building	-	-	640,343
Investment properties – Land	-	655,516	-

December 31, 2020	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Hotel	-	-	4,871
Investment properties – Building	-	-	607,571
Investment properties – Land	-	516,747	-
Investment properties – Land leases	-	-	3,839

January 1, 2020	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Hotel	-	-	4,194
Investment properties – Building	-	-	520,128
Investment properties – Land	-	344,865	-
Investment properties – Land leases	-	-	6,009

12. DERIVATIVE INSTRUMENTS

Derivative instruments consist of interest rate swap transactions.

As of December 31, 2021, 2020 and January 1, 2020 liabilities from derivative instruments are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Liabilities from derivative instruments	(280,559)	(266,190)	(141,290)
Total	(280,559)	(266,190)	(141,290)

December 31, 2021			
	Currency	Original contract value	Liability
TüreDerivative liabilities	US Dollar	104,371,438	(8,688)
Derivative liabilities	Euro	295,936,694	(271,871)
Total			(280,559)

<i>Restated</i>			
December 31, 2020			
	Currency	Original contract value	Liability
Derivative liabilities	US Dollar	118,778,271	(23,619)
Derivative liabilities	Euro	313,923,438	(242,571)
Total			(266,190)

<i>Restated</i>			
January 1, 2020			
	Currency	Original contract value	Liability
Derivative liabilities	US Dollar	120,460,647	(11,872)
Derivative liabilities	Euro	272,502,883	(129,418)
Total			(141,290)

13. RIGHT OF USE ASSETS

Within the scope of the first application of TFRS 16 "Leases", it has been accounted as leasing obligation in the individual financial statements related to leasing commitments classified as "operating leases" in accordance with TAS 17 "Leasing Transactions" before 1 January 2019. This lease liability is measured at the present value of the unrealized lease payments as of the transition date, discounted using the alternative borrowing interest rate at the date of initial application. Right-of-use assets are accounted for at an amount equal to the lease liabilities under the simplified transition application of the relevant standard.

As of December 31, 2021, 2020 and January 1, 2020 right of use assets are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
Right of use assets (*)	7,792	Restated 10,486	Restated 8,391
Total	7,792	10,486	8,391

(*) As of December 31, 2021, these are right-of-use assets recognized in relation to the leases of the lands leased by Akfen Merter and on which the project is under development/construction. (December 31, 2020 and January 1, 2020: Akfen Merter and Masanda Tourism). The contract of the relevant project was terminated unilaterally by the Regional Directorate of Foundations. Due to the unilateral termination of the contract, the compensation lawsuit filed for the compensation of possible losses that the Group may incur is continuing.

As of December 31, 2021 ve 2020 the movement table of right of use assets is as follows:

	2021	2020
		Restated
Opening balance - previously reported	-	-
Merger effects (Note 3)	10,486	8,391
January 1	10,486	8,391
Transfer from investment properties (Note 11) (*)	-	2,418
Subsidiary sales impact (Note 3)	(2,394)	-
Amortization expense	(300)	(323)
Year end	7,792	10,486

(*) Group management decided to operate the Bodrum Loft project, which is planned to be leased to a third party company that is not included in the scope of consolidation as of January 1, 2020, by Akfen Tourism with the agreement signed in June 2020. For this reason, the value of the project in question, which was recognized as investment property as of January 1, 2020, was reclassified to tangible fixed assets as of December 31, 2020. For this reason, the land rents for the project in question, which were accounted for under investment property as of January 1, 2020, were reclassified to right usage assets as of December 31, 2020.

14. TANGIBLE ASSETS

The movements of tangible assets as of December 31 are as follows:

Cost	Land and buildings	Machinery & equipment	Vehicles	Furnitures & fixtures	Ongoing investments	Special costs	Other	Total
January 1, 2021 opening balance - previously reported	862	166	3,592	4,154	-	969	-	9,743
<i>Merger effect adjustments (Note 3)</i>	<i>304,681</i>	<i>12,423</i>	<i>3,331</i>	<i>23,526</i>	<i>18,040</i>	<i>21,179</i>	<i>62</i>	<i>383,242</i>
Balance as of January 1, 2021	305,543	12,589	6,923	27,680	18,040	22,148	62	392,985
Additions	-	747	12,587	8,998	792	11,126	524	34,774
Disposals	-	(811)	(862)	-	-	-	-	(1,673)
Subsidiary sales impact (Note 3)	(287,843)	-	-	(30)	-	-	-	(287,873)
Transfer to investment properties	(649)	-	-	-	-	-	-	(649)
Balance as of December 31, 2021	17,051	12,525	18,648	36,648	18,832	33,274	586	137,564
Accumulated depreciation								
January 1, 2021 opening balance - previously reported	64	166	870	3,236	-	728	-	5,064
<i>Merger effect adjustments (Note 3)</i>	<i>3,723</i>	<i>8,680</i>	<i>2,755</i>	<i>11,028</i>	<i>-</i>	<i>3,650</i>	<i>62</i>	<i>29,898</i>
Balance as of January 1, 2021	3,787	8,846	3,625	14,264	-	4,378	62	34,962
Current period depreciation	845	889	2,440	5,335	-	4,070	114	13,693
Disposals	-	(677)	(598)	-	-	-	-	(1,275)
Subsidiary sales impact (Note 3)	(279)	-	-	(29)	-	-	-	(308)
Balance as of December 31, 2021	4,353	9,058	5,467	19,570	-	8,448	176	47,072
Net book value as of Jan. 1, 2021 - previously reported	798	-	2,722	918	-	241	-	4,679
<i>Merger effect adjustments (Note 3)</i>	<i>300,958</i>	<i>3,743</i>	<i>576</i>	<i>12,498</i>	<i>18,040</i>	<i>17,529</i>	<i>-</i>	<i>353,344</i>
Balance as of January 2021 - Restated	301,756	3,743	3,298	13,416	18,040	17,770	-	358,023
Net book value as of December 31, 2021	12,698	3,467	13,181	17,078	18,832	24,826	410	90,492

14. TANGIBLE ASSETS (cont'd)

The movements of tangible assets as of December 31 are as follows:

Cost	Land and buildings	Machinery & equipment	Vehicles	Furnitures & fixtures	Ongoing investments	Special costs	Other	Total
January 1, 2020 opening balance - previously reported	862	166	3,592	3,536	63,860	831	-	72,847
<i>Merger effect adjustments (Note 3)</i>	16,839	9,978	3,303	11,728	17,703	7,359	62	66,972
Balance as of January 1, 2020	17,701	10,144	6,895	15,264	81,563	8,190	62	139,819
Additions	-	2,907	28	12,416	836	13,958	-	30,145
Transfer from investment properties (Note 11) (*)	158,065	-	-	-	-	-	-	158,065
Transfer to investment properties (Note 11)	-	-	-	-	(46,262)	-	-	(46,262)
Disposals	(7,584)	(462)	-	-	-	-	-	(8,046)
Value increase/(decrease) (Note 24) (Note 28)	137,361	-	-	-	(18,097)	-	-	119,264
Balance as of December 31, 2020	305,543	12,589	6,923	27,680	18,040	22,148	62	392,985
Accumulated depreciation								
January 1, 2020 opening balance - previously reported	57	166	9	2,880	-	685	-	3,797
<i>Merger effect adjustments (Note 3)</i>	3,185	8,363	2,546	10,051	-	1,458	62	25,665
Balance as of January 1, 2020	3,242	8,529	2,555	12,931	-	2,143	62	29,462
Current period depreciation	545	778	1,070	1,353	-	2,235	-	5,981
Disposals	-	(461)	-	(20)	-	-	-	(481)
Balance as of December 31, 2020	3,787	8,846	3,625	14,264	-	4,378	62	34,962
January 1, 2020 net book value - previously reported	805	-	3,583	656	63,860	146	-	69,050
<i>Merger effect adjustments (Note 3)</i>	13,654	1,615	757	1,677	17,703	5,901	-	41,307
Balance as of January 1, 2020 - Restated	14,459	1,615	4,340	2,333	81,563	6,047	-	110,357
Net book value as of December 31, 2020	301,756	3,743	3,298	13,416	18,040	17,770	-	358,023

(*) The Group management decided to operate the Bodrum Loft project, which is planned to be leased to a third-party company that is not included in the scope of consolidation as of January 1, 2020, by Akfen Tourism with a contract signed in June 2020. Therefore, the value of the project in question, which was recognized as investment property as of January 1, 2020, was reclassified to tangible fixed assets as of December 31, 2020.

As of December 31, 2021, mortgages and pledges on property, plant and equipment and investment properties amounting to TRY 2,177,690 (December 31, 2020: TRY 1,335,940, January 1, 2020: TRY 1,101,927).

15. INTANGIBLE ASSETS

The movements of intangible assets as of December 31, are as follows:

Cost	Rights	Other	Total
January 1, 2020 opening balance - previously reported	5,733	1,878	7,611
<i>Merger effect adjustments (Note 3)</i>	127,017	1,280	128,297
Balance as of January 1, 2020	132,750	3,158	135,908
Additions	1,451	10,986	12,437
Impairment (Note 28)	(103)	-	(103)
Balance as of December 31, 2020	134,098	14,144	148,242
January 1, 2021 opening balance - previously reported	6,222	2,002	8,224
<i>Merger effect adjustments (Note 3)</i>	127,876	12,142	140,018
Balance as of January 1, 2021	134,098	14,144	148,242
Additions	795	19	814
Balance as of December 31, 2021	134,893	14,163	149,056
Accumulated amortization	Rights	Other	Total
January 1, 2020 opening balance - previously reported	5,149	1,878	7,027
<i>Merger effect adjustments (Note 3)</i>	30,205	741	30,946
Balance as of January 1, 2020	35,354	2,619	37,973
Current period amortization	4,065	331	4,396
Balance as of December 31, 2020	39,419	2,950	42,369
January 1, 2021 opening balance - previously reported	5,448	1,930	7,378
<i>Merger effect adjustments (Note 3)</i>	33,971	1,020	34,991
Balance as of January 1, 2021	39,419	2,950	42,369
Current period amortization	1,991	3,305	5,296
Balance as of December 31, 2021	41,410	6,255	47,665
Net book value			
January 1, 2020 net book value - previously reported	584	-	584
<i>Merger effect adjustments (Note 3)</i>	96,812	539	97,351
Balance as of January 1, 2020 - Restated	97,396	539	97,935
Net book value as of December 31, 2020	94,679	11,194	105,873
January 1, 2021 net book value - previously reported	774	72	846
<i>Merger effect adjustments (Note 3)</i>	93,905	11,122	105,027
Balance as of January 1, 2021 - Restated	94,679	11,194	105,873
Net book value as of December 31, 2021	93,483	7,908	101,391

⁽⁴⁾As of December 31, 2021, 2020 and January 1, 2020 majority of the intangible assets consist of the right of construction of the projects of Akfen Merter and Hacettepe.

16. INVENTORIES

As of December 31, 2021, 2020 and January 1, 2020 inventories are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Finished goods	9,911	41,987	70,537
Food and beverage stocks	5,078	1,218	491
Total	14,989	43,205	71,028

As of December 31, 2021, 2020 and January 1, 2020 the finished goods consist of the existing apartments for sale in Incek and Gölbaşı related to the housing project.

As of December 31, 2021 and 2020 the movement of inventories is as follows:

	2021	2020
		<i>Restated</i>
Opening balance - previously reported	-	-
<i>Merger effects (Note 3)</i>	43,205	71,028
January 1	43,205	71,028
Additions	6,032	8,238
Disposals	(13,921)	(14,142)
Transfers to investment properties (Note 11)	(20,327)	(21,919)
December 31	14,989	43,205

17. DEFERRED REVENUES / OBLIGATIONS ARISING FROM CUSTOMER CONTRACTS

As of December 31, 2021, 2020 and January 1, 2020 short-term deferred revenue is as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Hotel lease revenues (*)	15,592	8,654	-
Advances received (**)	911	934	5,869
Other	56	998	1,075
Total	16,559	10,586	6,944

(*) Bodrum Loft Hotel started operations as of July 1, 2020 and the Group started to earn accommodation income. The mentioned income consists of rent collected in advance for the months after the reporting period as of December 31, 2021 and 2020 (January 1, 2020: None).

(**) As of December 31, 2021 the majority of the advances received are related to the Incek Loft and Bodrum Loft projects (December 31, 2020: Incek Loft and Bodrum Loft, January 1, 2020: Incek Loft, Bulvar Loft and Bodrum Loft).

As of December 31, 2021, 2020 and January 1, 2020 long-term obligations arising from customer contracts are as follows:

Long term obligations arising from customer contracts	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Long term obligations arising from customer contracts (*)	93,310	67,124	41,327
Total	93,310	67,124	41,327

(*) Group evaluated the service contract submitted to the Ministry of Health within the scope of TFRS 15 and carried its effect to its consolidated financial statements as of December 31, 2021, 2020 and January 1, 2020. As of December 31, 2021, 2020 and January 1, 2020 deferred revenues consist of the revenue amounts obtained in advance for the extraordinary maintenance and repair service fee to be provided to the Ministry of Health.

18. PROVISIONS

As of December 31, 2021, 2020 and January 1, 2020 short term provisions are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Unused vacation provision	9,655	7,222	8,356
Other provisions (*)	19,187	34,080	8,316
Total	28,842	41,302	16,672

As of December 31, 2021, 2020 and January 1, 2020 long term provisions are as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Provision for severance pay	8,419	6,119	6,417
Other provisions (*)	-	-	20,144
Total	8,419	6,119	26,561

(*) As of December 31, 2021, 2020 and January 1, 2020 other provisions are the amounts expected to be paid to the previous shareholders of the HEPP project companies belonging to Akfen Renewables, depending on the share transfer agreement.

19. 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.

Akfen REIT also has investment incentives as of December 31, 2021 within the Bodrum Loft project. The total investment amount realized within the scope of this document registered of Masanda Tourism is TRY 159,683,611, the contribution amount to the investment is TRY 23,952,542, which is 15% of the investment amount. Income arising from the investment within the scope of the incentive certificate received for Bodrum Loft is subject to corporate tax at a reduced rate until the amount of investment contribution is reached. Masanda Tourism which has the Bodrum Loft project, and Akfen REIT merged on June 30, 2021, and as a result of this merger, Masanda Tourism was dissolved without liquidation and transferred to Akfen REIT. Since all earnings of Akfen REIT are exempt from corporate tax, as of the reporting date, Akfen REIT has not recognized deferred tax assets in the individual financial statements within the scope of the investment incentive.

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, İDO 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 is using 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 "Communiqué (Communiqué No: 2016/2) on Amending the Communiqué (Communiqué 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 Communiqué 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 fee 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.

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Investments accounted using the equity method

The carrying amounts of investments accounted using the equity method of the Group as of as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	Shareholding Rates (%)	Dec. 31, 2021	Shareholding Rates (%)	Dec. 31, 2020	Shareholding Rates (%)	Jan. 31, 2020
				Restated		Restated
Akfen Renewable	66.91	3,420,676	66.91	1,607,499	66.13	694,323
Akfen REIT	23.94	1,027,841	56.88	394,817	56.88	534,087
Acacia Mine	30.00	637,525	30.00	254,338	30.00	222,197
Akfen Water	50.00	24,664	50.00	23,186	50.00	21,037
MDO/İDO (*)	50.00	-	50.00	(91,756)	30.00	(115,807)
IBS Insurance	-	-	20.00	-	37.00	12,361
		5,110,706		2,188,084		1,368,198

(*) Akfen Holding's share became 50% after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing at the stage of completion of İDO. In this context, MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe Construction. On July 8, 2021, all shares of İDO were transferred to MDO.

The Group's shares in the profits or losses of its investments accounted using the equity method in the profit or loss statement for periods ended on December 31 are as follows:

	2021	2020
		Restated
Akfen REIT	531,271	(136,754)
Akfen Renewable	273,001	(222,501)
Acacia Mine	139,674	641
IBS Insurance (*)	1,477	7,848
Akfen Water	4,385	2,094
MDO/İDO	(54,444)	(117,317)
	895,364	(465,989)

(*) On January 28, 2021, the remaining 20% shares of IBS Insurance, whose details are given in Note 2, were sold. Profit or loss items of IBS Insurance were consolidated at the rate of 20% before the share sale until January 31, 2021, which is the closest accounting period to the share sale date, and profit or loss items after this date are not included in the consolidation.

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

As of December 31, 2021 and 2020, the movements in investments accounted using the equity method are as follows:

	January 1, 2021	Period profit /(loss)	Other equity movements	Liability cap adjustment ^(*)	Other adjustments related to profit or loss in consolidation ^(**)	Sale of shares	December 31, 2021
Akfen Renewable	1,607,499	273,001	1,540,176	-	-	-	3,420,676
Akfen REIT	394,817	531,271	179,489	-	-	(77,736)	1,027,841
Acacia Mine	254,338	143,365	243,513	-	(3,691)	-	637,525
Akfen Water	23,186	4,385	(2,907)	-	-	-	24,664
MDO/İDO	(91,756)	(867,355)	146,200	812,911	-	-	-
	2,188,084	84,667	2,106,471	812,911	(3,691)	(77,736)	5,110,706

In addition to the profit/(loss) figures in the table above, as of December 31, 2021, the profit of TRY 1,477 realized until the date of sale of IBS Insurance, which is not included in the Group assets due to the share sale in 2021, has been recognized in the consolidated statement of profit or loss of the Group.

	January 1, 2020	Period profit /(loss)	Other equity move- ments	Liability cap adjust- ment ^(*)	Earnings due to change in partnerships shares ^(***)	Other adjustment related to profit or loss in consolidation ^(**)	Net assets recorded as a result of joint venture shares ^(***)	Transfer to non- current assets classified as held for sale	Dec. 31, 2020
Akfen Renewable	694,323	(198,649)	1,109,371	-	26,306	(23,852)	-	-	1,607,499
Akfen REIT	534,087	(136,754)	(2,516)	-	-	-	-	-	394,817
Acacia Mine	222,197	4,332	31,500	-	-	(3,691)	-	-	254,338
Akfen Water	21,037	2,094	55	-	-	-	-	-	23,186
IBS Insurance	12,361	7,848	(952)	-	-	-	(7,226)	(12,031)	-
MDO/İDO	(115,807)	(211,471)	141,368	94,154	-	-	-	-	(91,756)
	1,368,198	(532,600)	1,278,826	94,154	26,306	(27,543)	(7,226)	(12,031)	2,188,084

^(*) After the project financing was restructured in July 2021, the parts of the guarantor amounts between MDO and the Company for the relevant period were paid as of December 31, 2021. (According to the guarantee and equity contribution agreement between İDO and the Company, sponsorship contributions and guarantee payments will not exceed USD 12,500,000 annually as of December 31, 2020).

^(**) Acacia Mine's net assets include assets related to mineral reserves and goodwill. Depreciation expense amounting to TRY 4,613 (December 31, 2020: TRY 4,612) and deferred tax income amounting to TRY 922 (December 31, 2020: TRY 923) belonging to the assets related to the mineral reserve accounted in the "Share of income/(loss) from investments accounted using the equity method" in the consolidated financial statement of profit or loss.

As of January 1, 2017, Goodwill is belonging to Akfen Renewables was accounted provisionally in the consolidated financial statements has been distributed to the related financial statements as of December 31, 2020, as a result of the valuation report made in accordance with the sale date in 2017 and as of December 31, 2020, regarding TRY 14,826 depreciation expense based on property, plant and equipment and intangible assets and deferred tax income amounting to TRY 2,965 based on depreciation has been accounted under "Share of income/(loss) from investments accounted using the equity method". As of December 31, 2020, Akfen Renewable has chosen the revaluation method as the accounting policy for the land, ground improvements, buildings, machinery and equipment of its power plants as the accounting policy specified in TAS 16 and the related value increases in the Akfen Renewable consolidated financial statement are under equity as other comprehensive income. Due to their accounting, as of December 31, 2021 and 2020, the mentioned increases in value are not reflected in Akfen Holding's consolidated financial statements.

^(***) Note 3

Equity effect arising from hedging agreements made by subsidiaries, functional currency differences between Akfen Holding and joint ventures, remeasurements of defined benefit plans and revaluation of property, plant and equipment are accounted for under other comprehensive income items (Note 24).

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Akfen Renewable Energy:

Summary financial information on Akfen Renewable Energy is provided below:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Total Assets	14,567,983	8,430,104	3,963,643
Total Liabilities	9,092,802	5,664,920	3,649,836
Net Assets	5,475,181	2,765,184	313,807
Group's share in Akfen Renewable Energy's net Assets	3,663,279	1,850,102	207,533
Value increase of property, plant and equipment (*)	-	-	398,267
Value increase of property, intangible assets (*)	-	-	572,224
Deferred tax liability (*)	-	-	(194,098)
Change in the share of partnership (**)	(242,603)	(242,603)	(289,603)
Carrying value	3,420,676	1,607,499	694,323

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020
		<i>Restated</i>
Revenue	1,291,036	1,023,255
Gross profit	684,421	604,497
General administrative expenses	(33,111)	(25,302)
Other operating income expense, net	(14,151)	(51,677)
Operating profit	637,159	527,518
Profit/(loss) before tax	272,537	(372,590)
Profit/(loss) after tax	404,699	(304,048)
Profit/(loss) for the year from parent company shares	408,025	(301,610)
Group's share in Akfen Renewable's profit/(loss) for the year before purchase price allocation	272,997	(198,649)
Group's share in Akfen Renewable's profit/(loss) for the year after purchase price allocation (**)	273,001	(222,501)
Depreciation and amortization expenses	311,190	204,151

(*) 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, 2020, as a result of the valuation report made in accordance with the sale date in 2017, regarding TRY 14,826 depreciation expense based on property, plant and equipment and intangible assets, and deferred tax income amounting to TRY 2,965 based on the depreciation expense has been accounted under "Share of income/(loss) from investments accounted using the equity method". As of December 31, 2020, Akfen Renewable has chosen the revaluation method as the accounting policy for the land, ground improvements, buildings, machinery and equipment of its power plants as the accounting policy specified in TAS 16 and the related value increases in the Akfen Renewable consolidated financial statement are under equity as other comprehensive income. Due to their accounting, as of December 31, 2021 and 2020, the mentioned increases in value are not reflected in Akfen Holding's consolidated financial statements.

In calculating Akfen Renewable's fair values, the government's minimum purchase prices, details of which are given in Note 1 are used during the Renewable Energy Resources Support Mechanism ("Yekdem") period, and the estimated average market selling prices after Yekdem are used. The discount rates used in the valuation reports prepared as of December 31, 2021 are 11.31% (December 31, 2020: 9.1%) in USD terms.

(**) The ownership rate of Akfen Renewable increased from 66.13% to 66.91% due to the capital increase realized on February 17, 2020 and the adjustments regarding this change are reflected in the consolidated financial statements. The profit or loss items of Akfen Renewable have been subjected to consolidation at the rate of 66.13% which is the pre-capital increase ownership rate until March 31, 2020, which is the closest accounting period to the capital increase date and from March 31, 2020 to December 31, 2021, it was consolidated at the rate of 66.91% after the capital increase.

As of 1 July 2020, Akfen Renewables has started to apply hedge accounting (hedging against cash flow risk) as an accounting policy, one of the application methods specified within the scope of TAS 39, and the Group has been able to hedge against cash flow risk amounting to TRY 1,794,510 in the other comprehensive income statement on December 31, 2021. (December 31, 2020: TRY 181,714).

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Akfen REIT:

The summary financial information of Akfen REIT is as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Total Assets	6,863,235	2,903,965	2,662,936
Total Liabilities	2,569,952	2,209,843	1,723,965
Net Assets	4,293,283	694,122	938,971
Group's share in Akfen REIT's net asset	1,027,841	394,817	534,087

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020
		<i>Restated</i>
Revenue	191,494	65,089
Gross profit	177,496	56,006
General administrative and selling marketing expenses	(11,890)	(8,712)
Other operating income, net	2,518,981	265,990
Operating profit	2,684,587	313,284
Profit/(loss) before tax	2,364,461	(210,896)
Profit/(loss) after tax	2,114,335	(240,296)
Profit/(loss) for the period from parent company shares	2,083,753	(240,425)
Group's share in Akfen REIT's profit/(loss) for the period	531,271	(136,754)
Depreciation and amortization expenses	3,374	49

⁽¹⁾ After the capital increases on January 12, 2021 and February 9, 2021, the details of which are given in Note 2, the ownership rate of Akfen REIT decreased from 56.88% to 30.37%. Profit or loss items of Akfen REIT were consolidated at the rate of 56.88%, which is the pre-capital increase ownership rate until January 31, 2021, which is the closest accounting period to the capital increase dates, at the rate of 30.37%, which is the ownership rate after the capital increase dated January 12 and February 9, between January 31, 2021 to September 30, 2021 and at the rate of 23.94% which is the ownership rate after the capital increase on August 20, 2021 between September 30, 2021 to December 31, 2021.

Fair values of the Group's investment properties are calculated by a real estate appraisal Group included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation as of December 31, 2021 and 2020. The fair values of the investment properties of which right of buildings are held, are determined as the present value of aggregate of the estimated cash flows expected to be received from renting out the property and the fair values of the investment properties which the Group owns, are determined as the present value of aggregate of the estimated cash flows for the period of lease agreement made. In the valuation process, a projection period which fits to the lease term for right of tenancy of each hotels is taken into consideration. The fair value is calculated by discounting the estimated cash flows at a rate which is appropriate for the risk level of the economy, market and the business to determine its present value.

As of December 31, 2021, the discount rates used in the Euro valuation report prepared according to different versions are in the range of 7.9-10.5% (December 31, 2020: %7.7-%10.5) and the discount rates for assets valued in TRY are determined as 19% (December 31, 2020: None) in the calculation of the fair values of operating investment properties.

On August 6, 2018, Akfen REIT's privileged shares of Akfen Holding's 1000 A group and 1000 D group were transferred to Hamdi Akın, the indirect ultimate owner of management control of these shares. In order for the investor to have power over the business that he invested in, he must already have the right to enable him to manage the relevant activities. Due to the change in Akfen REIT's Board of Directors at the 2018 Ordinary General Assembly meeting of Akfen REIT, which took place on April 16, 2019, after the transfer of the privileged shares of Akfen REIT to Hamdi Akın, the situation in question caused a loss of control by Akfen Holding. The partnership has been evaluated as share sales and the shares of the Company in Akfen REIT have been recorded with their fair value. The fair value of Akfen REIT has been calculated from Akfen REIT's equity in the consolidated statement of financial position at that date.

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

MDO/İDO

The summary financial information of Akfen MDO/İDO is as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Total Assets	2,534,852	2,277,660	1,876,285
Total Liabilities	6,575,868	4,055,772	3,687,436
Net Assets	(4,041,016)	(1,778,112)	(1,811,151)
Group's share in MDO/İDO's net asset	(2,020,508)	(889,056)	(543,345)
Group's share recognized in the net assets of MDO/İDO (*)	-	(91,756)	(115,807)

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020
		<i>Restated</i>
Revenue	803,552	574,760
Gross profit	170,402	135,095
General administrative and selling marketing expenses	(81,241)	(75,788)
Other operating expense, net	(10,520)	(32,901)
Share of profit from investments accounted using the equity method	2,747	907
Operating profit	81,388	27,313
Loss before tax	(1,734,710)	(743,375)
Loss after tax	(1,734,710)	(743,375)
Loss for the period from parent company shares	(1,734,710)	(743,375)
Group's share in MDO/İDO's loss for the period	(867,355)	(211,471)
Group share of MDO/İDO recognized as loss for the period	(54,444)	(117,317)
Depreciation and amortization expenses	136,022	112,263

(*) Akfen Holding's share became 50% after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing at the stage of completion of İDO. In this context, MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe İnşaat. With the restructuring completed on July 8, 2021, Akfen Holding and Tepe İnşaat transferred their shares in İDO to MDO and MDO became the 100% owner of İDO. After the project financing was restructured in July 2021, the parts of the guarantor amounts between MDO and the Company for the relevant period were paid as of December 31, 2021. (According to the guarantee and equity contribution agreement between İDO and the Company, sponsorship contributions and guarantee payments will not exceed USD 12,500,000 annually as of December 31, 2020). Therefore, not the entire group's share in the net period loss and other comprehensive income or expenses of İDO is included, the part that will not exceed the mentioned liability in the consolidated profit or loss statement.

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Akfen Water

The summary financial information of Akfen Water is as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Total Assets	59,266	60,394	66,166
Total Liabilities	9,938	14,022	24,092
Net Assets	49,328	46,372	42,074
Group's share in the net assets of Akfen Water	24,664	23,186	21,037
	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020	
		<i>Restated</i>	
Revenue	108,707		33,431
Gross profit	8,976		1,964
General administrative expenses	(4,033)		(4,497)
Other operating (expense)/income, net	(7,427)		5
Operating loss	(2,483)		(2,528)
(Loss)/profit before tax	9,719		6,344
(Loss)/profit after tax	8,770		4,188
Profit for the period from parent company shares	8,770		4,188
Group's share in Akfen Water's profit for the period	4,385		2,094
Depreciation and amortization expenses	219		643

Acacia Mine:

The summary financial information of Acacia Mine is as follows:

	Dec. 31, 2021	Dec. 31, 2020	Jan. 1, 2020
		<i>Restated</i>	<i>Restated</i>
Total Assets	4,926,247	2,910,233	2,269,193
Total Liabilities	2,930,264	2,203,844	1,682,244
Net Assets	1,995,983	706,389	586,949
Group's share in the net assets of Acacia Mine	598,795	211,917	176,085
Mining property reserves (*)	35,060	38,751	42,442
Goodwill carried at Group level (*)	3,670	3,670	3,670
Carrying value	637,525	254,338	222,197
	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020	
		<i>Restated</i>	
Revenue	1,699,202		951,417
Gross profit	877,617		522,347
General administrative and selling marketing expenses	(146,858)		(108,209)
Other operating (expense)/income, net	(7,937)		1,279
Operating profit	722,822		415,417
Profit before tax	726,906		94,068
Profit after tax	477,883		14,439
Profit for the period from parent company shares	477,883		14,439
Group's share in Acacia Mine's profit for the period before purchase price allocation	143,365		4,332
Group's share in Acacia Mine's profit for the period after purchase price allocation (*)	139,674		641
Depreciation and amortization expenses	268,874		191,987

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Acacia Mine (cont'd)

⁽⁴⁾ Net assets of Acacia Mine include mining property reserves and goodwill. Regarding the recognized the mining property reserves, amortization expense amounted to TRY 4,613 (December 31, 2020: TRY 4,612) and deferred tax income amounted to TRY 922 (December 31, 2020: 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.

IBS Insurance:

The summary financial information of IBS Insurance is as follows:

	December 31, 2020	January 1, 2020
	<i>Restated</i>	<i>Restated</i>
Total Assets	324,421	329,206
Total Liabilities	264,265	295,797
Net Assets	60,156	33,409
Group's share in the net assets of IBS Insurance	12,031	12,361
Transfer to fixed assets classified for sale	(12,031)	-
Group share in the net assets of IBS Insurance after the classifications	-	12,361

As of December 31, 2020, IBS Insurance is included in the Group assets as non-current assets classified as held for sale, and after the sale of shares on January 28, 2021, it is not included in the Group assets as of December 31, 2021.

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020
		<i>Restated</i>
Revenue	8,611	73,133
Gross profit	6,929	50,441
General administrative and selling marketing expenses	(838)	(12,535)
Other operating income, net	3,152	3,249
Operating profit	9,243	41,155
Profit before tax	9,178	40,394
Profit after tax	7,403	31,501
Profit for the period from parent company shares	7,403	31,501
Group's share in Akfen Water's profit for the period (*)	1,477	7,848
Depreciation and amortization expenses	152	1,920

⁽⁴⁾ Ownership rate of IBS Insurance decreased from 37% to 20% due to the sale of shares that took place on March 10, 2020 and details of which are given in Note 2. The profit or loss items of IBS Insurance shall be 37%, which is the pre-sale ownership rate of shares until 31 March 2020, which is the closest accounting period to the share sale date, and 20%, which is the share after sale ownership rate from 31 March 2020 to 30 June. On January 28, 2021, the remaining 20% shares of IBS Insurance were sold and details of which are given in Note 2. The profit or loss items of IBS Insurance were consolidated at the rate of 20%, which is the pre-sale ownership rate of shares until January 31, 2021, the closest accounting period to the date of share sale and profit or loss items after this date are not included in the consolidation.

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)

Non-Current Assets Classified as Held for Sale

Akfen Holding has transferred its 21,68% share in TAV Investment Holding on May 29, 2019 for USD 500,000, based on the contract dated May 10, 2019 and the share transfer was notified to the company on June 12, 2019 for the transfer to be recorded in the share ledger. As of December 31, 2020, since the transfer transaction has not been recorded in TAV Investment's share book, TAV Investment is included the assets of the Group with the sale price of TRY 2,890 and it is accounted in the "Assets classified for sale" in the consolidated financial statements then reclassified to financial investments as of December 31, 2021. Furthermore, Akfen Holding signed a sales agreement on December 28, 2020 to sell its remaining 20% shares in IBS Insurance. As of December 31, 2020, since the aforementioned transfer transaction has not been completed, IBS Insurance is among the assets of the Group and has been accounted for in the "Assets classified as held for sale" account in the consolidated financial statements with an amount of TRY 12,031. Since the aforementioned sale transaction has been completed as of January 28, 2021, IBS Insurance is not included in the Group assets as of the reporting period.

21. COMMITMENTS

Letters of guarantee, pledges and mortgages given

As of December 31, 2021, 2020 and January 1, 2020 the Group's statements on its position related to letters of guarantee/pledges/mortgages are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
GPM given by the Group		<i>Restated</i>	<i>Restated</i>
A. Total Amount of GPM Given on Behalf of Own Legal Entity	25,049,379	14,821,775	11,314,735
B.Total Amount of GPM Given in Favor of Partnerships which are Fully Consolidated	524,566	445,203	426,056
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	3,598,864	4,288,282	3,139,362
i. Total Amount of GPM Given in Favor of the Parent Company	-	-	-
ii. Total Amount of GPM Given in Favor of Other Group Companies which B and C do not comprise	3,598,864	4,288,282	3,109,362
iii. Total Amount of GPM Given in Favor of Third Parties which C does not comprise	-	-	30,000
Total	29,172,809	19,555,260	14,880,153

As of December 31, 2021, the ratio of other GPM given by the Company to equity is %27 (December 31, 2020: %65, January 1, 2020: %47).

The breakdown, in foreign currency, of the GPM the Group has given is as follows:

	December 31, 2021			December 31, 2020			January 1, 2020		
	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	<i>Restated</i>	
	TRY	Euro	US Dollar	TRY	Euro	US Dollar	TRY	Euro	US Dollar
GPM given on behalf of the Group's own legal entity	391,557	15,484,511	9,173,311	437,623	9,243,417	5,140,735	360,609	6,835,138	4,118,988
GPM given in favor of companies under full consolidation	306,170	218,396	-	315,039	130,164	-	329,955	96,101	-
Total of other GPMs given	96,824	132,924	3,369,116	111,696	338,239	3,838,347	45,779	99,183	2,994,400
	794,551	15,835,831	12,542,427	864,358	9,711,820	8,979,082	736,343	7,030,422	7,113,388

(¹) All amounts are expressed in TRY equivalent.

22. FINANCIAL INVESTMENTS

Short-term financial investments

The details for short-term financial investments as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		Restated	Restated
Financial assets at fair value through profit or loss	1,023,720	474,591	19,638
Total short-term financial investments	1,023,720	474,591	19,638

Long-term financial investments

The details for long-term financial investments as of December 31, 2021, 2020 and January 1, 2020 are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		Restated	Restated
Financial assets at fair value through profit or loss	1,159,125	495,670	519,893
Financial assets at fair value through other comprehensive income	3,723,028	2,123,935	1,668,211
Financial assets at amortized cost	-	-	226,533
Total long-term financial investments	4,882,153	2,619,605	2,414,637

Financial assets at fair value through profit or loss

As of December 31, 2021, 2020 and January 1, 2020, all of the financial assets whose short and long term fair value differences are reflected to profit / loss consist of the Group's bonds and investment funds with a maturity of more than 3 months, and all of these assets are in US currency.

As of December 31, 2021, fair value gain amount of TRY 127,624 related to the mentioned assets is accounted in the consolidated statement of income or expense (Note 30) (December 31, 2020: TRY 143,668).

Financial assets at amortized cost

As of January 1, 2020, the Group's financial assets to be held until maturity in the form of long-term financial investments amounting to TRY 226,533 consists of Akfen Holding's nominal amount of TRY 170,000 issued by Akfen REIT on 17 January 2018 and detailed in "Note 6 Financial Borrowings" the amortised cost of the convertible bond at fair value using the interest rate of 17% determined as the current market interest rate. All of the aforementioned bonds were transferred to Hamdi Akin for a price of TRY 215,718, together with all the rights, principal and legal interest as of April 14, 2020.

The decrease in the value of the mentioned bond from January 1, 2020 to the bond sale date, amounting to TRY 8,235 is recognized in the Group's profit or loss and other comprehensive income and expense under "Expense from investment activities" (Note 30). As of 31 December 2020, the negative difference between the sale price of the mentioned bond and the amortized value of the bond, which is TRY 234,768, is recognised in the Group's profit or loss and other comprehensive income and expense statement under the "expenses from investment activities". As of 31 December 2020, the negative difference which is amounting to TRY 19,050, between the sale price of the said bond and the amortized cost of the bond, which is TRY 234,768, is recognised in the Group's profit or loss and other comprehensive income and expense statement under the "expenses from investment activities".

22. FINANCIAL INVESTMENTS (cont'd)

Financial assets at fair value through other comprehensive income

	2021	2020
		<i>Restated</i>
Opening balance - previously reported	-	-
Merger effects (Note 3)	2,123,935	1,668,211
January 1	2,123,935	1,668,211
Revaluation increases accounted for as other comprehensive income	1,596,465	455,724
Transfer	2,890	-
Other	(262)	-
December 31	3,723,028	2,123,935

As of December 31, 2021, TRY 3,625,827 of other long-term investments consists of MIP, TRY 10,530 of Travalex Group Investment, TRY 80,056 of Tepe Akfen Reformer TAR shares and TRY 6,489 of Tav Investment shares. (December 31, 2020 : MIP; TRY 2.065.188, Travelex; TRY 10.530, Tepe Akfen Reformer TAR; TRY 47.824) Sensitivity analysis regarding the fair value of MIP recognized in the consolidated financial statements of the Group is given in Note 34. .

23. OTHER CURRENT/NON-CURRENT ASSETS AND CURRENT/NON-CURRENT LIABILITIES

As of December 31, 2021, 2020 and January 1, 2020 other current assets are stated as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
VAT carryforward	67,539	90,463	46,300
Other	1,754	-	1,116
Total	69,293	90,463	47,416

As of December 31, 2021, 2020 and January 1, 2020 other non-current assets are stated as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
VAT carryforward	25,934	26,207	17,095
Prepaid taxes and funds	-	-	22,938
Other	571	500	500
Total	26,505	26,707	40,533

Other current and non-current liabilities

As of December 31, 2021, 2020 and January 1, 2020 other current liabilities are stated as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Advances received ⁽¹⁾	60,017	50,890	2,970
Other	2,369	1,060	6,193
	62,386	51,950	9,163

⁽¹⁾ As of 31 December 2021, TRY 53,522 of the advances received consists of the advances received by the Group regarding Acacia Mine. (As of December 31, 2020: TRY 48,000 of advances received consists of advances received by the Group for the sale of remaining 20% shares in IBS Insurance, January 1, 2020: It consists of advances received regarding share sales).

24. EQUITY

Issued Capital

As of December 31, 2021, 2020 and January 1, 2020, the Company's capital distribution is as follows:

	December 31, 2021		December 31, 2020		January 1, 2020	
	Share ratio (%)	Share amount	Share ratio (%)	Share amount	Share ratio (%)	Share amount
Pelin Akın Özalp	47.10	329,732	-	-	-	-
Selim Akın	47.10	329,732	-	-	-	-
Hamdi Akın	3.29	23,002	0.00	0	0.00	0
Akınısı Makine Sanayi ve Ticaret A.Ş.	0.24	1,651	0.43	2,858	0.43	2,858
Akfen Holding A.Ş. (*)	2.27	15,883	9.87	65,839	9.87	65,839
Akfen Infrastructure	-	-	89.49	597,056	89.49	597,056
Akfen Tourism (**)	-	-	0.21	1,428	0.21	1,428
Nominal	100	700,000	100	667,181	100	667,181
Total issued capital	100	700,000	100	667,181	100	667,181

(*) Akfen Holding sold 38,362,889 shares out of 65,838,800 shares, which corresponds to 9,868% (The portion corresponding to 5.75% of the total number of shares of the company) of Akfen Holding's total shares taken over from Akfen Infrastructure on August 24, 2021, to Hamdi Akın for TRY 379,962. The cost of the shares sold is amounting to TRY 332,107 and the difference between the selling price and the cost of the sold shares is TRY 47,855, which is accounted for as share premium in the consolidated financial statements of the Group.

(**) Akfen Holding shares owned by Akfen Tourism were sold to Hamdi Akın for a transfer fee amounting to TRY 12,500 as of December 10, 2021, with all its rights and obligations. The all mentioned sale price has been recognised in the consolidated statement of profit or loss and other comprehensive income under income from investment activities (Note 30).

With the decision of Akfen Holding Board of Directors dated September 21, 2021, it was decided that Akfen Infrastructure Holding, which owns the majority shares of the Company (89.49%), joins the Company as a whole, without liquidation. At the Akfen Holding Extraordinary General Assembly meeting held on November 2, 2021, the merger was unanimously approved. As of November 10, 2021, the merger of Akfen Holding and Akfen Infrastructure was completed and Akfen Infrastructure was dissolved without liquidation. Since the companies were merged together with all their assets and liabilities through dissolution without liquidation, the nominal value of the shares of Akfen Holding, in which Akfen Infrastructure Holding participates, amounting to TRY 597,057 and the registered value of the shares in Akfen Infrastructure Holding's assets has been deducted, the capital of Akfen Holding A.Ş., which took over, became TRY 650,124 as a result of the merger and thus a capital decrease amounting TRY 17,057 has occurred. However, in line with the decision taken, a simultaneous capital increase of TRY 49,876 was made. The entire capital increase was covered by Akfen Holding's profits from previous years. As a result of the aforementioned simultaneous capital decrease and capital increase, the capital of Akfen Holding A.Ş., which took over, became TRY 700,000.

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, 2021, legal reserves in the financial statements is TRY 2,493,382 (December 31, 2020: TRY 2,812,069, January 1, 2020: TRY 2,789,693).

Foreign currency translation differences

As of December 31, 2021 the translation reserve amounting to TRY 590,699 recognized in the equity is comprised of foreign exchange difference arising from the translation of the financial statements of Akfen REIT, TAV Investment, Acacia Mine and Akfen Construction from their functional currency of USD, Euro and Ruble to the presentation currency TRY. (December 31, 2020: TRY 281,403 – Akfen REIT, TAV Investment, Acacia Mine and Akfen Construction - USD, Euro, Ruble) (January 1, 2020: TRY 256,298 – Akfen REIT, TAV Investment, Acacia Mine and Akfen Construction - USD, Euro, Ruble).

Currency translation differences recognized in the consolidated statement of profit or loss and other comprehensive income as of December 31, 2021 are TRY 309,296 (December 31, 2020: TRY 25,105).

24. EQUITY (cont'd)

Tangible asset revaluation increases

As of December 31, 2021, the amount of tangible fixed asset valuation increase fund under equity in the consolidated financial statements of the Group is TRY 4,461,126 (TRY 4,455,054 from the power plant valuation of Akfen Renewable, TRY 6,072 consists of valuations for buildings owned by Akfen Construction). (December 31, 2020, TRY 1,279,681-TRY 1,169,792 consists of the power plant valuation of Akfen Renewable, TRY 6,072 consists of Akfen Construction and TRY 103,817 consists of valuations related to buildings owned by Masanda Tourism).

(January 1, 2020: None). As of December 31, 2021, the value increase in the buildings item under tangible fixed assets amounting to TRY 3,335,878 including the effect of deferred tax income (TRY 4,169,848 excluding deferred tax income effect) in the buildings under tangible assets, has been accounted for under the other comprehensive income statement. (December 31, 2020: TRY 1,279,681 including deferred tax income effect (TRY 1,599,601 excluding deferred tax income effect), January 1, 2020: TRY 5,575 including deferred tax income effect (TRY 6,969 excluding deferred tax income effect)).

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. With the decision of Akfen Holding Board of Directors dated September 21, 2021, it was decided that Akfen Infrastructure Holding, which owns the majority shares of the Company (89.49%), joins the Company as a whole, without liquidation. At the Akfen Holding Extraordinary General Assembly meeting held on November 2, 2021, the merger was unanimously approved. As of November 10, 2021, the merger of Akfen Holding and Akfen Infrastructure was completed and Akfen Infrastructure was dissolved without liquidation. All of these transactions 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.

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, 2021, the amount classified under non-controlling interests in the balance sheet is TRY (33,909) (December 31, 2020: TRY (21,542), (January 1, 2020: TRY (24,647)). The net profit/(loss) of the subsidiaries that are not directly and / or indirectly controlled by the parent company is classified under the "Non-controlling interest" in the consolidated statement of comprehensive income. For the years ended at December 31, 2021 and 2020, (losses)/profits of non-controlling interests are TRY (7,219) and TRY 3,105, respectively.

Other revaluation and measurement gains

The fair value of MIP, Travelex Group Investment and Tepe Akfen Reformer TAR, which are recognized as financial investments in the Group's financial statements, as of December 31, 2021. It was evaluated within the scope of TFRS 9 standard and occurred in the value of financial investment. TRY 1,516,643 of the change of TRY 1,596,465, net of deferred tax, is recognized as revaluation and measurement gains in the Group's consolidated financial statements under accumulated other comprehensive income that will not be reclassified to profit or loss. (December 31, 2020: TRY 432,938 net of the change in the value of the financial investment amounting to TRY 455,724 of deferred tax).

Reserve hedge fund

The Group's hedging losses amounting to TRY 1,976,224 as of December 31, 2021 (December 31, 2020: TRY 181,714, January 1, 2020: None) are due to Akfen Renewables has started to apply hedge accounting (hedging in cash flow risk) as an accounting policy, one of the application methods specified within the scope of TAS 39, as of July 1, 2020. The Group has recognized other comprehensive expense for hedging cash flow risk in the other comprehensive income statement amounting to TRY 1,794,510 including the effect of deferred tax income (TRY 2,243,138, excluding the effect of deferred tax income) for year ended December 31, 2021. (December 31, 2020: TRY 181,714 - including deferred tax income effect, (TRY 227,143 excluding deferred tax income effect).

25. SALES AND COST OF SALES

The breakdown of revenue for the years ended December 31 is as follows:

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020
		<i>Restated</i>
Construction revenues		
Tekirdağ City Hospital project revenues	-	739,225
Revenues from service concession projects (Note 10)	-	739,225
Operational revenues		
Hospital service revenues (*)	490,619	362,182
Incek Loft apartment sales revenues	25,472	25,555
Dormitory revenues	11,778	33,308
Accommodation income (**)	47,789	12,829
Commercial area revenues	25,178	9,225
Other	6,639	8,582
Sales returns (-)	(6,919)	(7,375)
	600,556	444,306
	600,556	1,183,531

^(*) Isparta, Eskişehir and Tekirdağ City Hospitals started operations as of March 2017, October 2018 and November 2020, respectively, and the Group started to generate revenue from its hospital management activities.

^(**) Bodrum Loft Hotel started operations as of July 1, 2020 and the Group started to earn accommodation income. Accommodation income also includes other income such as food, beverage, etc.

As of December 31, 2021 and 2020, all of the revenue is obtained in Turkey.

For the years ended as of December 31, details of cost of sales are as follows:

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020
		<i>Restated</i>
Hospital service expenses (*)	401,989	291,673
Personnel expenses	33,690	19,345
Operational lease expenses	24,058	4,985
Food and beverage expenses	19,893	6,282
Insurance expenses	12,627	295
Construction costs	10,327	688,930
Depreciation and amortization expenses	5,377	4,030
Energy expenses	3,835	2,117
Tax and duties expenses	1,491	531
Dormitory services revenues	537	759
Other	22,140	18,469
	535,964	1,037,416

^(*) Isparta, Eskişehir and Tekirdağ City Hospitals started operations as of March 2017, October 2018 and November 2020, respectively, and the Group started to generate revenue from its hospital management activities.

26. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses for the years ended December 31, are as follows:

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020
		<i>Restated</i>
Personnel expenses	48,911	33,645
Consultancy expenses	18,014	12,168
Depreciation expenses	13,912	6,670
Travel and hosting expenses	7,660	3,107
Donations	7,156	1,991
Rent expenses	6,328	6,957
Office expenses	3,753	3,605
Taxes, duties and fees	3,317	4,042
Insurance expenses	1,023	1,212
Advertising expenses	81	16
Other	7,167	6,859
	117,322	80,272

27. SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the years ended December 31, are as follows:

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020
		<i>Restated</i>
Dues expenses	1,723	2,303
Advertising expenses	1,373	1,000
Other	3,153	677
	6,249	3,980

28. OTHER INCOMES AND EXPENSES FROM OPERATING ACTIVITIES

Other incomes from operating activities for the years ended December 31, are as follows:

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020
		<i>Restated</i>
Increase in value due to Service Concession Agreements (Note 10)	6,080,328	1,464,390
Increase in value of investment properties (Note 11)	451,342	258,876
Rent revenue	10,415	5,746
Other	10,644	5,229
	6,552,729	1,734,241

28. 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- Dec. 31, 2021	January 1- Dec. 31, 2020 <i>Restated</i>
Rediscount interest expense (Note 32)	62,360	5,951
Transfer fee expenses (*)	28,938	14,700
Loss on sales of investment properties	6,785	-
Impairment of receivables	5,063	9,844
Provision for doubtful receivables	3,974	1,186
Exchange difference expense	2,907	717
Impairment of tangible assets (Note 24) (**)	-	18,200
Other	3,341	266
	113,368	50,864

(*) Akfen Holding's Hydroelectric Power Plants belonging to Akfen Renewable Energy are the amounts paid and expected to be paid to the previous shareholders of the project companies in accordance with the share transfer agreement.

(**) For 2020, it is the impairment resulting from the termination of the generation license of Mersin Natural Gas Combined Cycle Power Plant project on December 30, 2020. Amounting TRY 18,097 of the aforementioned impairment was recognised in tangible fixed assets and TRY 103 in intangible assets.

29. FINANCE INCOMES AND EXPENSES

Finance incomes for the years ended December 31, are as follows:

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020 <i>Restated</i>
Exchange difference income	886,629	945,039
Interest income	167,419	46,344
IFRIC 12 interest income (Note 10)	-	162,322
Rediscount interest income (Note 32)	105,183	30,007
	1,159,231	1,183,712

Finance expenses for the years ended December 31, are as follows:

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020 <i>Restated</i>
Exchange difference expense	5,207,424	2,173,466
Interest expense	717,970	531,059
Fair value decreases of derivative instruments	14,369	124,900
Commission expenses	833	-
Other	7,282	6,017
	5,947,878	2,835,442

30. INCOMES AND EXPENSES FROM INVESTMENT ACTIVITIES

Incomes from investment activities:

The breakdown of incomes from investment activities for the years ended December 31, is as follows:

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020
		<i>Restated</i>
Gains due to the sale in the share of subsidiaries (Note 3)	34,491	26,774
Gains due to the changes in the share of joint ventures (Note 3)	-	26,306
Total of the gains arising from the disposal of subsidiaries, joint ventures and financial investments or changes in shares	34,491	53,080
Dividend income (*)	151,963	8,211
Fair value gains of financial assets (Note 22)	127,624	143,668
Profits from sales of company shares (***)	12,500	-
Income from other financial instruments (Note 22) (**)	-	8,235
Other	-	16
	326,578	213,210

(*) Dividend income as of December 31, 2021 consists of dividend income from MIP. (December 31, 2020: MIP and Travelex)

(**) Income from other financial instruments as of December 31, 2020 consists of the change in the fair value of Akfen REIT's convertible bond transferred to Hamdi Akın on April 14, 2020 from January 1, 2020 until the bond transfer date.

(***) As of December 31, 2021, all of the profits from the sales of the company's shares consist of the share sale of Akfen Tourism to Hamdi Akın (Note 24).

Expenses from investment activities:

The breakdown of expenses from investment activities for the years ended December 31, is as follows:

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020
		<i>Restated</i>
Loss due to share sale of associates/subsidiaries (Note 3)	131,082	-
Other (*)	31,846	19,054
	162,928	19,054

(*) Expenses from other investment activities for December 31, 2021 consist of the Group's investment expenses related to Acacia. (December 31, 2020: TRY 19,050 consist of the negative difference between the sale price of Akfen REIT's convertible bond transferred to Hamdi Akın on April 14, 2020 and the amortized value of the bond on the sale date) (Note 22)).

31. TAX ASSETS AND LIABILITIES

a) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in such case, the tax is also recognised 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 25% (will be applied as 23% for 2022 and 20% for 2023 and after tax periods) over profits declared for interim periods in 2021 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 consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

For the temporary differences that are expected to be realized/closed in the deferred tax calculation, a tax rate of 22% for 2020, 25% for 2021, (2022: 23% and 20% for 2023 and later) is used.

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 as 22% to the profits of the entities for 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) and 25% in 2021 (2022: 23%, 2023 and after: 20%). 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 25% (2020: 22%) to be calculated based on earnings generated for each quarter. 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 companies in Turkey, those who are not liable for corporate tax and income tax and those who are exempted, and to real persons and legal entities not in Turkey, are subject to 15% income tax.

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.

31. 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 (expense)/income for the years ended December 31, are as follows:

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020 <i>Restated</i>
Current corporate tax expense	(32,059)	(33,038)
Deferred tax income	141,452	258,831
Total tax income	109,393	225,793

	December 31, 2021	December 31, 2020 <i>Restated</i>
Profit/(loss) before tax	2,650,749	(178,323)
Local tax rate	%25	%22
Tax (expense)/income calculated over tax rate	(662,687)	39,231
Non-deductible expenses	(51,852)	(6,011)
Tax exemptions and exceptions (*)	163,331	13,585
Deferred tax on investment incentives	353,462	288,546
The effect of the shares in the profits/(loss) of the investments accounted in equity method	223,841	(102,518)
Previous period tax expense	(6,563)	(11,603)
Temporary differences not subject to deferred tax income	(11,964)	5,809
Current period losses not subject to deferred tax income	(12,006)	-
Effect of tax rate differences	56,282	(2,498)
Tax base increase	(6,336)	-
Revaluation deferred tax difference (**)	65,051	-
Other	(1,166)	1,252
Total tax (expense)/income	109,393	225,793

(*) Discounts and exemptions consist of the Company's emission premium earnings, participation earnings and exceptions, discounts and exemptions arising from cash capital increase.

(**) As of December 31, 2021, the company revalued its buildings within the scope of the legal legislation, and it is the deferred tax effect that occurs after the legal valuation as the related fixed asset is accounted for as "investment property" at the end of the year with fair value in the IFRS financial statements (December 31, 2020: None).

31. TAX ASSETS AND LIABILITIES (cont'd)

	January 1- Dec. 31, 2021	January 1- Dec. 31, 2020 <i>Restated</i>
Deferred tax income	141,452	258,831
Current period tax expense	(32,059)	(33,038)
Tax deductible	41,629	69,199
Current income tax assets, net	9,570	36,161

^(*) As of 31 December 2021 and 2020, tax exemptions and exemptions are the effect of the Company's emission premium earnings, participation earnings and exceptions, discounts and exemptions arising from cash capital increase.

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, 2021, 2020 and January 1, 2020 the Group's deferred tax assets are as follows:

	December 31, 2021	December 31, 2020 <i>Restated</i>	January 1, 2020 <i>Restated</i>
Investment incentives	1,329,878	983,900	715,146
Accumulated losses	410,194	275,149	98,960
Service concession agreements	(941,415)	(447,409)	(311,140)
Investment properties and fixed assets	11,287	(48,616)	21,730
Discount on debts	14,245	(33,969)	(30,524)
Other	(41,319)	(50,335)	(24,008)
Deferred tax assets, net	782,870	678,720	470,164

Deferred tax asset movements for the years ended at December 31, 2021 and 2020 are as follows:

	2021	2020 <i>Restated</i>
Opening balance - previously reported	(102,665)	(36,902)
Merger effects (Note 3)	781,385	507,066
January 1	678,720	470,164
Recognized in the statement of profit or loss	141,452	258,831
Subsidiary sales impact (Note 3)	42,520	-
Recognized in the statement of profit or loss	(79,822)	(50,275)
December 31	782,870	678,720

32. RELATED PARTY DISCLOSURES

a) Trade receivables from related parties / Trade payables to related parties

As of December 31, 2021, 2020 and January 1, 2020 the Group's short-term trade receivables from related parties are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Akfen İnşaat Turizm ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Adi Ortaklığı ("Adi Ortaklık")	13,438	16,784	20,303
Akfen Renewable	3,896	3,529	3,229
Kurtal Elektrik Üretim A.Ş. ("Kurtal")	-	-	880
Other	2,662	1,208	363
	19,996	21,521	24,775

As of December 31, 2021, 2020 and January 1, 2020 the Group's short-term trade payables to related parties are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Akfen Water	3,220	2,260	1,679
Akfen REIT	3,909	-	-
MIP	1,892	-	-
Company Founding Partner (*)	-	882,016	1,126,781
IBS Insurance (**)	-	10,640	4,151
Other	209	255	295
	9,230	895,171	1,132,906

(*) It is the commercial debt amount resulting from the transfer of Akfen Holding shares to Akfen Infrastructure, details of which are given in Note 1. The related debt amount has been accounted for by discounting.

(**) It is a subsidiary of the main partner of the Company and is the insurance services provider of the hospital. As of December 31, 2021, it is not a related party of the Company.

b) Other receivables from related parties / Other payables to related parties

As of December 31, 2021, 2020 and January 1, 2020 the Group's long-term other receivables from related parties are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Akfen Renewable (*)	328,998	233,559	199,399
Acacia Mine (*)	298,208	369,217	123,573
İzbir Mine	207,142	107,952	81,875
Hamdi Akın	199	-	-
Akfen Water	-	31,304	-
İDO	-	-	115,807
Other	608	571	5,215
	835,155	742,603	525,869

(*) 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.

32. RELATED PARTY DISCLOSURES (cont'd)

As of December 31, 2021, 2020 and January 1, 2020 the Group's short-term other payables to related parties related parties are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Company Main Partner	25,465	-	-
İlbak Madencilik San. Ve Tic. A.Ş.	14,682	7,439	6,084
Company Founding Partner	-	3,000	3,000
MIP	-	1,313	813
Other	348	196	220
	40,495	11,948	10,117

As of December 31, 2021, 2020 and January 1, 2020 the Group's long-term other payables to related parties related parties are as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Akfen International BV (*)	542,532	290,675	229,083
MIP Other Partners	293,127	39,091	-
Company Founding Partner	193,103	46,193	85,972
MIP (**)	185,588	112,744	73,179
Firatcan Tourism	162,232	-	-
Akfen Water	6,449	8,026	5,500
Company Main Partner	-	54,022	4,814
TAV Investment (***)	-	-	23,188
Other	3,971	4,134	7,900
	1,387,002	554,885	429,636

(*) It belongs to the founding partner of the Company and the related balances consist of debts whose interest rates are operated under market conditions.

(**) 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 joint ventures of the Company's partner and the related balances consist of debts with interest rates at market conditions.

32. RELATED PARTY DISCLOSURES (cont'd)

The main transactions with related parties for the years ended December 31, are as follows:

		January 1- Dec. 31, 2021	January 1- Dec. 31, 2020
			<i>Restated</i>
MIP	Dividend income	151,962	8,211
Travelex	Dividend income	-	1,936
Acacia	Interest income	89,516	18,676
Akfen Renewable Energy	Interest income	51,452	27,247
İzbir Mine	Interest income	h6,875	5,508
Other	Interest income	767	1,372
MIP	Rediscount interest income (Note 29)	105,183	30,007
Company founding partner	Sales of convertible bonds	-	215,718
Akfen Renewable Energy	Other	3,411	2,878
Company founding partner	Rediscount interest expense(*)	(62,360)	(5,951)
Akfen International	Interest expense	(11,150)	-
Other	Interest expense	(60)	(3,069)
Company founding partner	Rent expense	-	(1,009)
Company main partner	Rent expense	(1,629)	(1,442)
Akfen Water	Other expense	(14,272)	-
Akfen REIT	Loss on sales of company (Note 3)	(45,071)	-
Akfen REIT	Loss on sales of company (Note 3)	(74,707)	-
Akfen International	Right to preference sale loss (Note 3)	(11,304)	-

^(*)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. Related debt amount has been accounted by discounting.

Benefits to senior executives

Total short-term benefits provided to senior managers for Akfen Holding and subsidiaries for the year ended on December 31, 2021 is TRY 21,708 (December 31, 2020: TRY 14,030, January 1, 2020: TRY 13,750).

33. EARNINGS PER SHARE

The Group's earnings per share for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Net profit for the period belonging to the shareholders of the parent company	2,767,361	44,365
Number of shares at the end of the period	700,000,000	667,180,686
Number of shares available during the period	671,766,398	667,180,686
Earnings per share (full TRY)	4.12	0.07

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

i. Credit risk

The credit risks exposed by types of financial instruments are as follows (TRY) :

	Receivable						Financial assets related to concession agreements	Bank Deposits ^(*)
	Trade receivables		Other receivables					
	Related Party	Third Party	Related Party	Contract assets arising from ongoing construction and contracts	Third Party			
December 31, 2021								
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	19,996	91,808	835,164	-	97,394	12,445,309	4,161,275	
- 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	19,996	91,808	835,164	-	97,394	12,445,309	4,161,297	
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	-	-	-	-	-	-	-	
- Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-	-	(22)	
- Net book value of impaired assets	-	19,490	-	-	-	-	-	
- Impairment (-)	-	(19,490)	-	-	-	-	-	
- Not overdue (gross book value)	-	7,518	-	-	-	-	-	
- Impairment (-)	-	(7,518)	-	-	-	-	(22)	
E. Elements including off-balance-sheet financing	-	-	-	-	-	-	-	
December 31, 2021	Receivable							
	Trade receiv.	Third receiv.						
0-3 months overdue	-	-						
3-12 months overdue	-	-						
1-5 years overdue	19,489	-	-					
1-5 years overdue	-	-						
Total receivables overdue	-	-						
Total provisions reserved	-	-						
Portion guaranteed with a collateral, etc.	-	-						

^(*) As of December 31, 2021, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 1,198,105 and other short-term and long-term investment funds and deposits amounting to TRY 2,182,845 are included in the bank deposits.

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

i. Credit risk (cont'd)

	Receivable					Financial assets related to concession agreements	Bank Deposits ^(*)
	Trade receivables		Other receivables				
	Related Party	Third Party	Related Party	Contract assets arising from ongoing construction and contracts	Third Party		
December 31, 2020 (Restated)							
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	21,521	65,743	742,776	-	68,009	7,375,570	2,596,148
- 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	21,521	65,743	742,776	-	68,009	7,375,570	2,596,162
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	-	-	-	-	-	-	(14)
- Overdue (gross book value)	-	15,516	-	-	-	-	-
- Impairment (-)	-	(15,516)	-	-	-	-	-
- Not overdue (gross book value)	-	5,876	-	-	-	-	-
- Impairment (-)	-	(5,876)	-	-	-	-	(14)
E. Elements including off-balance-sheet financing	-	-	-	-	-	-	-
December 31, 2020	Receivable						
	Trade receiv.	Other receiv.					
0-3 months overdue	-	-					
3-12 months overdue	-	-					
1-5 years overdue	15,516	-					
1-5 years overdue	-	-					
Total receivables overdue	-	-					
Total provisions reserved	-	-					
Portion guaranteed with a collateral, etc.	-	-					

^(*) As of December 31, 2020, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 717,019 and other short-term and long-term investment funds and deposits amounting to TRY 970,261 are included in the bank deposits.

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

i. Credit risk (cont'd)

	Receivable							
	Trade receivables		Other receivables			Financial assets related to concession agreements	Bank Deposits ^(*)	Other
	Related Party	Third Party	Related Party	Contract assets arising from ongoing construction and contracts	Third Party			
January 1, 2020								
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	24,775	63,796	525,974	783,743	99,687	4,783,977	2,624,085	226,533
- 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	24,775	63,796	525,974	783,743	99,687	4,783,977	2,624,094	226,533
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	-	-	-	-	-	-	(9)	-
- Overdue (gross book value)	-	14,330	-	-	-	-	-	-
- Impairment (-)	-	(14,330)	-	-	-	-	-	-
- Not overdue (gross book value)	-	3,600	-	-	-	-	-	-
- Impairment (-)	-	(3,600)	-	-	-	-	(9)	-
E. Elements including off-balance-sheet financing	-	-	-	-	-	-	-	-
January 1, 2020	Receivable							
	Trade receiv.	Third receiv.						
0-3 months overdue	-	-						
3-12 months overdue	-	-						
1-5 years overdue	14,330	-						
1-5 years overdue	-	-						
Total receivables overdue	-	-						
Total provisions reserved	-	-						
Portion guaranteed with a collateral, etc.	-	-						

(*) As of January 1, 2020, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 966,222 and other short-term and long-term investment funds and deposits amounting to TRY 539,531 are included in the bank deposits.

(**) As of January 1, 2020, shares issued by Akfen REIT, details of which are disclosed in Note 22, relate to the fair value of the convertible bond amounting to TRY 226,533.

34. 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, 2021		Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than years (IV)
Maturities under contract		Carrying amount				
Non-derivative financial liabilities						
Borrowings	13,698,830	(17,328,894)	(717,127)	(1,523,245)	(8,200,990)	(6,887,532)
Trade payables to third parties	141,272	(141,272)	(141,272)	-	-	-
Due to related parties	1,436,727	(1,707,921)	(9,230)	(40,495)	(1,264,335)	(393,861)
Other payables(*)	144,050	(144,050)	(35,634)	(72,041)	(36,375)	-
Total	15,420,879	(19,322,137)	(903,263)	(1,635,781)	(9,501,700)	(7,281,393)

December 31, 2020 (Restated)		Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than years (IV)
Maturities under contract		Carrying amount				
Non-derivative financial liabilities						
Borrowings	8,949,582	(9,561,912)	(402,443)	(2,840,627)	(2,939,982)	(3,378,860)
Trade payables to third parties	192,475	(192,475)	(192,475)	-	-	-
Due to related parties	1,462,004	(1,570,722)	(895,171)	(11,948)	(465,410)	(198,193)
Other payables(*)	164,051	(164,051)	(55,911)	(59,172)	(48,968)	-
Total	10,768,112	(11,489,160)	(1,546,000)	(2,911,747)	(3,454,360)	(3,577,053)

January 1, 2020 (Restated)		Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than years (IV)
Maturities under contract		Carrying amount				
Non-derivative financial liabilities						
Borrowings	7,038,638	(8,601,879)	(203,121)	(658,827)	(3,715,467)	(4,024,464)
Trade payables to third parties	127,894	(127,894)	(127,894)	-	-	-
Due to related parties	1,572,659	(1,723,903)	(1,132,906)	(10,117)	(420,495)	(160,385)
Other payables(*)	114,855	(114,855)	(53,084)	(25,835)	(35,936)	-
Total	8,854,046	(10,568,531)	(1,517,005)	(694,779)	(4,171,898)	(4,184,849)

(*) Non-financial liabilities such as deposits and advances received are not included in other liabilities.

34. 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, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Fixed-Interest financial instruments	(2.920.732)	(1.013.193)	(243.592)
Financial assets	728,695	861,790	1,187,708
Financial liabilities	(3,649,427)	(1,874,983)	(1,431,300)
Floating-Interest financial instruments	(6,668,451)	(5,368,757)	(3,352,794)
Financial assets	3,380,952	1,687,280	1,470,801
Contract assets arising from ongoing construction and contracts	-	-	783,743
Financial liabilities	(10,049,403)	(7,056,037)	(5,607,338)

As of December 31, 2021, 2020 and January 1, 2020, 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, 2021	December 31, 2020	January 1, 2020
			<i>Restated</i>	<i>Restated</i>
Interest Position Statement		(29,207)	(10,132)	(2,436)
Financial assets	Assets at fair value through profit or loss	7,287	8,618	11,877
Financial liabilities		(36,494)	(18,750)	(14,313)
Floating-Interest Financial Instruments		(66,684)	(53,687)	(33,528)
Financial assets		33,810	16,873	14,708
Contract assets arising from ongoing construction and contracts		-	-	7,837
Financial liabilities		(100,494)	(70,560)	(56,073)

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.

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of December 31, 2021, assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2021			
	TRY Equivalent	US Dollar	Euro	Other (*)
1. Trade receivables	3,000	53	152	-
2a. Monetary Financial Assets (including safe and bank accounts)	2,979,220	204,380	16,600	256
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1,368,398	29,927	64,262	-
4. Current Assets (1+2+3)	4,350,618	234,360	81,014	256
5. Trade Receivables	641	30	16	-
6a. Monetary Financial Assets	1,159,130	86,963	-	-
6b. Non-Monetary Financial Assets	3,632,486	272,525	-	-
7. Other	11,588,761	275,219	524,990	-
8. Non-Current Assets (5+6+7)	16,381,018	634,737	525,006	-
9. Total Assets (4+8)	20,731,636	869,097	606,020	256
10. Trade Payables	32,115	209	1,608	278
11. Financial Liabilities	1,519,597	18,136	84,520	-
12a. Other Monetary Liabilities	308,322	21,407	1,487	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	1,860,034	39,752	87,615	278
14. Trade Payables	-	-	-	-
15. Financial Liabilities	11,524,989	326,047	474,483	-
16a. Other Monetary Liabilities	1,276,455	75,233	17,988	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	12,801,444	401,280	492,471	-
18. Total Liabilities (13+17)	14,661,478	441,032	580,086	278
19. Net Foreign Currency Asset/(Liability) Position (9-18)	6,070,158	428,065	25,934	(22)
20. Monetary Items Net Foreign Currency Asset / (Liability)				
Position (1+2a+5+6a-10-11-12a-14-15-16a)	(10,519,487)	(149,606)	(563,318)	(22)
21. Export	-	-	-	-
22. Import	-	-	-	-

(*) Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2021, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
December 31, 2021				
	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	1,141,136	(1,141,136)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	1,141,136	(1,141,136)	-	-
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	78,252	(78,252)	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	78,252	(78,252)	-	-
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	(79)	79	-	-
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	(79)	79	-	-
TOTAL (3+6+9)	1,219,309	(1,219,309)	-	-

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of December 31, 2020, assets and liabilities denominated in foreign currencies are as follows:

December 31, 2020				
Restated				
	TRY Equivalent	US Dollar	Euro	Other (*)
1. Trade receivables	2,922	53	152	1,164
2a. Monetary Financial Assets (including safe and bank accounts)	2,161,121	266,699	22,564	163
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	585,420	34,712	36,703	-
4. Current Assets (1+2+3)	2,749,463	301,464	59,419	1,327
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	403,861	55,018	-	-
6b. Non-Monetary Financial Assets	2,065,191	281,342	-	-
7. Other	5,207,581	254,761	370,509	-
8. Non-Current Assets (5+6+7)	7,676,633	591,121	370,509	-
9. Total Assets (4+8)	10,426,096	892,585	429,928	1,327
10. Trade Payables	120,171	3,579	10,383	370
11. Financial Liabilities	2,474,562	252,036	69,327	-
12a. Other Monetary Liabilities	63,914	6,254	1,999	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	2,658,647	261,869	81,709	370
14. Trade Payables	-	-	-	-
15. Financial Liabilities	5,597,808	108,248	533,222	-
16a. Other Monetary Liabilities	679,166	47,440	36,738	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	6,276,974	155,688	569,960	-
18. Total Liabilities (13+17)	8,935,621	417,557	651,669	370
19. Net Foreign Currency Asset/(Liability) Position (9-18)	1,490,475	475,028	(221,741)	957
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(6,367,717)	(95,787)	(628,953)	957
21. Export	-	-	-	-
22. Import	-	-	-	-

(*) Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2020, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement

December 31, 2020				
Restated				
	Profit/Loss		Profit/Loss	
	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	697,257	(697,257)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	697,257	(697,257)	-	-
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	(399,355)	399,355	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	(399,355)	399,355	-	-
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	191	(191)	-	-
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	191	(191)	-	-
TOTAL (3+6+9)	298,093	(298,093)	-	-

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of January 1, 2020, assets and liabilities denominated in foreign currencies are as follows:

	January 1, 2020			
	Restated			
	TRY Equivalent	US Dollar	Euro	Other (*)
1. Trade receivables	2,922	53	152	1,164
2a. Monetary Financial Assets (including safe and bank accounts)	2,161,121	266,699	22,564	163
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	585,420	34,712	36,703	-
4. Current Assets (1+2+3)	2,749,463	301,464	59,419	1,327
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	403,861	55,018	-	-
6b. Non-Monetary Financial Assets	2,065,191	281,342	-	-
7. Other	5,207,581	254,761	370,509	-
8. Non-Current Assets (5+6+7)	7,676,633	591,121	370,509	-
9. Total Assets (4+8)	10,426,096	892,585	429,928	1,327
10. Trade Payables	120,171	3,579	10,383	370
11. Financial Liabilities	2,474,562	252,036	69,327	-
12a. Other Monetary Liabilities	63,914	6,254	1,999	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	2,658,647	261,869	81,709	370
14. Trade Payables	-	-	-	-
15. Financial Liabilities	5,597,808	108,248	533,222	-
16a. Other Monetary Liabilities	679,166	47,440	36,738	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	6,276,974	155,688	569,960	-
18. Total Liabilities (13+17)	8,935,621	417,557	651,669	370
19. Net Foreign Currency Asset/(Liability) Position (9-18)	1,490,475	475,028	(221,741)	957
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(6,367,717)	(95,787)	(628,953)	957
21. Export	-	-	-	-
22. Import	-	-	-	-

(*) Assets and liabilities denominated in other currencies are stated in TRY.

As of January 1, 2020, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
January 1, 2020				
Restated				
	Profit/Loss		Profit/Loss	
	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	697,389	(697,389)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	697,389	(697,389)	-	-
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	(399,484)	399,484	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	(399,484)	399,484	-	-
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	191	(191)	-	-
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	191	(191)	-	-
TOTAL (3+6+9)	298,096	(298,096)	-	-

34. 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, 2021, 2020 and January 1, 2020, the ratio of total capital to net liabilities is as follows:

	December 31, 2021	December 31, 2020	January 1, 2020
		<i>Restated</i>	<i>Restated</i>
Total financial liability	13,698,830	8,949,582	7,038,638
Less: cash and cash equivalents (*)	(4,162,769)	(2,597,140)	(2,624,889)
Net debt	9,536,061	6,352,442	4,413,749
Equity	13,168,525	6,643,916	5,041,489
Net financial debt / equity ratio	0.72	0.96	0.88

(*) Cash and bank deposits as of December 31, 2021; short-term and long-term financial investments of the Group amounting to TRY 2,182,845, excluding cash and cash equivalents, in the form of deposits and investment funds (December 31, 2020: TRY 970,261, January 1, 2020: TRY 539,531).

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Fair value disclosures

Fair value is defined as the price to be obtained from the sale of an asset or to be paid in the transfer of a debt in the usual transaction between market participants on the measurement date.

Financial instruments

The Group has determined the estimated fair values of financial instruments using current market information and appropriate valuation methods. However, evaluating market information and estimating fair values requires interpretation and judgement. As a result, the estimations presented here cannot be an indication of the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions are used to estimate the fair values of financial instruments that are practically possible to estimate fair values:

Financial assets

Since they are short term cash assets, the registered values of cash and cash equivalents are assumed to be close to their fair values.

As their commercial receivables are short term, their recorded values are expected to reflect the fair value.

Since service concession agreements are a guaranteed income in the contract with the Ministry of Health, it accounts for the amount calculated based on the construction model, based on the service concession agreement, as a financial asset.

It is foreseen that the fair values of the foreign currency balances, which are converted at the end of the period, are close to their registered values.

Financial liabilities

Due to the fact that commercial debts and other monetary liabilities are short-term, their fair value is thought to approach the value they carry.

Bank loans are expressed in amortized cost values and transaction costs are added to the initial cost of the loans. Since the Group's floating rate bank loans have been repriced recently, their fair values are considered to represent the value they bear.

Financial Instrument classifications and fair values

December 31, 2021	Amortized cost	Fair value difference reflected to profit / loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
Financial assets						
Cash and cash equivalents (*)	1,979,924	-	-	1,979,924	1,979,924	5
Trade receivables from third parties	91,808	-	-	91,808	91,808	7
Trade receivables from related parties	19,996	-	-	19,996	19,996	7-32
Other receivables from third parties	97,394	-	-	97,394	97,394	8
Other receivables from related parties	835,164	-	-	835,164	835,164	8-32
Financial assets related to concession agreements	-	12,445,309	-	12,445,309	12,445,309	10
Financial investments whose fair value difference is reflected in profit / loss	-	2,182,845	-	2,182,845	2,182,845	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	3,723,028	3,723,028	3,723,028	-
Financial liabilities						
Financial borrowings	13,698,830	-	-	13,698,830	13,698,830	6
Trade payables to third parties	141,272	-	-	141,272	141,272	7
Trade payables to related parties	9,230	-	-	9,230	9,230	7-32
Other payables to third parties	41,359	-	-	41,359	41,359	8
Other payables to related parties	1,427,497	-	-	1,427,497	1,427,497	8-32

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

December 31, 2020 (Restated)	Amortized cost	Fair value difference reflected to profit / loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
Financial assets						
Cash and cash equivalents (*)	1,626,879	-	-	1,626,879	1,626,879	5
Trade receivables from third parties	65,743	-	-	65,743	65,743	7
Trade receivables from related parties	21,521	-	-	21,521	21,521	7-32
Other receivables from third parties	68,009	-	-	68,009	68,009	8
Other receivables from related parties	742,776	-	-	742,776	742,776	8-32
Financial assets related to concession agreements	-	7,375,570	-	7,375,570	7,375,570	10
Financial investments whose fair value difference is reflected in profit / loss	-	970,261	-	970,261	970,261	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	2,123,935	2,123,935	2,123,935	-
Financial liabilities						
Financial borrowings	8,949,582	-	-	8,949,582	8,949,582	6
Trade payables to third parties	192,475	-	-	192,475	192,475	7
Trade payables to related parties	895,171	-	-	895,171	895,171	7-32
Other payables to third parties	44,879	-	-	44,879	44,879	8
Other payables to related parties	566,833	-	-	566,833	566,833	8-32

(*) As of December 31, 2021, the cash and cash equivalents include short-term and long-term financial investments amounting to TRY 2,125,502 (December 31, 2020: TRY 970,261, January 1, 2020: TRY 539,531).

January 1, 2020 (Restated)	Amortized cost	Fair value difference reflected to profit / loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
Financial assets						
Cash and cash equivalents (*)	2,085,358	-	-	2,085,358	2,085,358	5
Trade receivables from third parties	63,796	-	-	63,796	63,796	7
Trade receivables from related parties	24,775	-	-	24,775	24,775	7-32
Other receivables from third parties	99,687	-	-	99,687	99,687	8
Other receivables from related parties	525,974	-	-	525,974	525,974	8-32
Receivables from service concession agreements / Financial assets related to concession agreements	783,743	4,783,977	-	5,567,720	5,567,720	10
Financial investments whose fair value difference is reflected in profit / loss	-	539,531	-	539,531	539,531	22
Financial assets at amortized cost	226,533	-	-	226,533	226,533	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	1,668,211	1,668,211	1,668,211	22
Financial liabilities						
Financial borrowings	7,038,638	-	-	7,038,638	7,038,638	6
Trade payables to third parties	127,894	-	-	127,894	127,894	7
Trade payables to related parties	1,132,906	-	-	1,132,906	1,132,906	7-32
Other payables to third parties	56,520	-	-	56,520	56,520	8
Other payables to related parties	439,753	-	-	439,753	439,753	8-32

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of December 31, 2021, 2020 and January 1, 2020 the fair value classifications of financial assets and financial liabilities measured at fair value are as follows:

December 31, 2021	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 22)	1,023,720	-	-
Long term financial investments			
Financial assets at fair value through profit or loss (Note 22)	1,159,125	-	-
Other financial investments (Note 22)	-	-	3,723,028
Interest rate swap transactions (Note 12)	-	(280,559)	-
Receivables from service concession agreements/Financial assets related to concession agreements (Note 10)	-	-	12,445,309

December 31, 2020 (Restated)	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 22)	474,591	-	-
Long term financial investments			
Financial assets at fair value through profit or loss (Note 22)	495,670	-	-
Other financial investments (Note 22)	-	-	2,123,935
Interest rate swap transactions (Note 12)	-	(266,190)	-
Receivables from service concession agreements/Financial assets related to concession agreements (Note 10)	-	-	7,375,570

January 1, 2020 (Restated)	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 22)	19,638	-	-
Long term financial investments			
Financial assets at amortized cost (Note 22)	226,533	-	-
Financial assets at fair value through profit or loss	519,893	-	-
Other financial investments (Note 22)	-	-	1,668,211
Interest rate swap transactions (Note 12)	-	(141,290)	-

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.

34. 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

As of December 31, 2021 and 2020, the sensitivity analysis of the important assumptions used in the fair value calculation of the financial asset regarding the concession agreements are as follows:

December 31, 2021	Discount rate change ^(*)	
	1% decrease	1% increase
Sensitivity level		
Fair value change	890,790	(795,874)

Restated

December 31, 2020	Discount rate change ^(*)	
	1% decrease	1% increase
Sensitivity level		
Fair value change	534,761	(479,973)

^(*) It refers to the change in the discount rate expectations of the model used in determining the fair value of the years in the first 10 years of the contract period.

The fair value of MIP, which is recognized as a financial investment in the financial statements of the Group, has been evaluated within the scope of TFRS 9 standard as of December 31, 2021 and 2020, and the change in the value of the financial investment has been recognized in the other comprehensive income or expense statement in the consolidated financial statements of the Group. The fair value of MIP, which is recognized as a financial investment in the consolidated financial statements of the Group, has been calculated using the the market approach method as of December 31, 2021 and 2020. While applying the market approach method, the Interest Amortization and Pre-Tax Profit (EBITDA) multiplier technique was used. The market approach used in fair value measurement ideally reflects fair value in current conditions.

Sensitivity analysis of the financial investment in question for unobservable inputs used in the measurement of fair values is as follows:

December 31, 2021	Sensitivity analysis	if increases	if decreases
		Profit/(Loss) effect of fair value (TRY)	Profit/(Loss) effect of fair value (TRY)
Long term financial investments			
Discount rate	0.50%	131,021	(131,021)

December 31, 2020	Sensitivity analysis	if increases	if decreases
		Profit/(Loss) effect of fair value (TRY)	Profit/(Loss) effect of fair value (TRY)
Long term financial investments			
Discount rate	0.50%	72,210	(72,210)

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2021

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

35. EXPLANATIONS ON SHARES IN OTHER BUSINESSES

As of December 31, 2021, 2020 and January 1, 2020, information on the Group's major subsidiaries in which non-controlling interests are as follows:

	Dec. 31, 2021			
	Hacettepe Clinic (*)	Akfen Merter	Isparta City Hospital	Total
Total assets	285,657	73,238	4,115,175	4,474,070
Total liabilities	360,117	22,673	2,706,443	3,089,233
Equity	(74,460)	50,565	1,408,731	1,384,836
Profit/(loss) for the period	(14,352)	(1,657)	662,814	646,805
Non-controlling interest ratio	0.5500	0.0848	0.0012	
Equity - Non-controlling interest	(40,953)	4,288	1,795	(34,870)
Profit/(loss) for the period - Non-controlling interest	(7,894)	(141)	814	(7,221)

	Dec. 31, 2020			
	Hacettepe Clinic (*)	Akfen Merter	Isparta City Hospital	Total
Total assets	169,989	73,934	2,485,078	2,729,001
Total liabilities	230,096	21,716	1,739,158	1,990,970
Equity	(60,108)	52,220	745,920	738,032
Profit/(loss) for the period	5,805	(1,828)	25,116	29,093
Non-controlling interest ratio	0.5500	0.5308	0.0012	
Equity - Non-controlling interest	(33,059)	27,718	981	(4,360)
Profit/(loss) for the period - Non-controlling interest	3,193	(970)	30	2,253

	January 1, 2020			
	Hacettepe Clinic (*)	Akfen Merter	Isparta City Hospital	Total
Total assets	126,067	75,275	2,192,076	2,393,418
Total liabilities	191,980	21,019	1,471,274	1,684,273
Equity	(65,913)	54,256	720,802	709,145
(Loss)/profit for the period	(23,850)	(1,641)	328,627	303,136
Non-controlling interest ratio	0.5500	0.5308	0.0012	
Equity - Non-controlling interest	(36,252)	28,799	840	(6,613)
(Loss)/profit for the period - Non-controlling interest	(13,118)	(871)	404	(13,585)

(*) Information about the companies that do not have a controlling interest in Akfen Holding and Akfen Construction.

36. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR

The explanation of the Group regarding the fees for the services rendered by the independent audit firms, which is prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the letter of the KGK dated August 19, 2021 are as follows:

	January 1,- December 31, 2021	January 1,- December 31, 2020
Independent audit fee for the reporting period	3,509,215	1,986,293
Fees for tax services	644,115	488,618
Fee for other assurance services	167,497	233,369
	4,320,827	2,708,280

37. SUBSEQUENT EVENTS

The Group management monitors the developments regarding the events that started between Russia and Ukraine at the end of February 2022 and continues to evaluate the possible effects of this situation on the Group's activities and financial situation. Akfen REIT, which is accounted as the Group's investments accounted using the equity method, the operations of its hotels in Russia continue, and its tenants in the Samara Office building in Russia also continue their activities.

Abbreviations

Acacia Mining / Acacia Mine	Acacia Mining Operations Inc.
Accor	ACCOR S.A.
Adana İpekyolu	Adana İpekyolu Energy
Akfen Consulting	Akfen Consulting and Project Development Inc.
Akfen Construction	Akfen Construction, Tourism and Trade Co.
Akfen Energy Generation	Akfen Enerji Generation and Trade Co. Inc.
Akfen Holding / Akfen Group	Akfen Holding Anonim Şirketi
Akfen International	Akfen International Holding BV
Akfen REIT	Akfen Real Estate Investment Trust Inc.
Akfen Thermal	Akfen Thermal Energy Investment
Akfen Water	Akfen Environment & Water Investment, Construction, Operation Co.
Akfen Solar	Akfen Solar Energy Inv. and Trade Co.
Akfen Merter	Akfen Merter Real Estate, Tourism and Construction
Akfen Wind	Akfen Wind Energy and Trading Co.
Akfen Water Dilovası	Akfensu Arbiogaz Dilovası Waste Water Treatment Facilities Construction and Operation Co.
Akfen Water Güllük	Akfen Güllük Environment and Water Investment Construction & Operation Co.
Akfen Tourism	Akfen Tourism Investment Management Co. Inc.
Akfen Renewable Energy	Akfen Renewable Energy Co.
Akinısı / Akinısı Makine	Akinisi Machinery Industry and Trade Co. Inc.
Aquila	Aquila Capital Wasserkraft Invest GmbH ve Aquila HydropowerINVEST Investitions GmbH & Co. KG
Ayrı Real Estate	Ayrı Real Estate Investment
BISS Defense	BISS Defense Industry Co.
BİZ Mining	BİZ Mining Co. (Formerly: BISS Defense)
CAGR	Annual Compound Growth Rate
DEİK	Foreign Economic Relations Board
EBITDA	Earning Before Income Tax Depreciation and Amortization
EBRD	European Bank for Reconstruction and Development
EMH	East Mediterreanean Hub
ENR	Engineering News Record
EPDK	Energy Market Regulatory Authority
E-RTG	Electric Rubber-tyred Gantry Crane
Eskişehir City Hospital	Eskişehir City Hospital Investment Co.
Fıratcan Tourism	Fıratcan İnş. Turizm Tic. A.Ş.
GDP	Gross Domestic Product
GWh	Giga Watt hour
Hacettepe Technokent	Hacettepe Technokent Eğitim ve Klinik Araştırma Merkezi Sağlık AR-GE Danışmanlık Proje Sanayi ve Ticaret A.Ş.
HEPP	Hydro Electric Power Plant
IBS / IBS Insurance	IBS Insurance and Reinsurance Brokerage-UIB Turkey
ICSG	International Copper Study Group
IFC	International Finance Corporation

İDO	İstanbul Sea Buses
Isparta Şehir Hastanesi	Isparta City Hospital Investment Co.
İzbir Mine	İzbir Mining Co.
Karine	Karine Solar Power
KYK / CDI	Institution of Student Loans and Dormitories
KAP	Public Disclosure Platform
MDO/Marmara Sea Buses	Marmara Investment and Management Inc.
MTA	Mineral Research and Exploration General Directorate
Masanda Tourism	Masanda Tourism Investment Inc.
Mersin CNGPP	Mersin Combined Cycle Natural Gas Power Plant
MIP	Mersin International Port
Ministry of Environment	Republic of Türkiye Ministry of Environment, Urbanization and Climate Change
MW	Mega Watt
OIZ	Organised Industrial Zone
Pak	Pak Energy
PSA	PSA International PTE Ltd.
SPP	Solar Power Plant
Tamaris	Tamaris Tourism Co.
TAR	Tepe Akfen Reformer
TAV Airports	TAV Airports Holding Co.
TAV Construction	TAV Tepe-Akfen Investment, Construction & Operations
TAV Investment	TAV Investment Holding Co.
TAYÇED	All Types of Waste and Environmental Management Association
T.C.	Republic of Türkiye
TEİAŞ	Turkish Electricity Transmission Corporation
Tekirdağ City Hospital	Tekirdağ City Hospital Investment Co.
Tepe	Tepe Construction
TEU	Twenty Feet Equivalent Unit
TRNC	Turkish Republic of Northern Cyprus
TSKB	Industrial Development Bank of Turkey
TTK	6102 Turkish Commercial Code
TurkStat	Turkish Statistical Institute
Turklim	Port Operators Association of Turkey
UIB	United Insurance Brokers
WEPP	Wind Energy Power Plant
YEKDEM / FIT	Support mechanism for renewable energy resource
Zeki Group	Zeki Group Construction

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