



Annual Report **2022**

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CHAPTER 4

About Akfen Holding

Akfen Group, as in the past, aims to continue making new investments by developing new businesses

Since the establishment of the first company in 1976, Akfen Group has carried out important projects in Türkiye in infrastructure, construction, real estate, infrastructure and many other fields. The Group has adopted a "continuous growth strategy" since its establishment. As a requirement of this strategy, all assets created have been utilized for the creation of new assets in order to meet the need for equity capital. The year 1997 was an important turning point for Akfen Holding. In this year, the tender for the Istanbul Atatürk Airport International Terminal was won by the Build-Operate-Transfer (BOT) method 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 company that is sought after not only in Türkiye but also in various countries around the world in the construction of infrastructure such as airport management, port management, energy, maritime transportation, water and wastewater management.

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

Akfen Group's areas of activity include construction, energy, seaport management, maritime transportation, real estate, tourism, mining, wastewater and solid waste management services. In line with its strategy, the Group works with partners and financial institutions that are experienced and strong in their sectors. Among the partnerships of Akfen group companies are national and internationally recognized entrepreneurial partners and financial institutions such as Travelex, Accor, PSA International, IFM Investors, Tepe Construction and İlbak Holding.

At the end of 2021, Akfen Holding merged with its main shareholder Akfen Infrastructure Holding with the simplification realized in the Group structure. As a result, Group companies include Akfen Renewable Energy, MIP, Acacia Mining, Akfen Environment and Water, İDO, Akfen Construction; Akinısı Makina which was the first

company of Akfen Group founder Hamdi Akın, Akfen Merter, Akfen Consulting and Project Development, Travelex, Akfen Real Estate Portfolio Management and Tepe Akfen Reformer.

In 2022, the simplification of the Group structure continued with the merger of Akinısı and Akfen Tourism in August. Additionally, the title of Akfen Wind Energy, a subsidiary of Akfen Holding, was changed to Akfen Hospital, and Akfen Tourism became the sole shareholder of the company after the transfer of all shares of the Holding in June 2022.

2022 was a year in which, on the one hand, the fight against the pandemic came to an end and global growth resumed, and on the other hand, the effects of the Russia-Ukraine war were felt socio-economically in our country as in all neighboring countries.

While sectors such as real estate, tourism and restaurant services showed a significant improvement in 2022 compared to the previous year, energy, port operations, mining and healthcare were other sectors where growth continued.

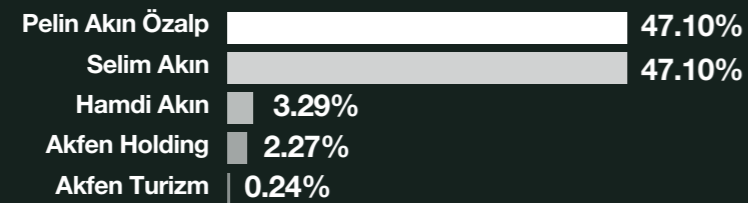
In 2022, Akfen Group continued its investments in the port, mining and real estate sectors.

We care about creating new business opportunities

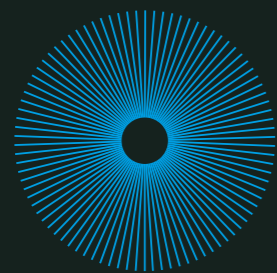
In line with its growth plans, the Group is committed to creating new business areas. For the company, which has deep experience in asset trading, the value created through sales is critical for entering new businesses and funding ongoing investments.

Group companies continue their organic and inorganic growth and supporting investments by effectively utilizing advanced financing instruments. This is one of the most important reasons for high profitability. With this vision, Akfen Group aims to continue making new investments by developing new businesses as in the past in order to increase employment, contribute to the development of the national economy and create value for its shareholders.

Akfen Holding Shareholding Structure



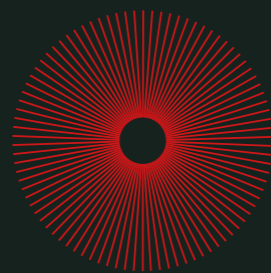
Akfen Construction



100%

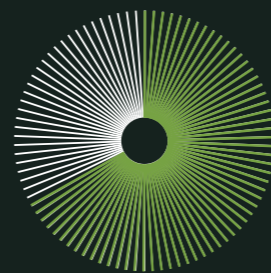
- Isparta City Hospital
- Eskişehir City Hospital
- Tekirdağ City Hospital

Akfen Tourism



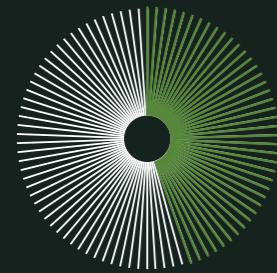
100%

Akfen Renewable Energy*



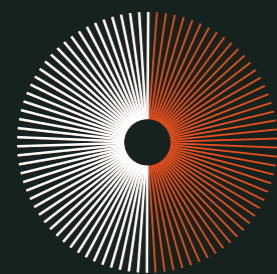
66.5%

Acacia Mining



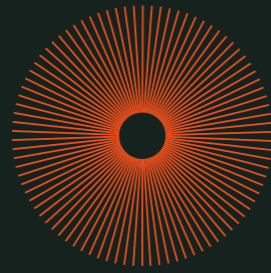
45.5%**

İDO



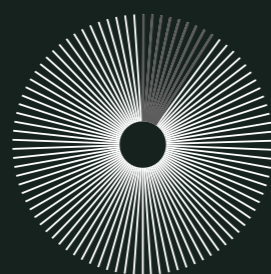
50%

Akfen Water***



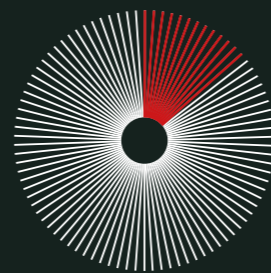
100%

MIP



10%

Akfen REIT



13.94%

Subsidiaries, Affiliates and Financial Investments****

Akfen Dan. Proje Gel.	100%
Akfen GPYŞ	100%
Travelex	10%
TAR	26%

*Akfen Holding became the sole owner of Akfen Ren. Energy by acquiring the shares of EBRD and IFC on Jan.18,2023. In March 2023, 33.5% of Akfen Renewable Energy went public and Akfen Holding's share decreased to 66.5%.

** As of 31.03.2023, Akfen Holding's share in Acacia Maden became 45.5%.

*** It was 50% as of 31.12.2022 and 100% in 2023.

**** Other subsidiaries of Akfen Holding are Adana İpekyolu, BIZ Mining, Akfen Energy Gas, Akfen Solar Energy, Zeki Construction, Temmuz Investment and Ağustos Investment.

Other Subsidiaries, Affiliates and Financial Investments

Milestones

1970's

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

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

1976

1977

1980's

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

Akfen Construction was founded.

1980

1986

1990's

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

DHMI Isparta Airport apron and runway construction started.

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

TAV Istanbul was established and the foundations of TAV Airports were laid.

1990

1992

1993

1997

2000's

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

TAV Airports began operating the Istanbul Atatürk Airport International Terminal.

TAV Construction was founded. Together with Royal Caribbean Kuşadası cruise port privatization tender was won.

Akfen Holding's share in Kuşadası cruise port was sold to other partners.

TAV Construction won the Cairo Airport project in Egypt.

1999

2000

2003

2004

The tender for the privatization of vehicle inspection stations was won, and TÜVTÜRK was established in equal partnership with Doğu Group and TÜV SÜD.

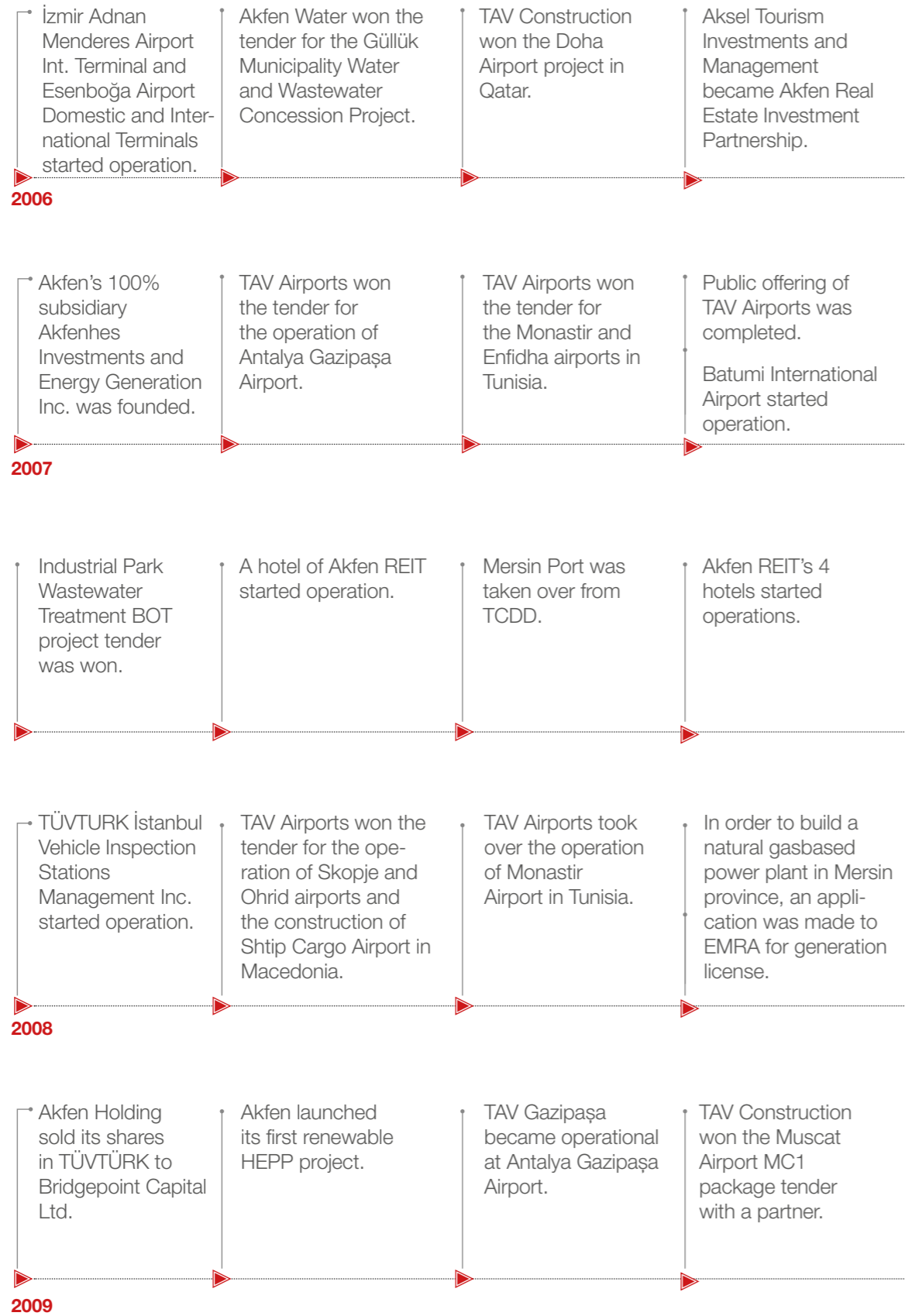
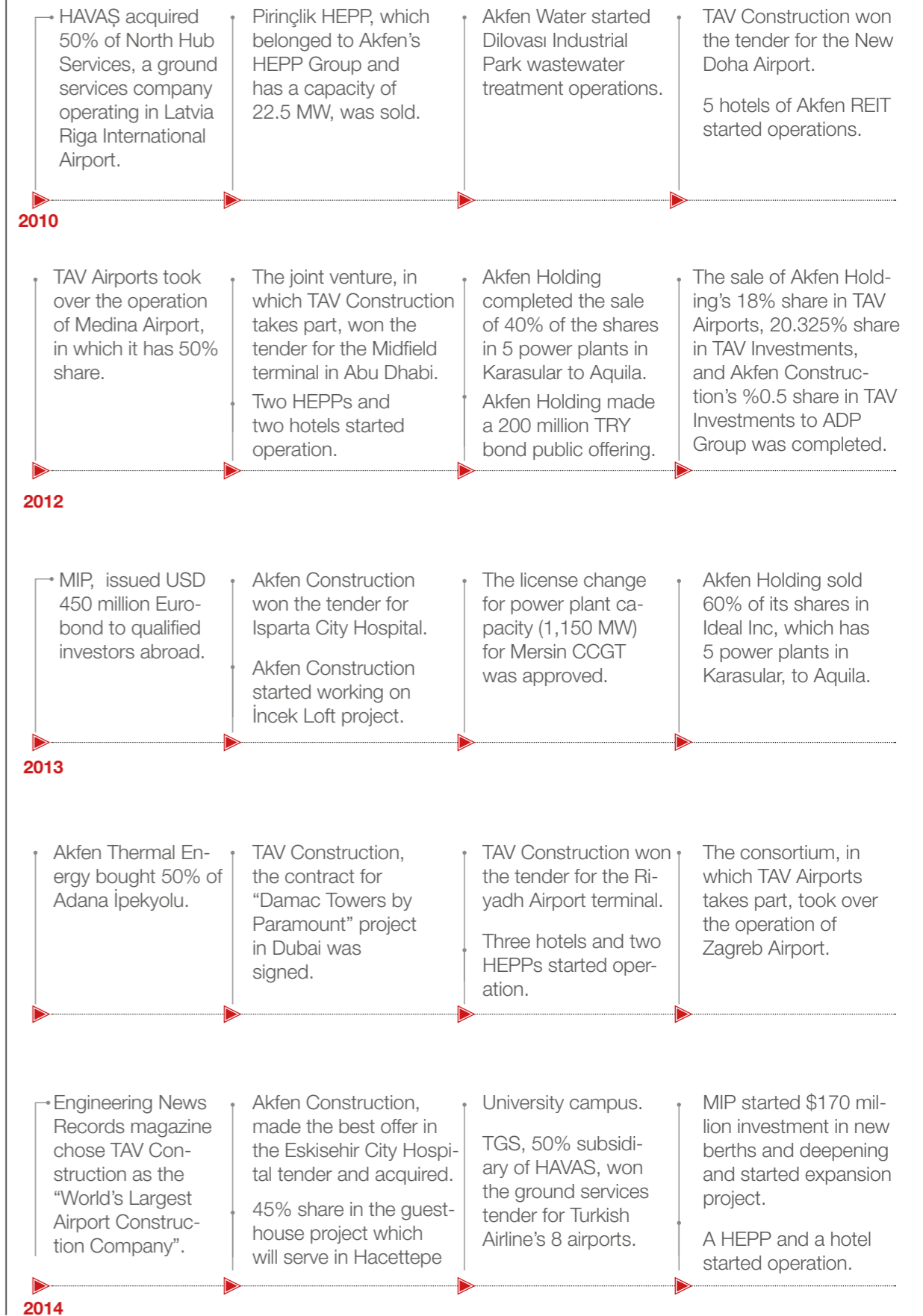
PSA-Akfen Joint Venture won the privatization tender of Mersin Port. The framework agreement on cooperation between Akfen Holding and Accor was signed.

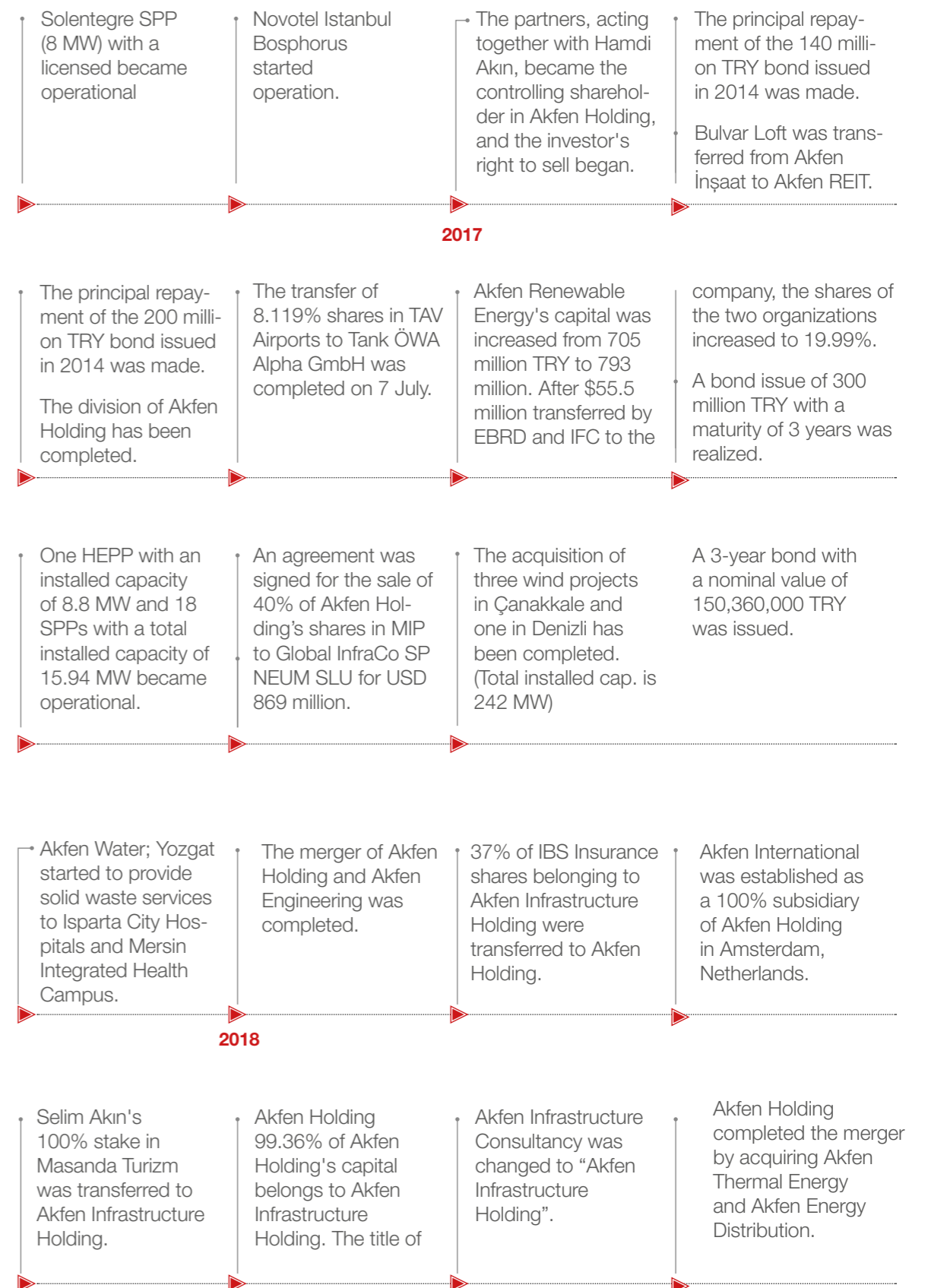
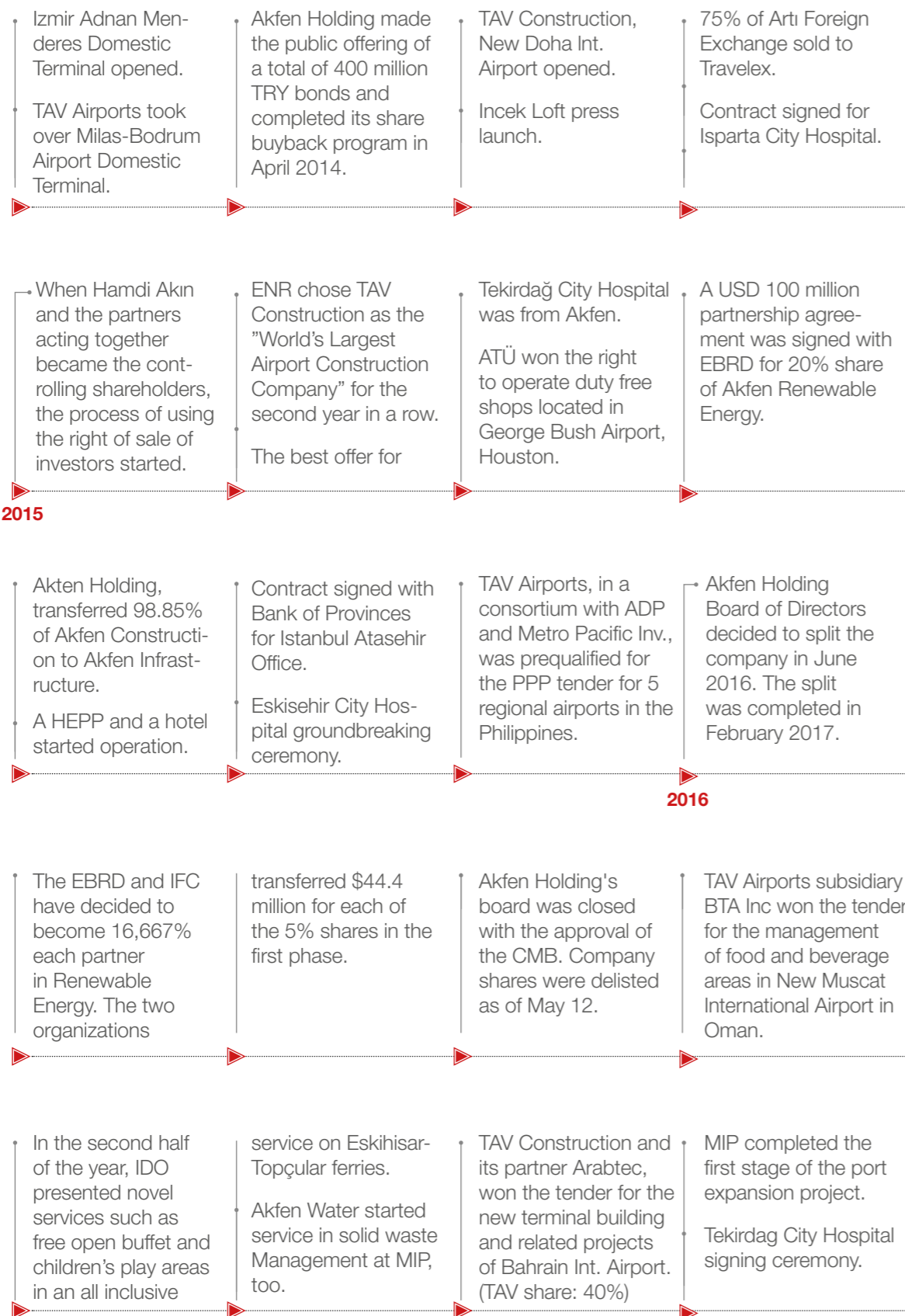
Construction and operation rights of İzmir Adnan Menderes International Terminal was transferred to TAV Airports.

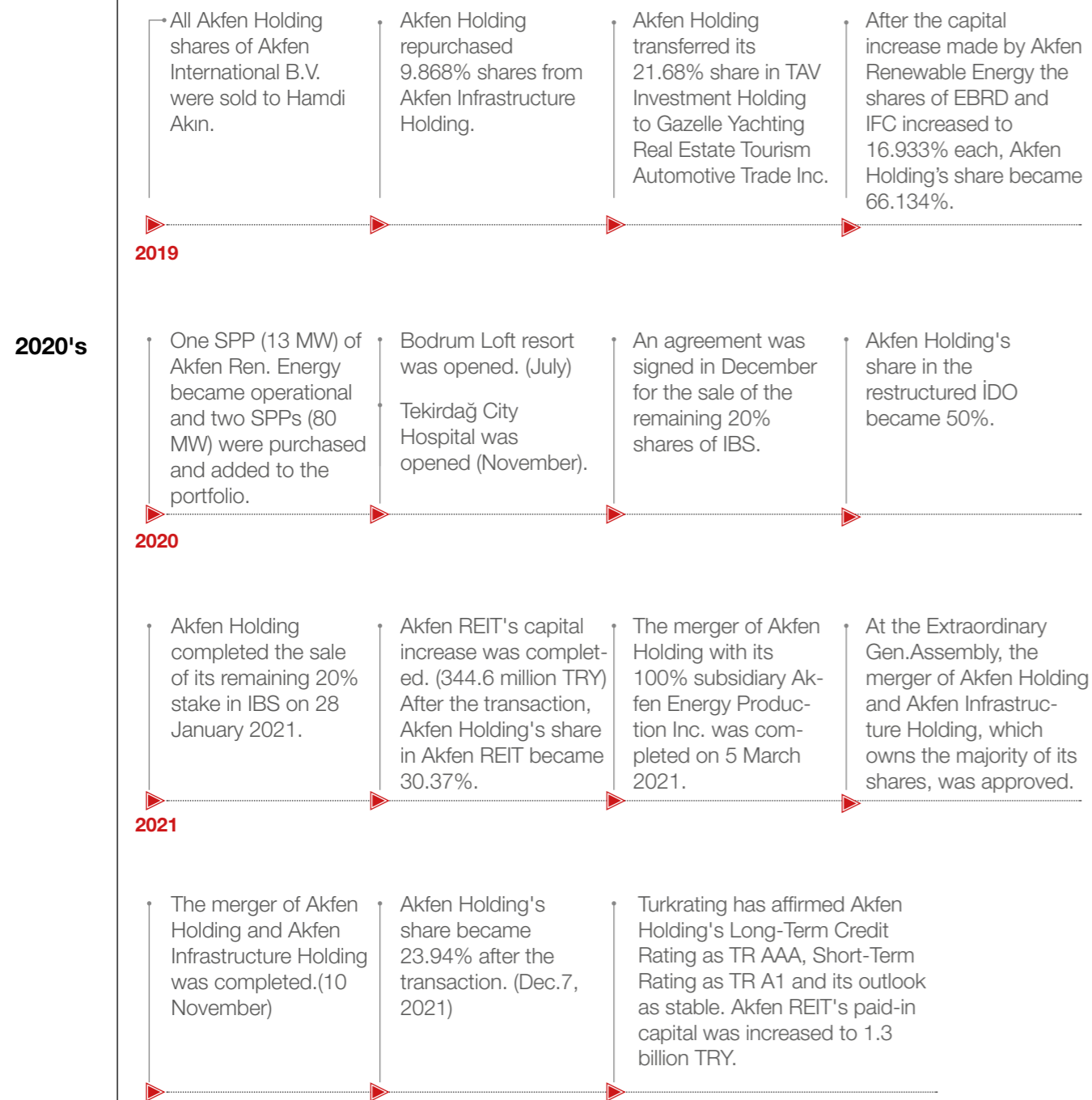
TAV Airports won the Tbilisi and Batumi International airports tender in Georgia.

2004

2005

**2010's**





- Change of Affiliate Structure
- Merger Process
- Issue of Financial Bonds
- Credit Rating
- Extraordinary General Assembly Meeting

Developments in 2022

Akfen Holding

- On 14 March 2022, the title of Akfen Wind Energy was changed to Akfen Hospital Services and Management Inc.. On 22 June 2022, Akfen Holding's shares in Akfen Hospital were transferred to Akfen Tourism, and as of this date, Akfen Tourism has become the sole shareholder of Akfen Hospital, and Akfen Hospital has become an indirect subsidiary of Akfen Holding.
- The merger of Akfen Holding subsidiaries Akınısı and Akfen Tourism under the umbrella of Akfen Tourism was registered on 22 August 2022. Thus, Akfen Tourism became the owner of the 0.24% share of Akınısı in Akfen Holding.
- On 17 October 2022, Akfen Holding issued financial bonds with a nominal value of 300 million TRY, with a maturity of 179 days, with a discounted interest rate, through Oyak Investment Securities Inc. and sales to qualified investors.
- As of 14 December 2022 Turkrating has affirmed Akfen Holding's Long-Term Credit Rating as TR AAA, Short-Term Rating as TR A1 and its outlook as stable.
- Akfen Holding's Extraordinary General Assembly Meeting was held at the company headquarters on 26 December 2022. At the meeting, it was unanimously agreed to amend Article 6 of the Company's Articles of Association, titled "Company's Capital", in order to increase the Company's capital. Thus, the Company's capital, which was previously 700 million TRY, was increased by 210 million TRY to 910 million TRY.

Developments in Subsidiaries (2022)

Akfen Construction

New Project

Akfen Construction won the tender for the Renovation and Reconstruction of the Sister of Mercy Hospital in Zagreb, Croatia, which it entered together with Dost Construction (August 3). The contract was signed as of November. Akfen Construction has a 60% share in the project, while Dost Construction has a 40% share.

Change in Subsidiary Shares
Land Sale

- It was decided to increase the capital at the General Assembly meeting of Hacettepe (24 June). After the capital increase, Akfen Construction's share in Hacettepe reached 99.76%.
- With the partial demerger transaction registered on 4 July, the Ankara Koparan land owned by Akfen Construction was transferred to Ayri Real Estate, and the Tuluntaş Land to Zeki Group. The company put the registered lands in its assets as capital-in-kind through partial division. The shares acquired as a result of the capital-in-kind placement through the division were given to Akfen Holding.

Akfen Renewable Energy

Sustainability Rating

According to Moody's October 2022 sustainability through environmental and social governance report, Akfen Renewable Energy's overall score was 70 points. With this score, Akfen Renewables ranked first among all companies in the world in the electricity sector and among all markets in the European/Asian market. According to the report, Akfen Renewable Energy entered the top 30 among all sectors in the world market.

Akfen REIT

New Mixed Project

"Mixed Use Project Architectural Pre-Concept Design Services Contract" was signed between Akfen REIT, Penguen Food Industry Inc. and Tabanlıoğlu Architecture Inc. (10 March) With the signatures, Akfen REIT will carry out a concept project on a plot of 226,465 m² in the Görükle district of Bursa.

Sale of Shares

Akfen REIT shares with a nominal value of 129.990,000 TRY (10% of the capital) owned by Akfen Holding were sold at a price of 3.70 TRY as part of wholesale transactions (14 November). After the sale, Akfen Holding's share became 13.94%.

Rating

Credit Rating Agency JCR Eurasia upgraded Akfen REIT's long-term national institution credit rating, which was BBB (good credit quality) last year, to A- (high credit quality).

New Project

Akfen REIT purchased all the shares of Gökliman Investment Construction Tourism and Geothermal Trade Inc., which owns a land of 83,624.59 m² in Milas, Muğla (29 December). The company will develop a project on the land.

Acacia Mining

Share Transfer

Based on the share transfer agreement dated 19 January 2021, Akfen Holding transferred its 4.5% stake in Acacia to Bacacı International Trade Investments ve Management Inc. (22 July) The transfer of shares was carried out at the same rate by İlbak Mining. After the transfer, Akfen Group's share in Acacia Mining was 25.5%, Bacacı's share was 9%.

MIP

Dividend Payments

MIP paid a total of 135 million TRY in dividends to Akfen Holding in 2022.

Leading Port

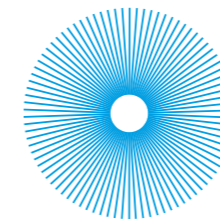
MIP became the largest container port in Türkiye in 2022.

Fields of Activity

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

CONSTRUCTION

Akfen Construction

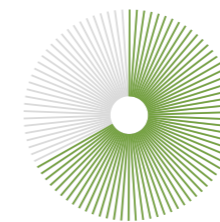
Subsidiary Share
100%

Adj. Turnover	Adjusted EBITDA	Total Assets	No. of Employees
\$151 mn	\$100 mn	\$1.089 mn	48

3 city hospitals (Isparta, Eskişehir and Tekirdağ) in Akfen Construction's portfolio continued their activities in 2022.

ENERGY

Akfen Renewable Energy

Subsidiary Share
66.91%

Turnover	EBITDA	Total Assets	No. of Employees
\$150 mn	\$115 mn	\$952 mn	233

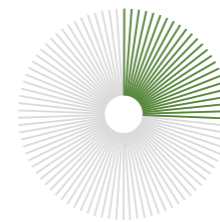
Akfen Renewable Energy, which has one of the largest renewable energy portfolios in Türkiye, continued its activities in 2022 with a total installed power capacity of 699 MW in 12 hydroelectric and 35 solar and 6 wind power plants.*

Partners: **EBRD, IFC**

* Akfen Holding became the 100% owner of Akfen Renewable Energy by acquiring the shares of EBRD and IFC on January 18, 2023. In March 2023, 33.5% of the company was offered to the public, and Akfen Holding's share decreased to 66.5%.

MINING

Acacia Mining

Subsidiary Share
25.5%*

Turnover	EBITDA	Total Assets	No. of Employees
\$225 mn	\$106 mn	\$388 mn	250

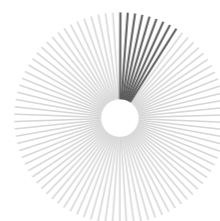
The Gökırmak Copper Mine project in the Hanönü District of Kastamonu started production in March 2019. In 2022, a total of 1,7 million tons of ore was processed and 131 thousand tons of copper concentrate was produced.

Partners: **İlbak, İzbir, Bacacı**

* As of 31.03.2023, Akfen Holding's share in Acacia Maden was 45.5%.

PORT MANAGEMENT

Mersin International Port

Subsidiary Share
10%

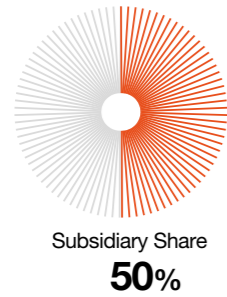
Turnover	EBITDA	Total Assets	No. of Employees
\$353 mn	\$247 mn	\$1,336 mn	2,069

MIP's container volume handled in 2022 has exceeded 2 million TEUs. MIP became Türkiye's largest container port in 2021.

Partners: **PSA, IFM Investors**

MARITIME TRANSPORT

Istanbul Sea Buses
Marmara Deniz Otobüsleri Yatırım ve İşletme A.Ş.



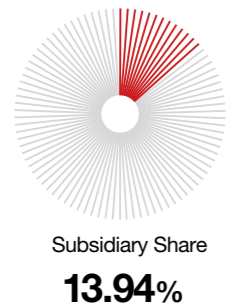
Turnover	Operational EBITDA	Total Assets	No. of Employees
\$76 mn	\$2 mn	\$263 mn	803

In 2022, the number of passengers carried by İDO became 27 million and the number of vehicles was 5.3 million.

Partner: **Tepe Construction**

REAL ESTATE INVESTMENTS

Akfen REIT



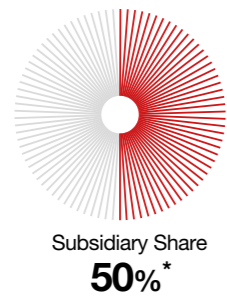
Turnover	EBITDA	Total Assets	No. of Employees
\$31 mn	\$29 mn	\$662 mn	37

Akfen REIT's hotel portfolio consisting of 21 hotels (3,720 rooms) was positively affected by the revival in the tourism sector in 2022, with an average occupancy rate of 65% with an increase of 10 points.

Partners: **Hamdi Akın, Akfen Turizm, Akfen International, Traded on the stock exchange**

ENVIRONMENT & WATER CONCESSIONS

Akfen Environment and Water



Adj. Turnover	Adjusted EBITDA	Total Assets	No. of Employees
\$2 mn	\$(0.5) mn	\$4 mn	6

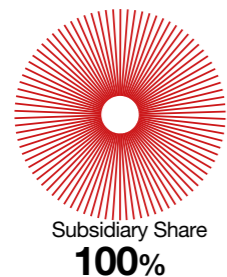
In 2022, the amount of waste collected by Akfen Environment and Water was 4.6 thousand tons, and the amount of treated wastewater was 749 thousand m³.

Partner: **Kardan N.V.**

* Akfen Holding's share in Akfen Water has reached 100% as of January 5, 2023.

OTHER

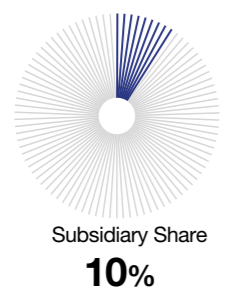
Akfen Tourism Investment



Turnover	EBITDA	Total Assets	No. of Employees
\$9 mn	\$(1) mn	\$7 mn	186

Established in 1997, Akfen Turizm coordinates the potential tourism investments of the Akfen Group.

Travellex



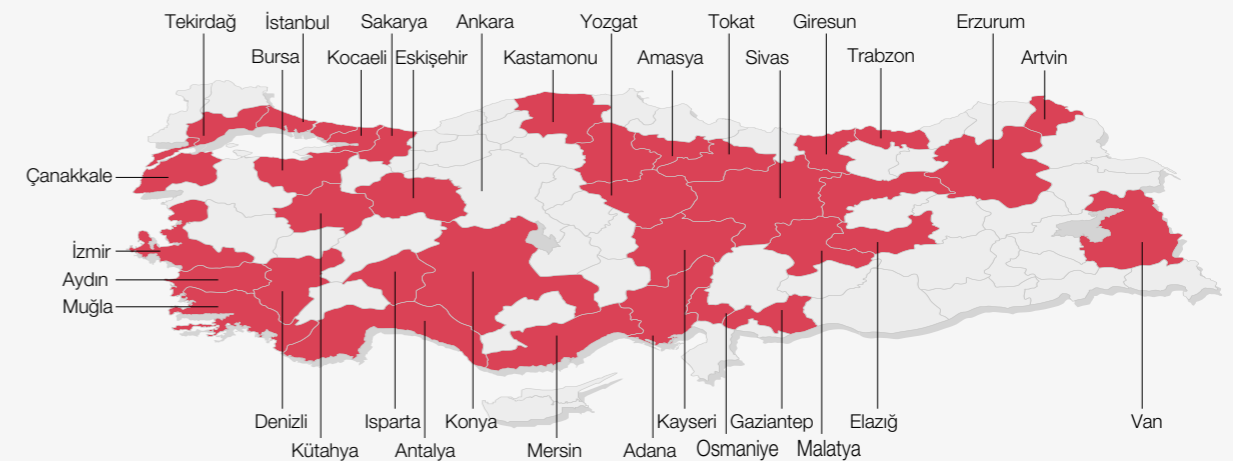
Turnover	EBITDA	Total Assets	Number of Employees
\$52 mn	\$3 mn	\$7 mn	54

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 Türkiye.

Ortaklar: **Travellex, Sera, Tepe Construction**

Operation Map

Domestic Investments Map



Domestic Investments

CONSTRUCTION

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

Other Projects Akfen Construction & Akfen REIT (Ongoing/Planned)

- Kiyıkışlacık Project / Muğla
- Yalıkavak Project / Muğla
- Söğütluçeşme Project / İstanbul

Office/House Projects (Completed)

- Levent Loft / İstanbul
- Levent Bahçe / İstanbul

HOTEL INVESTMENTS

Akfen Construction (Cons. Ongoing)

- Uludağ Loft

Akfen REIT (Lessor)

- 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 / Muğla

PORT CONCESSIONS

MIP (In Operation)

- Mersin International Port

ENERGY

HEPP Investment (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
- Çalkobası / Giresun

WPP Investment (In Operation)

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

SPP Investment (In Operation)

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

MINING

Acacia Mining (In Operation)

- Gökırmak Copper Mine Project / Kastamonu

WATER AND WASTEWATER PROJECTS

Akfen Water (In Operation)

- İDO Solid Waste Man. Ser./ İstanbul
- MIP Solid Waste Man. Ser. / Mersin
- Isparta City H. Solid Waste Man.
- Eskişehir City H. Solid Waste Man.
- Tekirdağ City H. Solid Waste Man.
- Acacia Mining Facilities Industrial Wastewater Treatment Plant/ Kastamonu

MARITIME TRANSPORTATION

İDO (In Operation)

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

OTHER INVESTMENTS

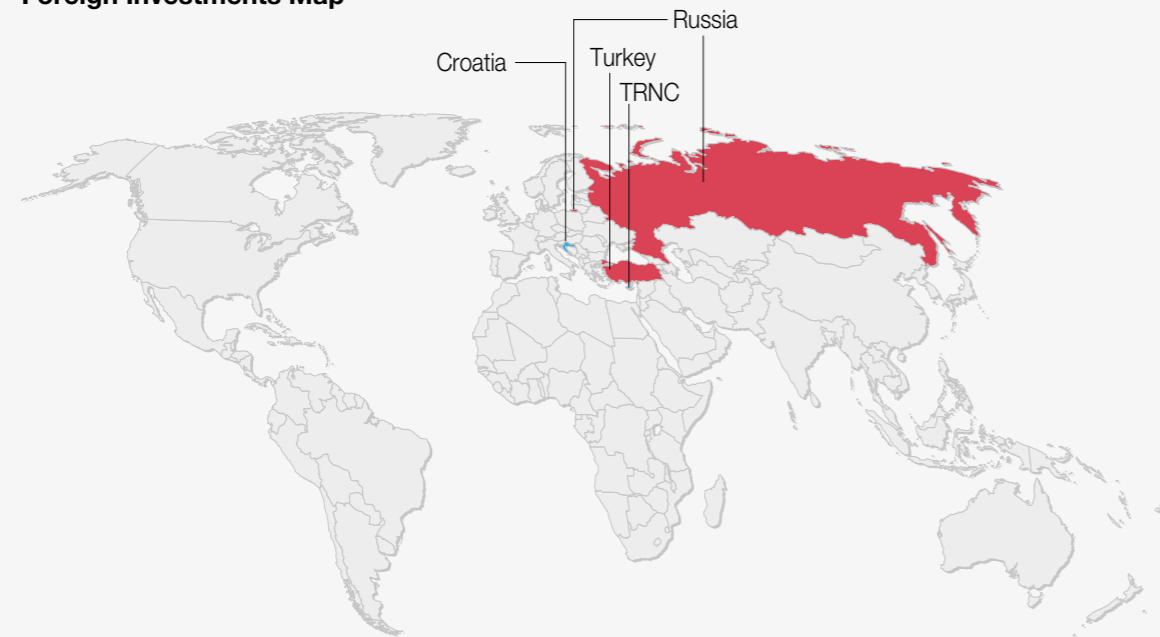
Travellex (In Operation)

- 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
- TÜVTÜRK Vehicle Inspection Stations
- Kuşadası Cruise Port / Aydın
- Karasu-1 HEPP / Erzurum
- Karasu-2 HEPP / Erzurum
- Karasu-4.2 HEPP / Erzincan
- Karasu-4.3 HES / Erzincan
- Karasu-5 HEPP / Erzincan
- Piriçlik HEPP / Karabük
- IBS Insurance (İstanbul/Ankara/İzmir/Mersin)
- Çiçekli I-II / Artvin

Foreign Investments Map



Hotel Investments

**Akfen REIT (In Operation)
Lessor**

- Ibis Hotel Kaliningrad / Russia
- Ibis Hotel Yaroslavl / Russia
- Ibis Hotel Samara / Russia
- Samara Office / Russia
- Ibis Hotel Moskova / Russia
- Merit Park Hotel Kyrenia / TRNC

**Akfen Construction
(Ongoing)**

- Kibris Bafra Hotel / TRNC
- Sister's of Mercy Hospital / Croatia

Merit Park Hotel Kyrenia / TRNC



Our Partners

● **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 5,353 hotels in 117 destinations including economic, medium, luxury and top classes.

● **PSA**

PSA, one of the largest port operators in the world, was established in Singapore in 1972. Serving at 160 ports in 42 countries, PSA handled a total of 90.9 million TEU containers in all ports worldwide in 2022.

● **IFM**

For more than 20 years, IFM Investors, a fund management company serving more than 640 institutional investors worldwide, has managed approximately AUD 211 billion in funds.

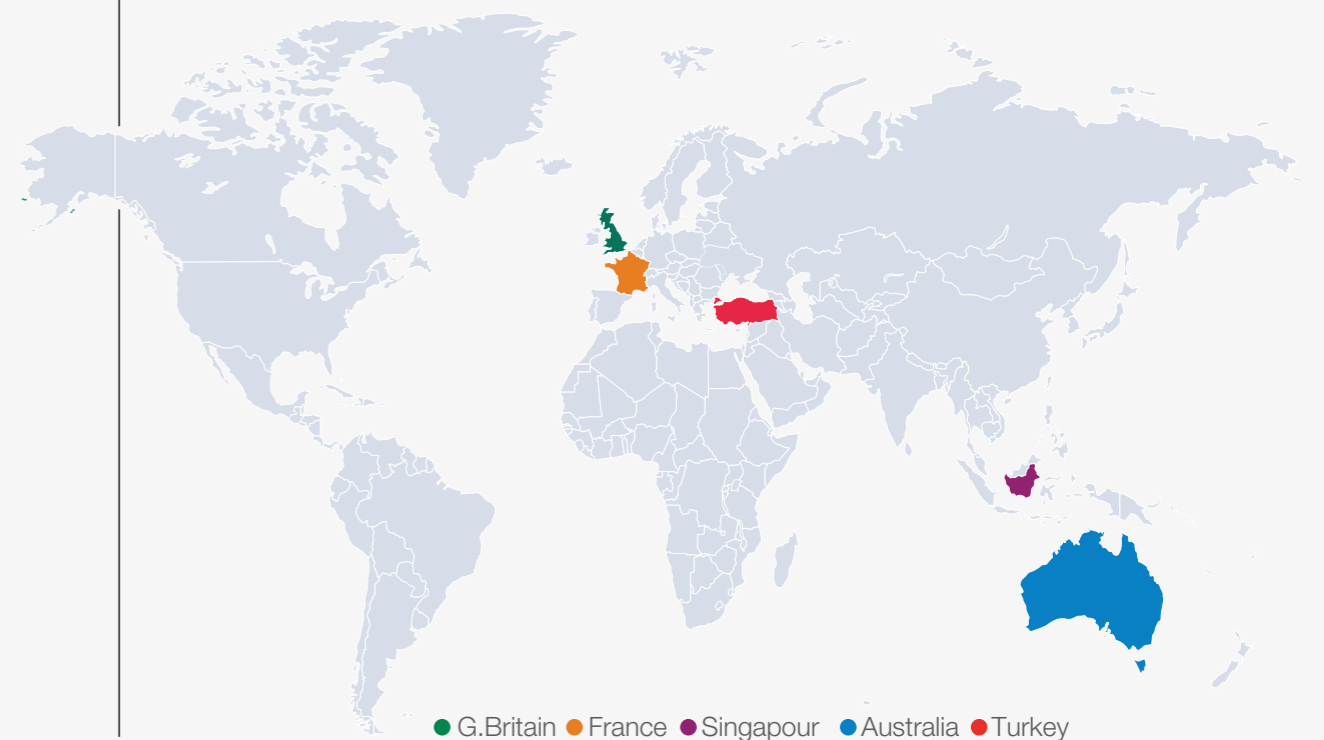
● **TEPE COSTRUCTION**

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

● **İLBAK HOLDING**

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; It continues its exploration activities in different regions of Türkiye and the world, especially in Kırşehir, Hakkari and Şırnak.

Partners Map





Sıla Ciliz İnanç
Board of Directors
Member

İrfan Erciyas
Executive Director

Selim Akın
Vice Chairman of the
Board of Directors

Hamdi Akın
Chairman of the
Board of Directors

Pelin Akın Özalp
Board of Directors
Member

Dear Stakeholders,

As Akfen Group, we entered the year 2022 with the hope that we will recover and continue from where we left off after 2021, which was clouded by the effects of the pandemic. However, something we could not foresee happened in 2022: The Russia-Ukraine war had a shocking effect especially in Europe, and the world was faced with an energy and food crisis.

In this period when the future horizon narrowed, not only we, but the whole world learned by experience that difficulties can be overcome with technological development and science. Remote working, biotechnology, new and renewable energy technologies were the areas that the business world focused on the most.

Türkiye's neutral stance in the Russia and Ukraine War brought some advantages, but it also created disadvantages. While there were sectors such as tourism that emerged advantageous from this period, some sectors experienced negativity due to drastic increases in energy and commodity prices.

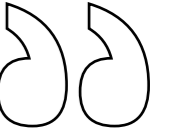
Akfen Holding, which spent 2021 with financial structuring rather than strategic investments, managed to grow more than the Turkish economy in 2022, when war and price uncertainties peaked.

The high performance of our investments in strategic fields such as energy, tourism, port management and mining was behind the success.

For example, the energy bottleneck that left Europe, who is dependent on Russian natural gas, in a very difficult situation after the Russia-Ukraine War, demonstrated the strategic importance of investing in renewable energy sources and energy



The contribution we have made to the country since our establishment as Akfen Holding will continue in the second century of our Republic



storage. The importance for Türkiye of renewable energy investments, which Akfen Group started 10 years ago and has reached to 700 MW today, became more evident in this period.

For a "sustainable future", we will continue to make eco-friendly investments in Akfen Renewable Energy.

Two areas of interest in energy are hydrogen and storage. The enactment of the storage regulation will contribute to the diversification of Akfen's energy portfolio. Hydrogen is an energy source that should have become relevant in 10 years, however it quickly entered our agenda with the Ukraine-Russia War. We are learning about hydrogen energy and working on how we can develop it.

Akfen REIT continues to contribute to the country by adding new investment areas to the "city hotel management" concept that we pioneered in Türkiye. Having added a resort, Bodrum Loft, to its portfolio, Akfen GYO has started working on two new projects in Bodrum.

We will start the Söğütlüçeşme Project in Kadıköy, one of the most important districts of the Anatolian Side of İstanbul, in 2023. With the Söğütlüçeşme Project, which will be built on an area of 20 thousand square meters, we expect to create in Kadıköy one of the most important food and entertainment centers in Europe, attracting the attention of many investors.

Investments that will enable giant container ships to dock will continue on Mersin International Port (MIP), where we pay dividends of nearly 1.3 billion TRY to our investors.

Since its establishment, Akfen has adopted the strategy of growing with partnerships. In the past, factors such as profitability, cost, return on investment were among the most

important motivations for partnerships. Today, however, corporate governance principles have been added to these concepts. Now, compliance with corporate governance principles such as equality, fairness, transparency, and contribution to a sustainable world is discussed in meetings. The successful incorporation of Corporate Governance principles into the "Akfen ecosystem" offers us a great comfort in our investment plans.

Despite the threats of war, energy and food crisis, the Turkish economy managed to survive and even grow. Akfen Holding completed 2022 with a growth of around 30 percent. Although prices seem to be fluctuating and there are risks that we cannot predict, we foresee 2023 to be a better year than 2022.

The year 2023, when the Republic of Türkiye will celebrate its 100th year and will enter its second century, will be a year when economic and political uncertainties will decrease. After the general elections in May, the second half of the year will offer us a brand new future. We believe that important opportunities will arise in this period, where those who invest before everything is settled will profit. The contribution we have made to the country since our establishment as Akfen Holding will continue in the second century of our Republic.

Sincerely

HAMDİ AKIN

Akfen Holding Chairman

Akfen Holding Financial Results for 2022

Akfen Holding
Total Assets

39.7 billion
TRY

Akfen Holding
Net Profit

3.7 billion
TRY

Total Assets Change (2021/2022)

36%

Akfen Holding significantly increased its net profit, equity and total assets in 2022

The important developments affecting Akfen Holding's financial results in 2022 and the main changes in the subsidiary portfolio are summarized below.

BALANCE SHEET

Consolidated Assets

Akfen Holding's total consolidated assets in 2022 increased by 36% compared to 2021, reaching 39.7 billion TRY. The increase in financial assets related to concession agreements whose fair value increased in 2022, financial investments and investments valued by equity method were the main reasons for this increase.

Consolidated Equity

At the end of 2022, Akfen Holding's consolidated equity reached 20.0 billion TRY, an increase of 52% compared to the previous year.

Consolidated Financial Debt/Net Financial Debt

While Akfen Holding's total consolidated financial debt was 13.7 billion TRY in 2021, it increased to 17.0 billion TRY in 2022. Meanwhile, the company's net financial debt, which was 9.5 billion TRY in 2021, increased to 11.3 billion TRY in 2022. The increase resulted from the depreciation of TRY against foreign currencies in 2022, since a significant part of the financial debt is in foreign currencies. (In this context, consolidated financial debt decreased from USD 1,025 million to USD 909 million; consolidated net financial debt decreased from USD 713 million to USD 605 million).

INCOME STATEMENT

Revenues

Akfen Holding's revenue for 2022 was 968 million TRY (2021: 601 million TRY). The increase in hospital service revenues and flat sales revenues of Akfen Construction was effective in this increase.

Operating Profits

Gross profit was realized as 26 million TRY in 2022 (2021: 65 million TRY). Akfen Holding's operating profit in 2022 was 6,761 million TRY (2021: 7,276 million TRY).

Profit for the Period

Net profit for the period, which was 2,760 million TRY in 2021, reached 3,733 million TRY in 2022. Other developments that have had a significant impact on net profit in 2022 are as follows:

- In 2022, approximately 4.85 billion TRY worth of income other than net operating income (2021: 6 billion TRY) resulting from the fair value calculation of Service Concession Agreements belonging to city hospitals and 985 mn TRY value increase in investment properties in Akfen Construction (2021: 451mn TRY), was realized.
- Shares in profits of investments valued using equity method in 2022 amounted to 1,116mn TRY (2021: 895mn TRY).
- In 2022, there was a significant decrease in net finance expenses compared to the previous year, mainly due to the decrease in expenses due to foreign exchange differences (2022: 3,430mn TRY/2021: 4,789mn TRY).
- There was an increase in tax revenues compared to 2021 (2022: 1.063mn TRY/2021: 109 mn TRY).

Financial Indicators Summary

Summary Balance Sheet (million TRY)	31.12.2022	31.12.2021	Change
Cash and Cash Equivalents	3,191	1,980	61%
Financial Investments	723	1,024	-29%
Financial Assets Related to Concession Agreements	1,820	1,368	33%
Other Current Assets	369	321	15%
Total Current Assets	6,102	4,693	30%
Financial Investments	7,462	4,882	53%
Other Receivables	456	848	-46%
Financial Assets Related to Concession Agreements	13,784	11,077	24%
Investments Accounting Using the Equity Method	6,658	5,111	30%
Investments Properties	2,217	1,304	70%
Deferred Tax Assets	2,106	991	112%
Derivative Instruments	523	0	-
Other Non-Current Assets	440	283	56%
Total Fixed Assets	33,646	24,496	37%
TOTAL ASSETS	39,748	29,188	36%
Financial Liabilities	17,034	13,699	24%
Financial Liabilities	1,841	1,469	25%
Other Short -Term Liabilities	406	261	55%
Other Long -Term Liabilities	513	591	-13%
Total Liabilities	19,794	16,020	24%
Equity	19,954	13,169	52%
Equity Att. to Equity Holders of the Parent	19,946	13,202	51%
Non-controlling interests	8	-34	a.d.
TOTAL LIABILITIES	39,748	29,188	36%
Summary Income Statement (million TRY)	2022	2021	Change
Revenues	968	601	61%
Gross Profit	26	65	-60%
Share of profit/(loss) from inv,accounted using the equity method	1,116	895	25%
Operating Profit	6,761	7,276	-7%
Income / Expenses from Investment, Activities, Net	(661)	164	a.d.
Financial Expenses, Net	(3,430)	(4,789)	a.d.
Tax income/(expense)	1,063	109	872%
Net Profit for the Period	3,733	2,760	35%
Non-Controlling Interests	(2)	(7)	a.d.
Equity Holders of the Parent	3,735	2,767	35%
Summary Cash Flow Statement			
(Loss)/profit for the period	3,733	2,760	35%
Other adjustment for profit/loss reconciliation	(2,757)	(1,472)	a.d.
Changes in working capital	455	126	260%
Cash flows from/ (used in) operations	1,431	1,414	1%
Cash Flows from Operating Activities	3,049	2,303	32%
Cash Flows (used in)/from Investment Operations	(414)	(1,322)	a.d.
Cash Flows from/ (used in) Financing Activities	(1,731)	(1,073)	a.d.
Net decrease in cash and cash equivalents	1,213	356	240%
Cash and cash equivalents at the beginning of the period	1,977	1,620	22%
Cash and cash equivalents at the end of the period	3,190	1,977	61%
Financial Indicators			
Current Ratio	2,07	1,88	0,19
Liquidity Ratio	2,06	1,87	0,19
Total Financial Debt / Equity	0,85	0,69	0,17
Financial Leverage	0,93	1,02	-0,09

Chapter 2

AKFEN HOLDING GROUP COMPANIES



CONSTRUCTION

Construction Sector

Source:
TurkStat,
TMB

The construction industry started 2022 with a problem of high increase in input costs. In addition to high inflation, insufficient appropriations and delays in progress payments are among the factors that negatively affect the sector.

Although the shrinkage in the construction sector, with its share of approximately 5% of the national income, actually dates back to 2018-19, when the depreciation of the TRY started, the Covid 19 epidemic caused this process to be prolonged.

Turnover increased, but costs increased, too

According to the evaluation of the Turkish Contractors Association, although the construction turnover index increased by 120%, the real change was measured as -3% when costs are taken into account. High costs of the sector mean that downsizing is inevitable for the whole of 2022.

The combination of high costs and inflation was also reflected in housing prices, and rising housing prices caused sales to be limited. According to TUIK (Turkish Statistical Institute) data, while house sales across the country fell from 2021 to 1,485,622 units, the reason for this decrease

was the slowdown in sales in metropolitan areas. Especially the decrease in house sales in the capital Ankara, İstanbul and İzmir played an important role in the decrease in sales across the country.

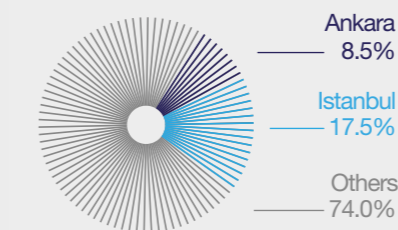
The increase in the financing costs of the sector and high indebtedness also limited the new housing production.

Effects of the earthquake

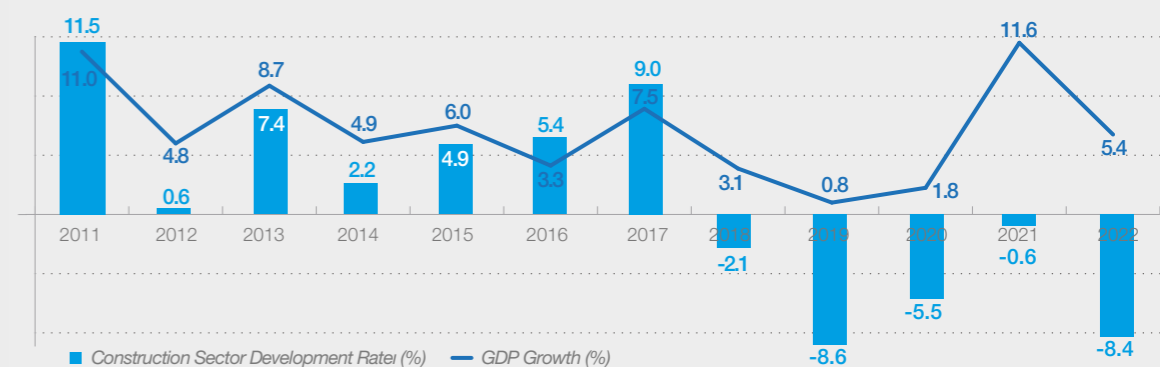
The earthquake that took place in March 2023 caused great destruction in 11 provinces and as a result the sector will undergo a complete restructuring. The necessity of rebuilding hundreds of thousands of houses destroyed in the earthquake will seriously increase production in the construction sector. Additionally, the weakness of supervision in the destroyed buildings in these 11 provinces shows that more qualified and reliable construction companies will gain value.

In addition to the 11 provinces, in İstanbul and İzmir, which are in the earthquake zone and at great risk, new housing construction and reinforcement activities will continue. As a result, despite the inflation and increasing costs, the construction sector is expected to show serious recovery in 2023.

Distribution of House Sales (2022)



	Number of Sales (unit)		
	2022	2021	(%)
Ankara	126,166	144,104	-12.4
İstanbul	259,654	276,223	-6.0
Other Cities	1,099,802	1,071,529	2.6
Total	1,485,622	1,491,856	-0.4



Akfen Construction

Akfen Construction, the flagship of Akfen Holding, has completed more than USD 3.5bn in construction projects over 36 years since its establishment

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

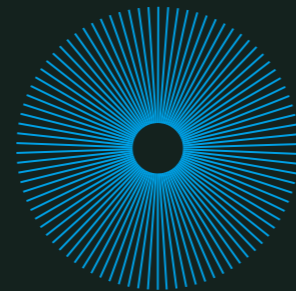
Hospitals are at the forefront of these areas. Akfen Construction quickly gained a great deal of experience in the construction of city hospitals built with the Public-Private Partnership (PPP) model. Akfen Construction, which completed Among the three city hospitals built in Isparta, Eskişehir and Tekirdağ, 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 İncek 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%

akfen
inşaat

Akfen Construction's Housing Investments

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

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 İncek District, which is rapidly growing as the new residential area of the city and is called the "golden triangle".

80% of İncek 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.

From the Establishment to the Present Executed Projects

 Modern apartment built in Ankara 2,000+	 Guest House 1	 Airport, Terminal, apron and runway 5
 City Hospitals 3	 HEPP 14	 Resort 1
 Dormitory 2	 Hotel 14	 Mixed Project 2

İncek Loft

● Number of Houses
1,199

● Opening Date
2016 April

● Social Facilities and Landscape Area
68%

● Number of Commercial Area
43

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
822

● Opening Date
2019 May

● Land Area
37,000 m²

● Construction Area
170,000 m²

● Number of Commercial Area
31

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% of which is allocated to green landscaping, there is a social region with 31 commercial areas built on 10 thousand square meters.



City Hospitals

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 18 PPP city hospitals operating in Türkiye.

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.

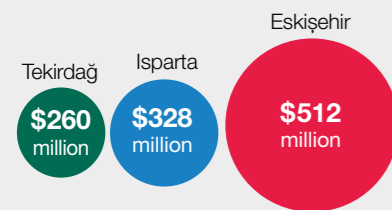
Akfen Construction's City Hospital Investments

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.

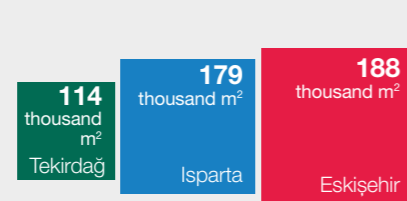
Akfen Construction undertook three of the city hospitals to be built with the PPP model after the restructuring in the Turkish health sector. Of the 18 health complexes approved by the state, Akfen Construction won the tenders for the construction and operation of city hospitals in the provinces of Isparta, Eskişehir and Tekirdağ, and committed to invest a total of \$1.1 billion in this area.

City Hospitals

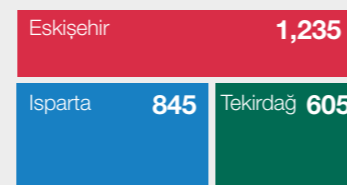
Investment Amount



Total Area



Total Beds



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 5.8 million patients in its three 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.

Investments in hospitals constructed by Akfen Construction (million \$)

1,060 million \$

Total number of beds in hospitals constructed by Akfen Construction.

2,685 units

	Isparta City Hospital	Eskişehir City Hospital	Tekirdağ City Hospital
Total Area (thousand m ²)	179	188	114
Construction Area (thousand m ²)	222,6	333	159
Investment Amount (million US\$)	328	512	260
Opening Date	2017	2018	2020
Opening Duration (year)	25	25	25
Total Beds	845	1.235	605
Polyclinic	167	261	142
Operating Rooms	20	37	18

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 845, 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.

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 261 outpatient clinics and world-class advanced technology medical equipment. With 37 operating rooms, it serves not only Eskişehir but also patients from surrounding cities.

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 605 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.

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 45 thousand square meters of indoor parking area with a capacity of 1,054 closed and 297 open vehicles. With the opening of the hospital, the total bed capacity in the three hospitals that Akfen Group undertook to build increased to 2,685, the number of operating theaters to 75 and the number of polyclinics to 570.

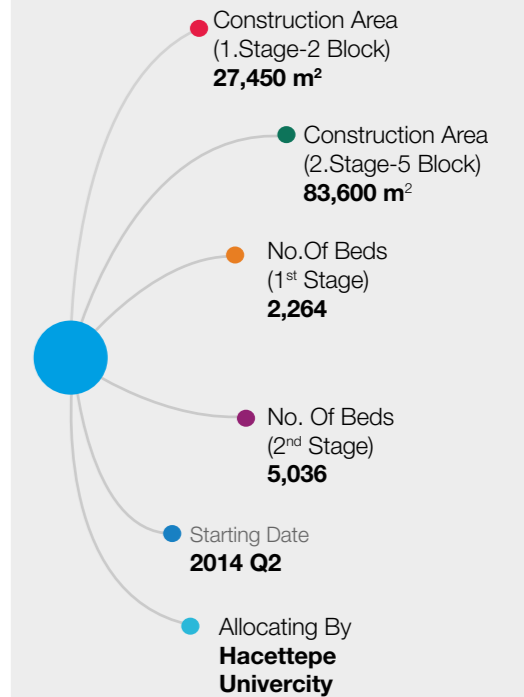
124 polyclinics 18 operating rooms

Providing service with 124 polyclinics, the hospital also has 18 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 detainee services, two burns units and a delivery room.

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%.

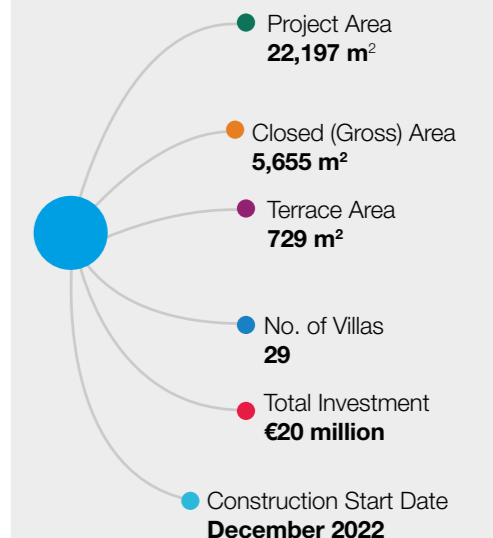
The project, which was planned as seven blocks with a total bed capacity of 7,300 on a land of 68,000 square meters at the first stage, will be able to increase to a bed capacity of 15,000 over time. An agreement has been reached with TSKB (Industrial Development Bank of Türkiye) regarding financing.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



Hacettepe Guest House

Yalıkavak Project

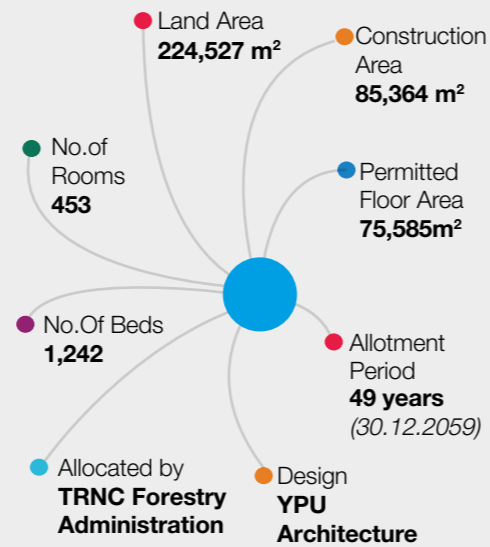
Akfen REIT purchased a land of 22,197 square meters in Bodrum Yalıkavak on September 15, 2022, with all licenses and permits ready. It is planned to develop and build a villa project on the land and sell the completed villas.



Cyprus 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 3 October 2016.

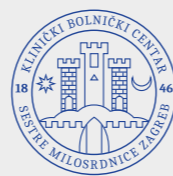


Sister Of Mercy Project (Zagreb)

Croatia Project

In 2022 the tender for the Sister Of Mercy Project in Zagreb, Croatia, has been won with an offer of 338,000,000 Croatian Kuna (HRK) (44,860,309.24 Euros) by a partnership of 60% Akfen Construction Tourism Trade Inc and 40% Dost Construction and Project Management Inc. The contract was signed in November 2022 and project design studies were started. The duration of the project is 6 months for design, 17 months for reinforcement and construction. The project includes, out of 6 buildings in the same campus, the renovation of 4 and the demolition and reconstruction of 2 buildings. The addressee of the project is the Sister Of Mercy hospital management. The retrofit design phase of the project is financed by the European Union Solidarity Fund and the construction phase is financed by the Ministry of Health of the Croatian Government. Within the scope of the project, design teams were formed and studies were started.

Tender Price
€44.9
 million



ENERGY

The share of renewable energy in generation has increased rapidly in the last 10 years. While 27% of the electricity produced in 2012 was provided from renewable sources, the rate increased to 40% in 2022. The share of renewable resources in installed capacity has reached 52%

One of the main components of Türkiye's energy policy is the effective use of domestic and renewable energy resources. Although it tries to reduce foreign dependency in energy, Türkiye still imports to a large extent the primary raw materials in the production of electrical energy as well as the machinery-equipment used in production. Foreign dependency is at high levels, especially in high-tech machinery and equipment used in generating wind, solar, geothermal and biomass energy.

Renewable Energy has 52% share

While the share of renewable energy plants in installed power was 38.6% in 2012, this ratio increased to 52.1% in 2022. Over the last 10 years, the installed power has almost doubled (an 81.9% increase). Türkiye's total installed power of 103,809 MW in 2022 has grown by 4.0% compared to the previous year. On the basis of resources, the highest share in the development of installed power is hydraulic with 30.4% (31,572 MW). Hydropower plants are followed by natural gas + LNG with 24.4%, coal with 21.0%, wind with 11.0%, solar with 9.1% and other power plants (geothermal-biomass) with 4.1%, respectively.

Big changes in renewable energy generation

Over the last 10 years, there has been a significant increase in the installed power of renewable resources other than hydro, as a result of changes in energy generation in Türkiye. Although its share in the total installed power is low, the installed power of wind power plants increased by 7% compared to the previous year and reached 11,396 MW, while solar power plants increased by 21% and reached 9,425 MW. In the last 10 years, there has been an increase of 3.1% in electricity production and 3.0% in consumption in Türkiye.

The share of renewable energy in generation is increasing rapidly

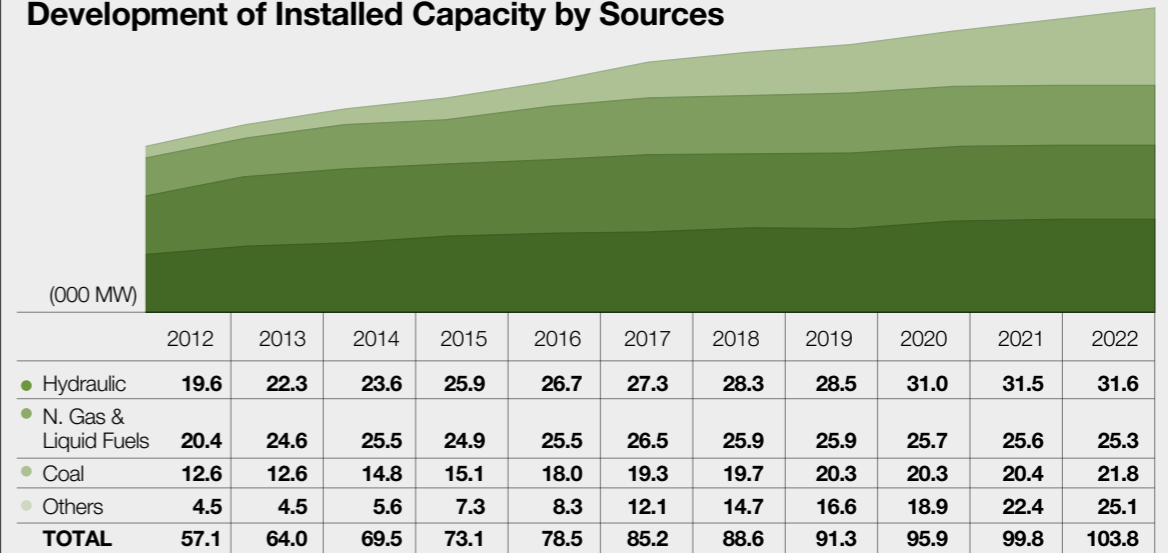
The share of renewable energy in production has increased rapidly in the last 10 years. While 27% of the electricity produced in 2012 was provided from renewable sources, the rate increased to 40% in 2022. While in 2012 the share of renewable energy plants consisting of geothermal, wind and solar power plants, excluding hydroelectric power plants, was only 2.8% in total production, this rate increased to 19.7% in 2022.

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.

Parallel to the economic growth in 2022, electricity production decreased by 1.3% and consumption by 0.6%. Looking at the last 10 years, it is seen that while Türkiye's GDP increased by 5.3% on average, the annual average growth in energy demand remained at 3.0%. This indicates that Türkiye has a long way to go in energy.

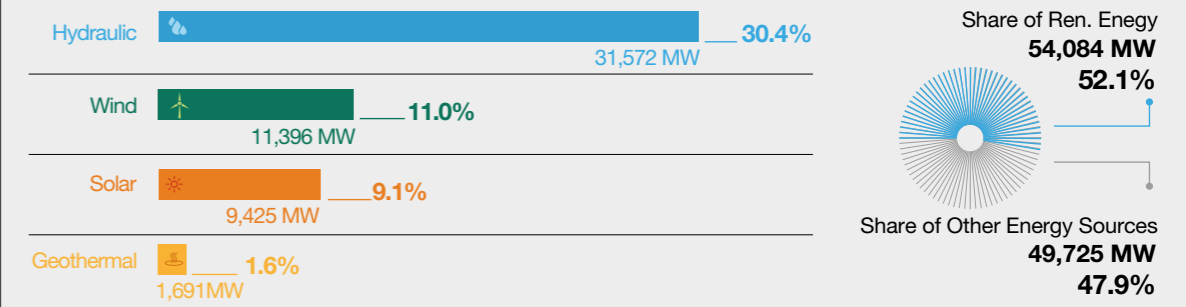
Energy Sector

Development of Installed Capacity by Sources



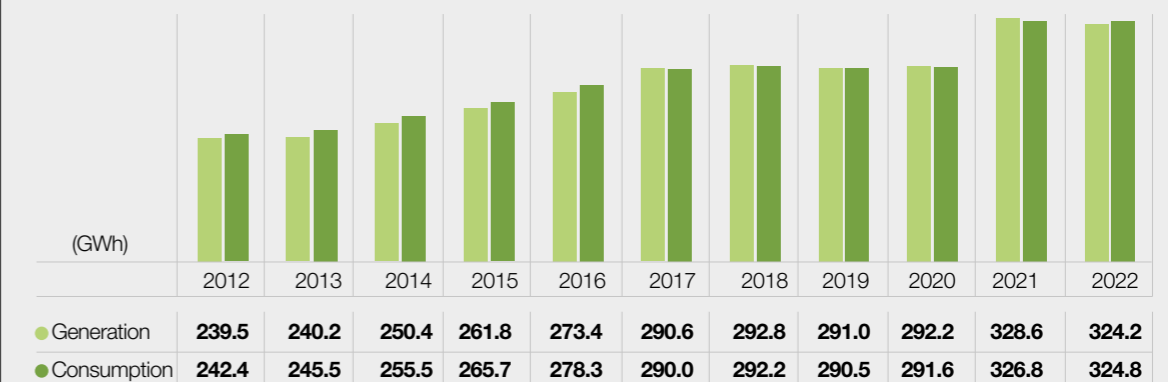
Source: TEİAŞ

Share of Renewable Energy in Total Installed Capacity (2022)



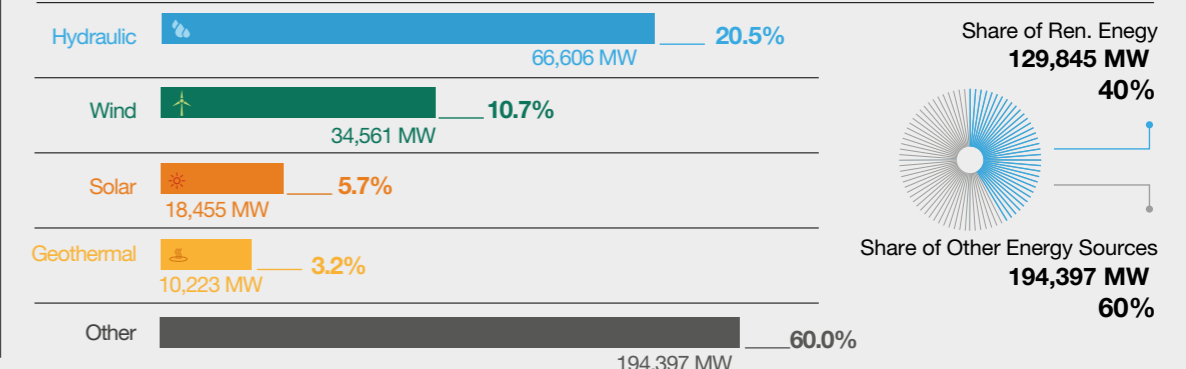
Source: TEİAŞ

Generation & Consumption in Türkiye (GWh)



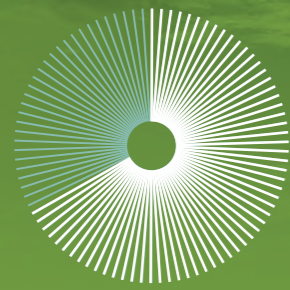
Source: TEİAŞ

Share of Renewable Energy in Total Generation (2022)



Source: TEİAŞ

Akfen Renewable Energy



**Shareholding
Structure***
Akfen Holding 66.5%

Installed Capacity of
Akfen Renewable Energy

699 MW

* 33.5% of Akfen Renewable Energy shares were offered to the public in March 2023. After the public offering, Akfen Holding's share decreased to 66.5%.

Akfen Renewable Energy

Akfen Group took its first step into the sector in 2007 with HEPP investments in order to meet Türkiye'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 12 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 IPO of 340.4 million TRY (33.5%) of the 1.016 billion TRY paid-in capital was successfully completed. It started trading on BIST on March 16.

The installed power portfolio of the company

is currently operating at 699 MW. This portfolio consists of HEPP, SPP and WPP projects.

In 2022 all power plants other than Sirma, Otluca, Çamlıca 3 and Saraçbendi HEPP evaluated their generation within the scope of YEKDEM (Renewable Energy Sources Support Mechanism).

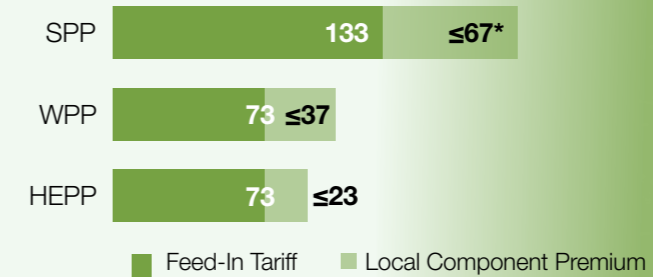
In 2023, all operational power plants except for Sirma, Otluca, Çamlıca 3, Saraçbendi and Demirciler will be evaluated within the scope of YEKDEM.

In 2022, the YEK price for all HEPPs is 7.3 USD cents/kWh and will continue at the same price in 2023.

In 2022, the YEK price for all HEPPs is 7.3 USD cents/kWh and will continue at the same price in 2023. Our entire SPP portfolio was evaluated at 13.74 USD cents/kWh including domestic contribution in 2022; except for Solentegre whose domestic contribution ended in 2023, 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 2022, Hasanoba WPP, Üçpınar WPP, Kocalar WPP, Denizli WPP projects the price was USD 7.9 cents/kWh including domestic contribution, and Sarıtepe and Demirciler WPP the price was 7.3 USD cents/kWh including domestic contribution. In 2023, for Hasanoba WPP, Üçpınar WPP, Kocalar WPP, Denizli WPP projects the price will be 7.9 USD cents/kWh.

Feed-In Tariff (US\$/MWh)

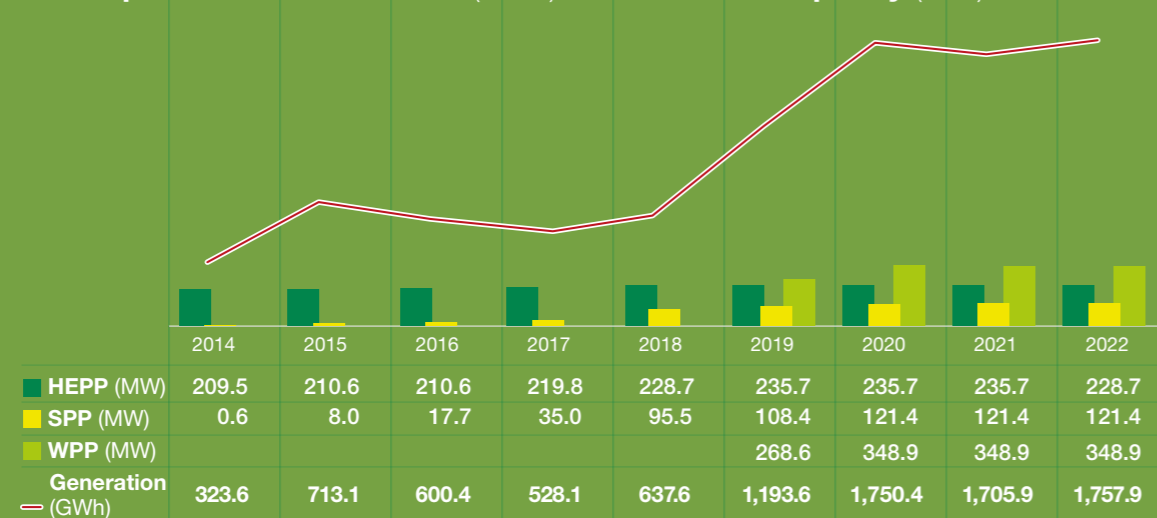




Development of Installed Capacity (MW)*



Development and Generation (GWh) and Installed Capacity (MW)*



* Due to the flooding in Artvin in July 2021, the activities at Çiçek HEPP stopped. All the shares of Kurtal (7 MW Çiçekli HEPP) company were transferred as of 28 December 2022, and Akfen Renewable Energy's shareholding of Kurtal company ended.

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.

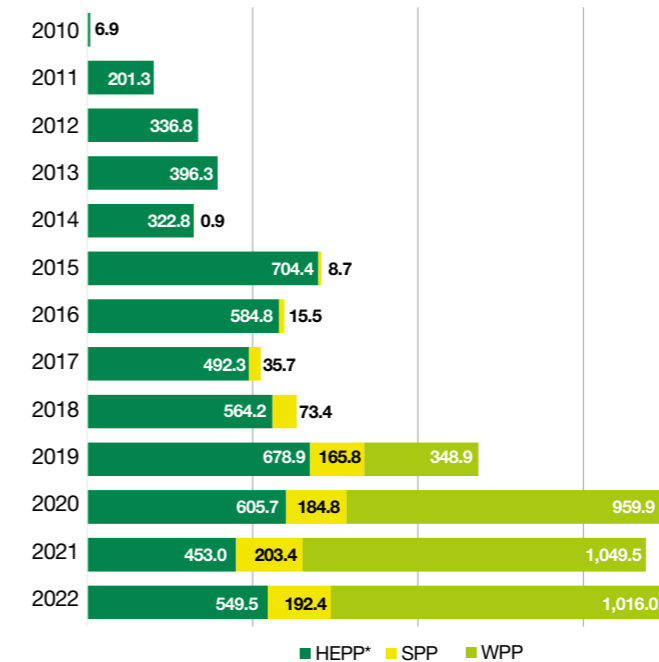
Within the scope of the support mechanism, for the power plants whose investments are completed by 30 June 2021, the WPP portfolio can benefit from a minimum purchase guarantee of 7.3 USD cents/kWh and the SPP portfolio a minimum of 13.3 USD cents/kWh.

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 101,06 TRYkr/kWh for hydroelectric power plants, 80.86 TRYkr/kWh for wind power plants, 136,43 TRYkr/kWh for geothermal power plants and 41.16 TRYkr/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 20,21 TRYkr/kWh was offered for the first five years after the power plant was put into operation.



Akfen Renewable Energy's annual electricity generation of 1.758 GWh is more than the electricity consumption of 57 provinces in 2022

Generation Based on Sales at HEPP*, SPP, WPPs (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.



Projects in the Investment Phase

With the aim of becoming one of the largest renewable energy producers in Türkiye, Akfen Renewable Energy continues to work on the following topics

1 WPP Capacity Increase

Articles foreseeing capacity increase in renewable energy sources were added to the Electricity Market License Regulation and published in the Official Gazette on 23.08.2019.

Akfen Renewable applied for electrical and mechanical capacity increase for 19 turbine points and 93.6 MWm / 92.4 MWe within the scope of 5 licensed WPPs (Denizli WPP, Kocalar WPP, Hasanoba WPP, Üçpınar WPP and Sarıtepe WPP).

Generation licenses related to capacity increase have been obtained from EMRA for the related projects, and other permit processes are in progress as of the reporting date.

Number of WPPs applied for capacity increase

5

Volume of capacity increase

92.4 MWe

2 Hybrid SPP Investments

Articles that require applications at the license and pre-license stage for combined renewable electricity generation facilities in renewable energy sources were added to the Electricity Market License Regulation and published in the Official Gazette on 08.03.2020.

As Akfen Renewables, an auxiliary resource (hybrid SPP) application has been made for 6 WPPs (Denizli WPP, Kocalar WPP, Hasanoba WPP, Üçpınar WPP, Sarıtepe WPP and Demirciler WPP) and 1 HEPP (Doğançay HEPP). The total planned hybrid investment is 94.8 MWe. License and EIA processes of all projects have been completed as of the report date, and other permit processes are still in progress.

Number of hybrid SPP applications

7

Capacity

94.8 MWe



3 Electricity Storage Investments

To make use of the changes made in the electricity market legislation in 2021 and 2022 in order to encourage renewable energy investments, Akfen Renewable Energy has made the necessary applications to EMRA in order to

(i) establish 7 different electricity storage facilities with a total power of 320 MWe/660MWh in 7 different regions and

(ii) establish electricity generation and storage facilities with a total power of 903 MWe for 12 different generation facilities (in Eskişehir, Malatya, Samsun, Tekirdağ, Bursa, Adıyaman, Van, Çankırı, Gümüşhane, 9 storage WPPs with a total power of 833 MW and 3 applications for SPP including storage with a total capacity of 70 MW in Konya).

The company, to make use of the current changes in the electricity market legislation, has applied for 7 stand-alone electricity storage facilities and the application was approved by EMRA. A pre-licensing application was made for 6 out of this 7, representing WPP and SPP production including storage with a total power of 285 MWe / 600 MWh. With these actions, the energy generation portfolio is expected to expand.

Stand-alone electricity storage facility applications

7 facilities

320 MWe

Stand-alone electricity storage facility pre- license application

6 facilities

285 MWe

The annual generation capacity of Akfen HEPPs can meet the annual electricity consumption of 324,000 families of four

HEPP Group

As of 31 December 2022, 12 HEPPs belonging to Akfen Renewable Energy have an installed capacity of 228.7 MW. The annual energy generation capacity of these power plants is 894.9 GWh. Total electricity generation in 2022 decreased by 21% compared to 2021 and was 549.5 GWh.

HEPP Projects (GWh)

Company	HEPP	Installed Capacity (MW)	Commercial Operation Date	Realized Generation Output (GWh)	
				2022	2021
Elen	Otluca	48.8	April 2011	164.5	139.5
	Sırma	6.7	June 2009	13.8	6.0
	Sekiyaka II	3.5	Jan.'14- Aug.'15	12.6	12.1
	Çamlıca III	28.5	April 2011	36.2	29.3
	Saraçbendi	26.3	May 2011	42.6	24.6
	Demirciler	8.7	August 2012	21.2	15.8
	Kavakcalı	11.4	March 2013	33.0	23.2
	Gelinkaya	7.1	June 2013	9.9	7.8
	Doğançay	31.6	Aug.-Sept.'14	96.0	83.0
BT Bordo	Yağmur	9.2	November 2012	24.1	21.3
Yenidoruk	Doruk	28.9	September 2014	69.3	57.7
H.H.K. Enerji	Çalıkobası	18.1	June.'17- May'18	26.2	21.6
Total		228.7		549.5	441.9

SPP Group

The solar energy group's 2022 energy generation amounted to 192.4 GWh, with a decrease of 5% compared to the previous year. As of the end of 2022, the SPP portfolio has been completed and the installed power has reached 121.4 MW.

SPP Projects (GWh)

SPP	Type	Installed Capacity (MW)	Location	Commercial Operation Date	Realized Generation Output (GWh)	
					2022	2021
Yaysun	Unlicensed	0.6	Konya	19.02.2014	0.6	0.9
Denizli Projects	Unlicensed	7.4	Denizli	25.05.2015	12.1	12.2
Solentegre	Licensed	9.1	Elazığ	14.10.2016	13.7	14.8
Solentegre	Unlicensed	0.6	Elazığ	16.02.2016	0.9	0.9
Amasya Projects	Unlicensed	11.2	Amasya	16-23.08.2017	16.1	16.9
Karine	Unlicensed	0.6	Elazığ	26.08.2017	0.9	1.0
Tokat Projects	Unlicensed	5.6	Tokat	19.10.2017	7.8	8.2
Omicron Engil	Licensed	12.1	Van	20.09.2018	20.5	21.7
Omicron Erciş	Licensed	12.1	Van	21.09.2018	20.4	21.7
Yaysun	Licensed	12.1	Konya	27.09.2018	18.9	20.1
ME-SE	Licensed	12.1	Konya	27.09.2018	18.5	19.4
MT Doğal	Licensed	12.1	Konya	27.09.2018	19.1	20.4
PSİ	Licensed	13.0	Van	25.07.2019	22.7	23.8
IOTA	Licensed	13.0	Malatya	13.08.2020	20.1	21.5
Total		121.4			192.4	203.4

WPP Group

Akfen Renewable Energy's WPP portfolio reached an installed capacity of 348.9 MW as of the end of 2022. The 2021 energy generation of the WPP Group was 1,016 GWh.

Akfen Renewable Energy signed a share purchase agreement in December 2019 for Zorlu Wind Energy Electric Generation Inc.'s Sartepe and Demirciler WPP projects in Osmaniye with an installed capacity of 80.3 MW. Following the addition of Sartepe- Demirciler WPP, which stands out as the largest purchase agreement of 2019, to the portfolio, the operational WPP installed power in Akfen Renewable Energy's portfolio reached 348.9 MW in 2022.

WPP Projects (GWh)

Company	Project Name	Installed Capacity (MW)	Location	Commercial Operation Date	Realized Generation Output (GWh)	
					2022	2021
Isider Enerji	Kocalar	30.6	Çanakkale	14.03.2019	114.5	111.0
Derbent Enerji	Üçpınar	112.2	Çanakkale	11.05 - 18.06.2019	354.7	353.8
Kovancı Enerji	Hasanoba	51	Çanakkale	2.08 - 6.09.2019	138.3	137.3
Korda Enerji	Denizli	74.8	Denizli	13.09 -10.10 2019	200.1	227.1
İmbat Enerji	Sartepe	57	Osmaniye	25.08.2016	152.3	160.7
İmbat Enerji	Demirciler	23.3	Osmaniye	26.08.2016	56.2	59.5
Total		348.9			1,016.0	1,049.5

PORT SECTOR

The amount of containers handled, which in 2021 increased by 8.3% to 849 million TEU, continued to increase in 2022 by 0.6% and reached 853 million TEU

While the world was struggling with war, epidemic and price fluctuations, international trade stagnated and completed the year with a very small increase.

According to Drewry's 2022 Container Forecast Report, which best explains the developments in trade, the amount of containers handled, which reached 849 million TEU with an increase of 8.3% in 2021, reached 853 million TEU with an increase of 0.6% in 2022. The high costs, especially in energy, and the Russia-Ukraine war have been important factors preventing the rapid flow of trade around the world.

In Türkiye, on the other hand, while the port sector maintained the previous year's level in container transportation, it completed the year 2022 with a significant increase in conventional cargo.

According to TÜRKLİM data, while the amount of containers handled in import-export and domestic transportation is 8.7 million TEU (2021: 8.7 million TEU) in 2022, transshipment cargo volume has fallen to 3.1 million TEU (2021: 3.5 million TEU).

The total amount of cargo handled in 2022 decreased to 11.9 million TEU (2021: 12.1 million TEU). Conventional cargo amount increased to 174 million tons (2021: 140 million tons).

In summary, in 2022, when GDP grew by 5.6% and total foreign trade volume by 24.4%, the volume of containers handled decreased by 2.1%, but increased by 24% in conventional cargo.

2 million TEU of the 11.9 million TEU, which is the total amount of containers handled in Türkiye in 2022, was carried out by MIP.

Looking at the averages concerning the Turkish economy over the last 10 years, while the GDP growth was 5.3%, the increase in foreign trade was 4.4%. In this 10-year period, container transportation in Türkiye increased by 5.0% on average and conventional cargo transportation by 3.6%.

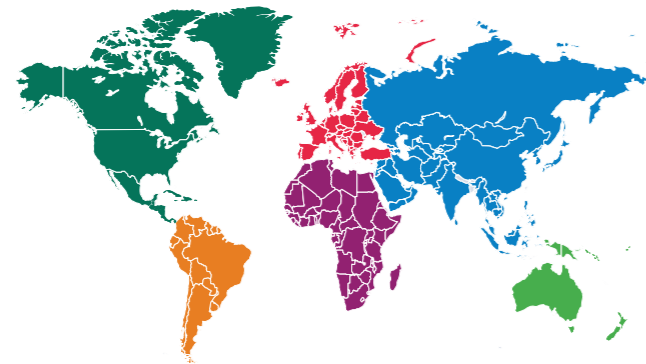
Having had a stable year 2022, the Turkish port sector maintains its positive expectations for the future due to its geographical advantage.

The large investments made in ports over the last ten years, doubling the capacity, stems from the confidence of the great potential of Türkiye, with its proximity to the continents of Asia, Europe and Africa. In the fast growing sector, maritime transportation has become a very common and preferred mode of transportation in Türkiye. International ports such as İzmir, Ambarlı and Mersin Port play an important role 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 flows brings with it the expectation of growth in the handling of global container ports.

Port Sector

World Container Volume Distribution by Region (2022-%)

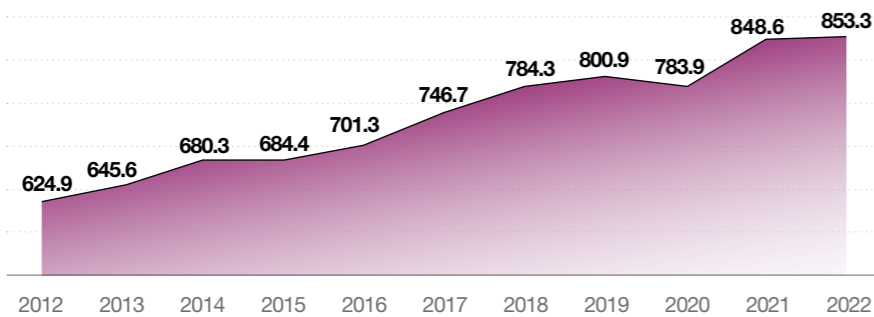


Asia	54.4%
Europe	16.3%
North America	9.1%
M.East/South Asia	8.7%
Latin America	6.0%
Africa	3.8%
Oceania	1.6%
World	100

● North America ● Latin America ● Europe ● Africa ● Middle East/South Asia ● Oceania

Source: Drewry 2022

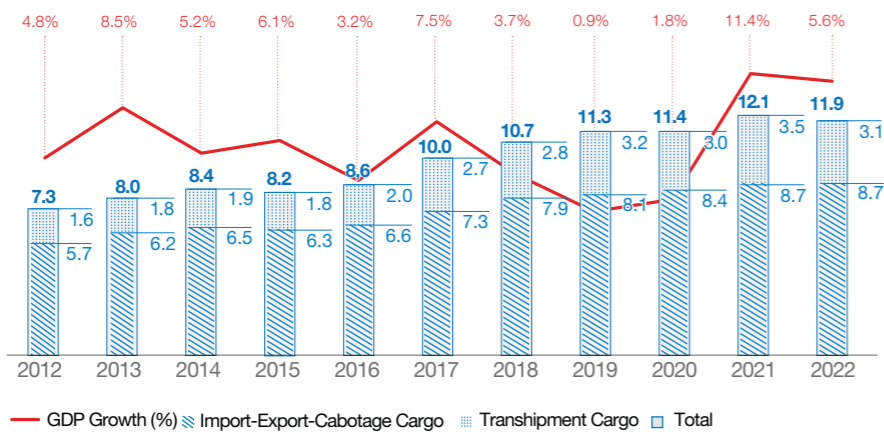
The Development of World Container Volume (million TEU)



World Container Volume (2022)
853.3
million TEU

Source: Drewry 2022

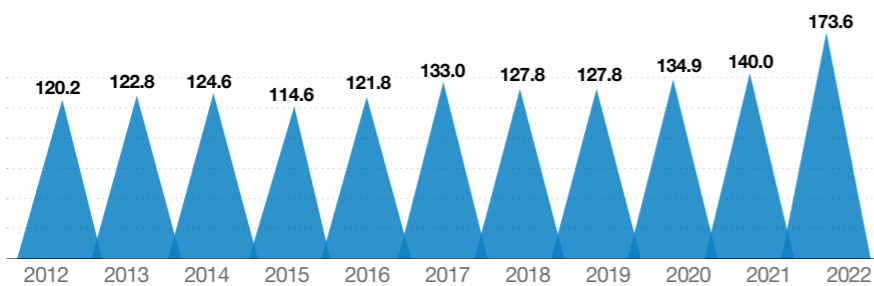
The Development of Container Handling in Türkiye (million TEU)



Turkey Container Volume (2022)
11.9
million TEU

Source: Turklim, TurkStat

The Development of Conventional Cargo in Türkiye (million tons)

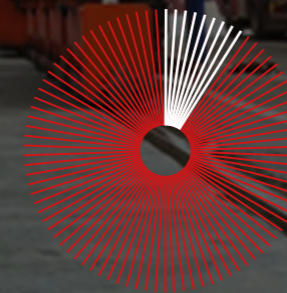


Turkey Conventional Cargo Volume (2022)
173.6
million tons

Source: Turklim

Mersin International Port (MIP)

MIP



Shareholding Structure

Akfen Holding	10%
PSA Türkiye Pte LTD	51%
Global InfraCo NEUM SLU	39%

Subsidiary Structure

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

2.6 million TEU



Mersin International Port (MIP)

MIP, one more time, managed to complete 2022 as the sector leader, as Türkiye's largest container port

MIP, as Türkiye's largest multi-purpose export-import container port, is Türkiye's leading container port with its land, air and rail connections. MIP, with its more than 10,000 customers to whom it provides regular service worldwide, has a 17.1% market share among Turkish container ports and a 21% 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 Türkiye'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 Türkiye'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 Türkiye 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 Türkiye's largest multi-purpose port, providing container, conventional, Ro-Ro and maritime services, and provides regular service to more than 10,000 customers around the world. With over 3,000 employees, MIP has a market share of 75.1% 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.

Akfen Holding sold 40% of its shares in MIP to Global 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 402 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.

Dividend Payment (2022)

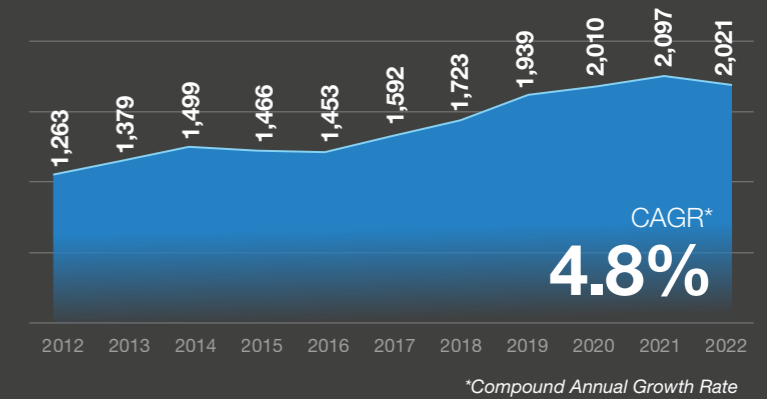
1.258
million TRY

First phase investment of USD 152.8 million

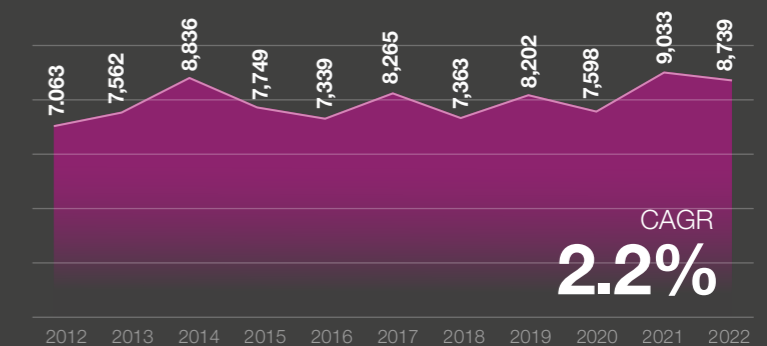
In the first phase of the EMH Project a total of USD 152.8 million investment was made, of which USD 52.5 million was for equipment and USD 100.3 million for infrastructure. Thanks to this investment of the port, the berth capacity has reached 2.6 million TEU and the field capacity has reached 2.3 million TEU. Additionally, the port, which has a depth of 15.8 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.

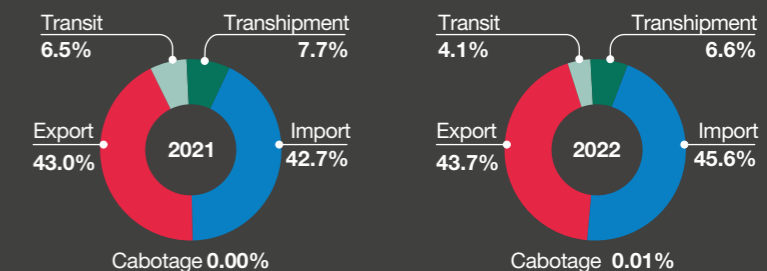
Container Handling (thousand TEU)



Conventional Cargo (thousand tons)



Container Regime Breakdown



MIP Port Development (2007-2022)

	2022	2007
Capacity	2,600,000 TEU	900,000 TEU
Container	9	6 Allocated, 3 Multi Purpose
Max Ship Size	18,000 TEU	5,000 TEU
Gantry Crane	12	5
Mobile Crane (MHC)	4	1
Container Stacking Site	38.5 ha	20 ha
- RTG	0	7
- E-RTG	38	0
- Full Container Handling Machine	17	10
- Empty Container Handling Machine	15	13
Number of Container Slots	13,460	7,000
Crane Efficiency (Movement/Hour)	27.8	18-20

With investments in docks, environmentally friendly equipment, self-powered substation and technology investments, MIP continues to grow its power.

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.

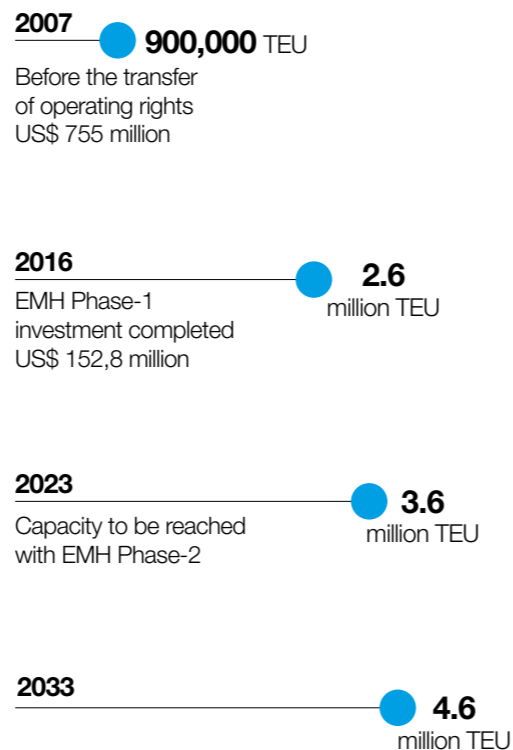
In addition to EMH investments, MIP's position in the Mediterranean basin has become even stronger with its 500-meter-long dock, state-of-the-art and environmentally friendly equipment, a 15,500-volt transformer center to meet the electricity it needs, and a 106 thousand m² backyard.

As a result of all these investments, MIP has become a port that handles 2.1 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 November 2019. S&P rated the USD 600 million bond issued in November 2019 with BB- and Fitch rated BB-. As of 31 December 2022, the price of the bond was USD 96.31 and its yield was 7.53%.

CAPACITY PROJECTION



EMH II Expansion Project

Gates Project

Significant Investments Made in 2022

Investments in equipment

In 2022, the mechanical overhaul of the two Liebherr quay cranes was completed. Electrical improvement studies on one of these quay cranes have also been completed, and work on the second crane will begin in February 2023.

Other equipment investments completed in 2022 are as follows:

- Various infrastructure renovations and new construction works in port and out-of-port areas
- Various IT infrastructure, equipment and license purchases
- 1 industrial excavator with tires
- Purchase of 1 Mobile Harbor Crane
- 4 Mini Loaders
- 7 ton forklift and its attachments
- Miscellaneous other small equipment
- Various occupational health and safety equipment
- Various safety equipment
- Various equipment

() The amount to be committed in 2022 may vary depending on the completion schedule of the ongoing approval processes for the new pier expansion project phase 2. The total amount of construction and equipment investment expenditures foreseen for this entire project is approximately 325 million USD. Within the scope of this project, an increase in employment is expected.*



Other Investments

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.

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

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 Türkiye'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 USD375 million, this investment will be a permanent value of Mersin.

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.

Featured Developments of 2022



- MIP, Türkiye's largest container port, maintained its position as a leading port with 2,021 million TEU container and 8.7 million tons of conventional cargo volume in 2022.



- The construction of the gates project, which will bring a solution to the traffic problem of Mersin caused by the port, has started.



- The investment budget amount in 2022 is USD 54,632,000.



- With the 3 new awards in 2022, the total number of awards received since 2007 has reached 23.

Awards



Atlas Logistics 'Port of the Year' Award

MIP crowned its success by winning the "Port of the Year" award given by Atlas Logistics for the 12th time in 2022, after 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021.



Port Operator With The Most Cargo Handled In A Year

MIP received the "Port Operator With The Most Cargo Handled In A Year" award in the category of "Port Facility Carrying the Most Cargo" at the Turkish Maritime Summit organized by the Ministry of Transport and Infrastructure. (July 1, 2022)



Zirvedekiler - Brand of the Year Award

Business and businessman of the year awards found their owners at the 6th Zirvedekiler Achievement Awards organized by the 'Zirvedekiler Magazine'. General Manager Johan Van Daele accepted the Brand of the Year Award on behalf of Mersin International Port Management.



87th in the World on Lloyd's List

MIP was ranked 87th in the list of "The World's 100 Largest Container Ports" published by Lloyd's List magazine in 2022.

COPPER MINING SECTOR



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 22 million tons (copper metal content) in 2022 with an increase of 2.2% compared to the previous year. Refined copper production in 2022 increased by 3.5% to 25.7 million tons, while consumption increased by 3.1% to 26 million tons.

ICSG announced that the deficit in the global copper market decreased from 455,000 tons to 376,000 tons in 2022, compared to the previous year. In 2022, the price of copper started the year with USD 9,660 per ton, dropped to USD 7,000 in July and rised to USD 8,300 per ton towards the end of the year.

The annual average copper price in the London Metal Exchange was realized as USD 8,813 for 2022. Acacia Mining on the other hand thanks to its stable production, hedged approximately 70% of its annual production and realized its average sales price at the level of USD 9,350.

Copper Mining In Türkiye

- The Russian Federation, which is one of the leading countries the mining sector imports from, ranked first with a share of USD 1.90 billion and a share of 24.88% in 2021 and imports from this country increased by 35.58% compared to the same period of 2020.
- The People's Republic of China, which is among the leading countries the mining sector exports to in 2021, ranked first in exports with a share of USD 1.61 billion and 29.02%, our exports to this country increased by 28.70% compared to 2020.
- Looking at Türkiye's foreign trade of minerals in 2021, it is seen that mineral exports

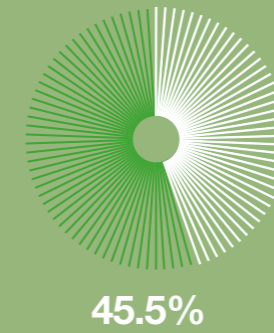
increased by 36.88% compared to 2020 and amounted to USD 5,568,025,511, while imports increased by 62.53% and amounted to USD 7,665,722,850. Accordingly, the ratio of exports to imports was 72.63%, and the foreign trade deficit in mining was USD 2,097,697,339.

• Prominent countries in mineral exports are China, USA, Spain, Bulgaria, Belgium, Italy, India, Sweden, France, Romania and Germany. Prominent countries in mineral imports are the Russian Federation, Colombia, Brazil, Australia, Sweden, Ukraine, USA, Republic of South Africa, Finland, India and China.

Source:
Bloomberg,LME
Copper



Acacia Mining



Shareholding Structure

Akfen Holding	45.5%
İlbak Madencilik	45.5%
Bacacı Uluslararası	9%

Subsidiary Structure

Gökırmak Maden İç ve Dış Ticaret A.Ş	100%
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Processed Copper Ore

1.7 million tons



Acacia Mining

Acacia Mining Operations Inc. (Acacia), in which Akfen Holding is in partnership with Ilbak 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.

\$350 million investment

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 350 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 393,000 tons of copper concentrate with 82,400 tons of copper metal content and exported all of it, providing our country with an export income of over USD600 million.

The Goal Increasing the Life of the Mine to 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.

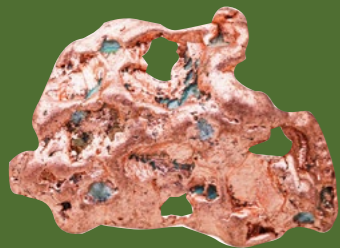
In addition to the mining license on which the company is currently producing, there are 5 more operating licenses for the same region. As part of its exploration activities, the Company's drilling and reserve determination activities continue, and its target is to increase the mine reserve and increase 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 1,100 people in total.

Acacia Mining	2022	2021	Change
Processed Copper Ore (tons)	1,718,096	1,908,534	-10,0%
Copper Concentrate Production (dry tons)	130,895	105,127	24,5%
Produced Copper Metal (tons)	26,566	21,632	22,8%

1.7 million tons of copper ore processed in 2022 is equivalent to the load that approximately 11,000 mine trucks can carry



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 140,000 meters of drilling has been carried out to date, and an economically producible copper reserve of 21 million tons containing an average 1,5% copper has been found.

A Mine Project Important for Türkiye

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 280,000 tons (USD 2.5 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.

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. By the end of 2022, the production capacity of the facility was increased by 8% and 130,000 tons of concentrate was produced. With the filter capacity increase to be completed in 2023, the annual copper concentrate production is targeted to exceed 150,000 tons.



The life of the mine is **11 years**



Copper ore **21 million tons**



Total Investment **\$350 million**



Export Revenue **\$1.9 billion**



Employment **1,100**

WASTEWATER AND SOLID WASTE SECTOR

Wastewater and Solid Waste Sector

According to State Hydraulic Works (DSİ) data, Türkiye's net water potential that can be consumed in 2021 was calculated as 112 billion m³ under current technical and economic conditions. In 2021, the total water use in our country was 58 billion m³ and 45 billion m³ of the total use was for irrigation purposes and 13 billion m³ was for drinking, utility and industrial purposes. According to the Falkenmark index, which is widely used to determine the water stress of countries, and the Water Poverty Index (WPI), which is calculated with more comprehensive components, Türkiye is among the "Countries Experiencing Water Stress" and "Countries Experiencing High Rates of Water Scarcity". Therefore, public and private sector investments required for the protection, development and management of water resources are of urgency and importance.

According to TÜİK data, environmental protection investments made in Türkiye in 2021 increased by 75% compared to the previous year and amounted to a total of 13.6 billion TRY.

Environmental protection expenditures, on the other hand, increased by 59% in 2021 compared to the previous year and reached a total of 66.3 billion TRY. While the ratio of environmental protection expenditures in gross domestic product was 0.8% in 2020, it became 0.9% in 2021. Of the environmental protection expenditures, 58% was for waste management services, 27% for wastewater management services, 4% for biodiversity and landscape protection, 4% for protection of outdoor air and climate, 3% for soil, ground and surface waters protection and quality improvement, and 4% for other environmental protection issues.

Treated Wastewater Usage Incentive

Since 2011 energy incentives provided to wastewater treatment plants by the Ministry of Environment, Urbanization and Climate Change supports the efficient operation of its facilities, increasing the quality of receiving environments and protecting water resources. In the current practice, up to 50% of the electricity bills paid for

the previous year by the wastewater treatment plants were reimbursed.

With the new regulation made by the Ministry of Environment, Urbanization and Climate Change in 2022, the energy incentive rate of the wastewater treatment plants that reuse the treated wastewater was increased. It is aimed to provide up to 100% reimbursement for the electricity expenses of the establishments that reuse the wastewater treated with advanced treatment techniques.

Considering population growth, urbanization and rapidly developing industrial activities, it is expected that household water use will be 18 billion m³ and total water consumption in industrial sectors will be 22 billion m³ in 2023.

If up to 100% energy incentives for the reuse of treated wastewater are successfully implemented, investments in advanced wastewater treatment technologies will become widespread in industrial and domestic wastewater treatment plants, and an important step will be taken for efficient use of water and protection of resources.

In line with the European Green Consensus, reducing the water consumed in industrial facilities in our country and expanding the use of treated wastewater whenever possible are among the priority objectives of the Ministry of Environment, Urbanization and Climate Change. In this context, it is expected that there will be an increase in the investments of the public and private sector in wastewater treatment plants with advanced treatment technologies.



Amount of Processed Waste Increased by 22%

In 2020, 78.3 million tons of 127.4 million tons of waste processed in waste disposal and recovery facilities were disposed of and 49.1 million tons were recovered. The total amount of processed waste increased by 22% compared to 2019.

A total of 104.8 million tons of waste, 30.9 million tons of which was hazardous, was generated in manufacturing industry workplaces, mining enterprises, thermal power plants, organized industrial zones (OIZ), health institutions and households. The total amount of waste increased by 10.5% compared to 2018.

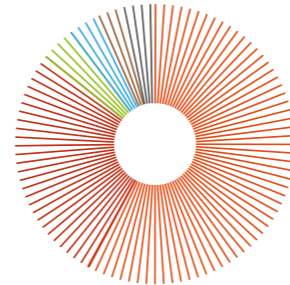
110 thousand tons of medical waste was collected from health institutions. Of the total medical waste, 37.3% was collected from health institutions located in three metropolitan cities, 23.7% in Istanbul, 7.8% in Ankara and 5.8% in İzmir. 90.6% of the collected medical waste was sterilized and sent to landfills, and 9.4% to incineration facilities.

Europe's Largest "Waste Incineration and Energy Generation Facility" Opened in Istanbul

In order to reduce the amount of waste sent to landfills, Türkiye's first and Europe's largest "Waste Incineration and Energy Generation Facility" was commissioned in Kemerburgaz in 2021 by the Istanbul Metropolitan Municipality (İBB-İSTAÇ). The Waste Incineration and Energy Generation Facility has the capacity to meet the household electricity needs of approximately 1 million 400 thousand Istanbul residents by producing 85 MWh of electricity with a daily waste incineration capacity of 3,000 tons.

Thermal waste disposal methods including incineration, pyrolysis and gasification techniques have been used for the disposal of solid wastes in developed countries for a long time. With modern emission standards and advanced technology applications, waste incineration facilities are important for reducing the volume of landfills, energy efficiency and the development of climate-resilient sustainable cities. In this context, investments in Waste Incineration and Energy Production facilities are expected to increase in the coming years.

Environmental Protection Expenses by Subject (2020)



Waste management	58.5%
Wastewater man.	27.0%
Protection of biodiversity and landscape	4.2%
protecting the outdoor air and climate	3.5%
Soil, groundwater and surface water protection and quality improvement	3.0%

Akfen Environment and Water



Shareholding Structure

Akfen Holding 100%

The Amount of Waste Serviced

4,515 tons

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 2022, 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 Türkiye. The project was transferred to Kocaeli Gebze Dilovası Organized Industrial Zone on 1 August 2019.

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 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 Hız 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 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. In 2022, a total of 527 tons of waste, 263 tons non-hazardous and 264 tons hazardous, was recycled and disposed of at İDO and Mersin International Port.

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



With the recycled parts of 4,515 tons of waste served, approximately 1,802,000 kWh of energy was recovered and 39,500 kg of greenhouse gas emissions were reduced

in Türkiye 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 3 city hospitals in 2022, Akfen Environment and Water gives Integrated Waste Management Services to Isparta City Hospital with a capacity of 855 beds which started accepting patients in March 2017, Eskişehir City Hospital with a bed capacity of 1,081 that started service in October 2018 and Tekirdağ City Hospital with a bed capacity of 605 that started service 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 245 tons/month of waste, with an average of 100 tons of medical waste and 345 tons of other waste per month in 2022, 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 3 city hospitals with a total bed capacity of 2,502 in 2022.

Being the first company to design and implement integrated waste management services in city hospitals, Akfen 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
- Project design and construction of facilities that require high technology and qualified engineering
- Design and construction of wastewater, clean water and sea water treatment systems
- Development of sustainable solid waste management systems
- Distribution of underground and surface drinking water, reserve improvements

Waste Management

- Solid Waste & Environment Management
- Mersin International Port Waste Management
- Isparta City Hospital Waste Management
- Eskişehir City Hospital Waste Management
- Tekirdağ City Hospital Waste Management
- Acacia Mining Facilities Industrial Wastewater Treatment Plant



Acacia Mining Wastewater Treatment and Recovery Facility 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. With the additional maintenance, repair and operation contract signed at the end of the construction works contract, the operation of the facility was carried out throughout 2022.

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.

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.

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



Anagold Mining Pilot Plant Establishment and Wastewater Treatability Project

After the meetings held with Anagold Madencilik in the first quarter of 2022, the analyzes of the wastewater originating from the mining process were completed. Following the signing of the contract in April, Akfen Environment and Water pilot wastewater treatment plant and mobile laboratory were commissioned at the Erzincan Kapakler mine site for 90 days. Jar tests were carried out for 90 days, ultrafiltration and nanofiltration membrane systems were operated and the

method of treatment of wastewater was examined. The results of the experiments and pilot plant studies were presented to Anagold Maden with daily reports and weekly meetings. During 90 days, 3 technical personnel provided uninterrupted service in the field. Data, analysis and recommendations were presented to the employer with two interim and one final report and the project was successfully completed.

Featured Developments of 2022

Construction and Operation of the First Copper Mine Wastewater Treatment and Recovery Plant in Türkiye

The Copper Mine Wastewater Treatment and Recovery Facility EPC project with a capacity of 9,600 m³/day was successfully completed and put into operation. The facility was successfully operated. With this project, which is the first in Türkiye, the wastewater originating from the mine is treated with advanced treatment systems and recovered, thus saving water.

City Hospitals Waste Management Services Market Tests

The Waste Management Services Market Test Prequalification tender of the City Hospitals in Yozgat, Mersin and Adana, which are operated with the PPP model, has been concluded, and Akfen Environment and Water has passed the pre-qualification stage in all 3 hospitals. In Yozgat and Adana City Hospitals, the market test will be carried out by open auction method after the tender invitation letters. Once the Ministry of Health publishes the tender specifications and method statement, the price offer stage will start. Invited

by the Ministry of Health for the Mersin City Hospital Waste Management Services tender, Akfen Environment and Water submitted the second best bid in the tender held by the open auction method, and the company that already provides this service to the hospital won the tender.

Anagold Mining Pilot Plant Establishment and Wastewater Treatability Study

Within the scope of the contract signed with Anagold Mining, the treatability of wastewater from the gold mine process in Erzincan Çöpler was investigated for 90 days. The data collected within the scope of the project were presented as reports and the project was terminated.

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. We continued to take an active role in TAYÇED studies in 2022.



REIT & TOURISM SECTOR

REIT & Tourism Sector

The tourism sector makes a significant contribution to the Turkish economy. The number of tourists, which was at a level of around 10 million in the 2000s, increased to a level of around 30 million in the 2010s, and passed the 50 million threshold with 51.9 million people visiting in 2019. Although the number of visitors fell to 15 million due to the pandemic in 2020, it increased to over 50 million again as the pandemic concern disappeared and touristic travel restarted. Of the 51.4 million visitors who entered the country in 2022, 44.6 million were foreign nationals, while 6.8 million were Turkish citizens living abroad.

Of the foreign tourists coming to Türkiye in 2022, 16 million (36%) came to Istanbul, 12.8 million (28.8%) to Antalya, and 3 million (6.7%) to Muğla.

A serious improvement was observed in occupancy rates after the pandemic. According to the data of the Tourism Hoteliers Association (TÜROB), the occupancy rate, which was 37.2% in 2020, increased to 54.7% in 2021 and 74.7% in 2022.

According to the data of the Turkish Statistical Institute (TÜİK), the total tourism revenues reached USD 46.3 billion (EUR 44.9 billion) in 2022. (2021: EUR 26.1 billion) Tourism expenditure per capita was announced as USD 901 in 2022. (2021: USD 1,028)

Average Daily Room Income (ADR) was calculated as 78.14 Euros, 91.8 Euros and

144.14 Euros between 2020-2022, respectively. Revenue per room (REVPAR) was announced as 29.21 Euros, 50.20 Euros and 102.26 Euros, respectively, over the last three years.

The occupancy rate of hotels in Istanbul increased to 74.7% in 2022 (2021: 54.7%). ADR increased to 136.98 euros in 2022 (2021: 91.8 euros).

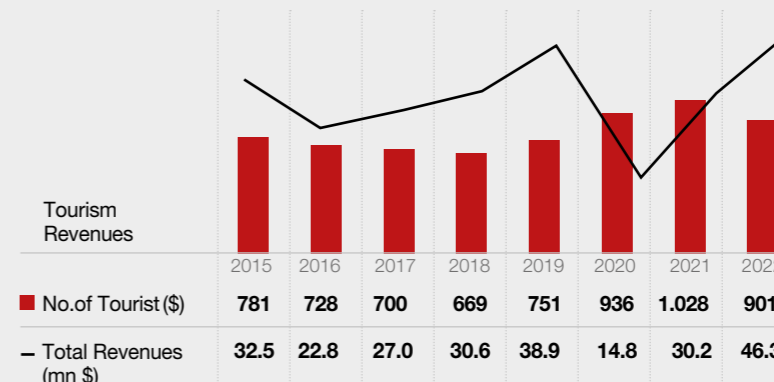
In RevPAR, revenue more than doubled to 102.26 euros (2021: 50.20 euros).

Exchange rates provide competitive advantage

In conclusion, there was a significant recovery in the tourism sector in 2021, and this momentum continued in 2022. The long-term visits of some of the Russian and Ukrainian people to Türkiye during the Russia-Ukraine war were also reflected in the tourism data.

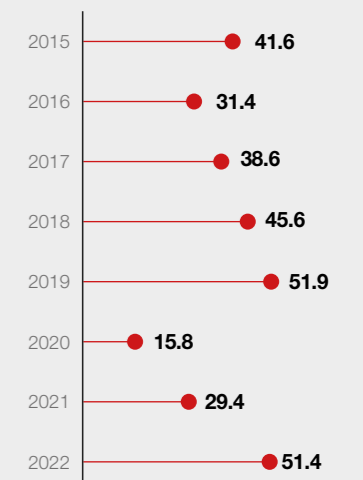
The depreciation of the Turkish lira provides an advantage against the competing countries in the region and also contributed to the increase in the number of accommodation and tourism revenues.

Tourism Revenues (million USD)

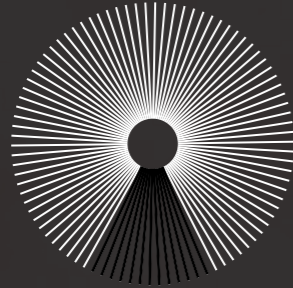


Source:
TurkStat

Number of Visitors (million people)



Akfen REIT



13.94%

Shareholding Structure

Akfen Holding	13.94%
Hamdi Akın	30.55%
Akfen International	10.96%
Other*	44.55%

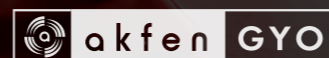
* Free Float Ratio

Subsidiary Structure (Direct and Indirect)

Akfen Gayrimenkul Tic. ve İnş.	100%
Akfen Karaköy Gayrimenkul Yat. ve İnş. A.Ş.	91.47%
Akfen İnş. Tur. ve Tic. A.Ş. ve Akfen GYO A.Ş. Adi Ortaklığı	100%
YaroslavlOtelInvest Ltd.	97.80%
Samstroykom Ltd.	97.80%
Volgastroykom Ltd.	96.17%
KaliningradInvest Ltd.	97.80%
Severnyi Avtovokzal Ltd.	100%
Fıratcan İnşaat Tic. ve Tur. A.Ş.	51.00%
Gökliman Yatırım İnşaat Turizm ve Jeotermal Tic. A.Ş.	100%

Total Real Estate Assets

€590.2 million



AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Akfen Real Estate Investment Trust

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. 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 Türkiye’s main hotel investors, primarily with its Accor expertise.

After the public offering process in 2011, Akfen REIT shares started to be traded on the Borsa Istanbul on May 11, 2011. Akfen REIT’s 2022 share closing price was 5.28 TRY (Closing market value: 6.85 billion TRY/367 million USD) with an actual free float of 44.55%. Akfen REIT is currently traded on Yıldız Market and started to be among the 1st group companies of BIST100 and CMB in 2022.

Capital increased to 1.3 billion TRY

On February 9, 2021, 101,580,136 Group B shares (traded on the stock exchange) with a nominal value of 101,580,136 TRY allocated to Hamdi Akın, of the issued capital of 243,066,196 TRY, by providing a fund of 450,000,002 TRY during the company acquisitions. has been issued and the Company’s share capital has been increased to 344,646.332 TRY. The process of increasing the Company’s issued capital from 344,646.332 TRY to 900.000.000 TRY by using the preferred rights of existing shareholders by TRY 555.353.668, all in cash, was completed as of August 20, 2021. With this; The process of increasing the Company’s paid-in capital from 900.000.000 TRY to 1.300.000.000 TRY by increasing 400.000.000 TRY to be covered by emission premiums was published in the trade registry gazette numbered 10467 on 7 December 2021. As of 31 December 2022, the Company’s capital consists of 1,300,000,000 shares, each with a nominal value of 1 TRY (31 December 2021: 1,300,000,000 shares of 1 TRY).

From Hotel Investments to Portfolio Diversity

Akfen REIT has developed Novotel and Ibis Otel branded hotel projects in Türkiye and Russia, and has long-term leased 19 hotels, 15 in Türkiye and 4 in Russia, to Accor Group, one of the world’s largest hotel operators. Akfen REIT’s portfolio also includes the Merit Park Hotel in

the Turkish Republic of Northern Cyprus and the 5-star holiday village Bodrum Loft in Bodrum. As of 31.12.2022, the total number of rooms in 21 hotels owned by Akfen REIT is 3,720. Apart from its hotel portfolio, Akfen REIT, which has an office building in Russia and 2 dormitory complex investments in Türkiye consisting of a total of 13 blocks, has 3 ongoing projects: commercial in Istanbul Söğütözü, villa in Bodrum Yalıkavak and touristic in Milas Kıyıkışlacık. Akfen REIT’s total portfolio value reached approximately 600 million Euros by the end of 2022.

Strategic Partnership with Accor

Akfen REIT, which became a strategic partner in 2005 with Accor, one of the world’s leading hotel chains, obtains regular and predictable rental income by signing long-term lease agreements for 19 hotels opened in Türkiye and Russia. In contracts with Accor regarding Akfen REIT’s hotels; Akfen REIT has a minimum guarantee requirement for its rental income. Rent earned; It is determined as the higher of a certain ratio of turnover or adjusted hotel gross profit. This sharing; On the one hand, the minimum income guarantee and on the other hand, it has the potential to share the income increase that will be achieved with the performance of the hotels. Akfen REIT’s 5-star hotel in Cyprus is operated by Merit Kıbrıs Turizm Ltd. under Net Holding, Bodrum Loft holiday village is operated by Akfen Turizm, and dormitory complexes are operated by the Credit and Hostels Institution.

Financial strengthening

With the vision of reducing indebtedness and further strengthening its financial structure, which Akfen REIT started in 2021, hotel rental incomes increased by 63% to 28.9 million Euros (2021: 17.7 million Euros) in 2022, thus reducing loan debts with the positive cash flow provided. continued. In addition, with the new project investments made, the value of the real estate in its portfolio has increased to approximately 600 million Euros by the end of 2022. In addition, it has minimized financial risks by restructuring all its financial debts in 2021 with a maturity of 10 years, IRS transactions in 2021 and forward transactions of 13 million Euros. As of 31 December 2022, the number of employees of Akfen REIT and its subsidiaries is 37 (Dec.31,2021: 20).



Featured Developments of 2022

Registered Equity Ceiling Increased

The registered equity ceiling of the Company, which was 1 billion TRY increased to 6.5 billion TRY after being approved at our Extraordinary General Assembly dated 27 January 2022.

Activities in Russia Continue

Accor Group, the operator of four hotels in Russia, suspended its growth and new hotel opening operations in Russia. Despite this, Accor continued its existing Akfen REIT owned hotel operations. Also, corporate tenants in the Samara Office building continued their activities.

Credit Rating Improved

Akfen REIT's long-term national corporate credit rating, which was announced as BBB (good credit quality) last year by JCR Eurasia Rating Inc., was upgraded to A- (high credit quality) for 2022 and improved to investment grade.

Free Float Ratio Increased

The company's largest shareholder, Hamdi Akin, has sold a total of 133,707,223 shares in Akfen REIT, corresponding to 10.29% of the Company's shares, and increased the Company's free float rate to 24.5%.

Agreement for the Yalıkavak Project

A land of 22,197 m² in Muğla, Bodrum Yalıkavak was purchased in cash for 365,000,000 TRY with all licenses and permits ready. On the purchased land, it was decided to work with Akfen Construction Tourism and Trade Inc. as the contractor with a cost + profit construction contract based on a 12% contracting profit, and with the sales of the villas to be built, it is anticipated that new income opportunities will be created in addition to

Akfen REIT's current revenues.

Real Estate Valuation Has Been Made

When the real estates in the portfolio of the Company and its subsidiaries were evaluated, the total value of the real estates in the portfolio increased by 14% on a Euro basis and by 36% on a TRY basis to EUR 488.1 million (31.12.2021 EUR 428.5 million).

Akfen REIT in BIST 100

As of 01 July 2022, Akfen REIT started to be traded on the BIST-100 with the share code AKFGY.

Buyback Program Canceled

Akfen REIT canceled the share repurchase program with the approval of the Extraordinary General Assembly.

Share Sale From Akfen Holding and Akfen International

From among Akfen REIT shares traded on Star Market, shareholder Akfen Holding sold 129.990.000 TRY and shareholder Akfen International Holding B.V. sold 129.990.000 TRY, a total of 259,980,000 TRY in nominal value representing 20% of company capital, at a price of 3.70 TRY per share with a nominal value of 1 TRY, and approximately 926 million TRY share sale was realized.

Agreement for the Kıyıkışlacık Project

Akfen REIT purchased the entire Gökliman Investment Construction Tourism and Geothermal Trade Inc. company, which owns an 83,625 m² land in Milas Kıyıkışlacık, from Akfen Real Estate Portfolio Man. Inc. for 477 million TRY with a 40% discount.

Assets Added to Portfolio in 2022

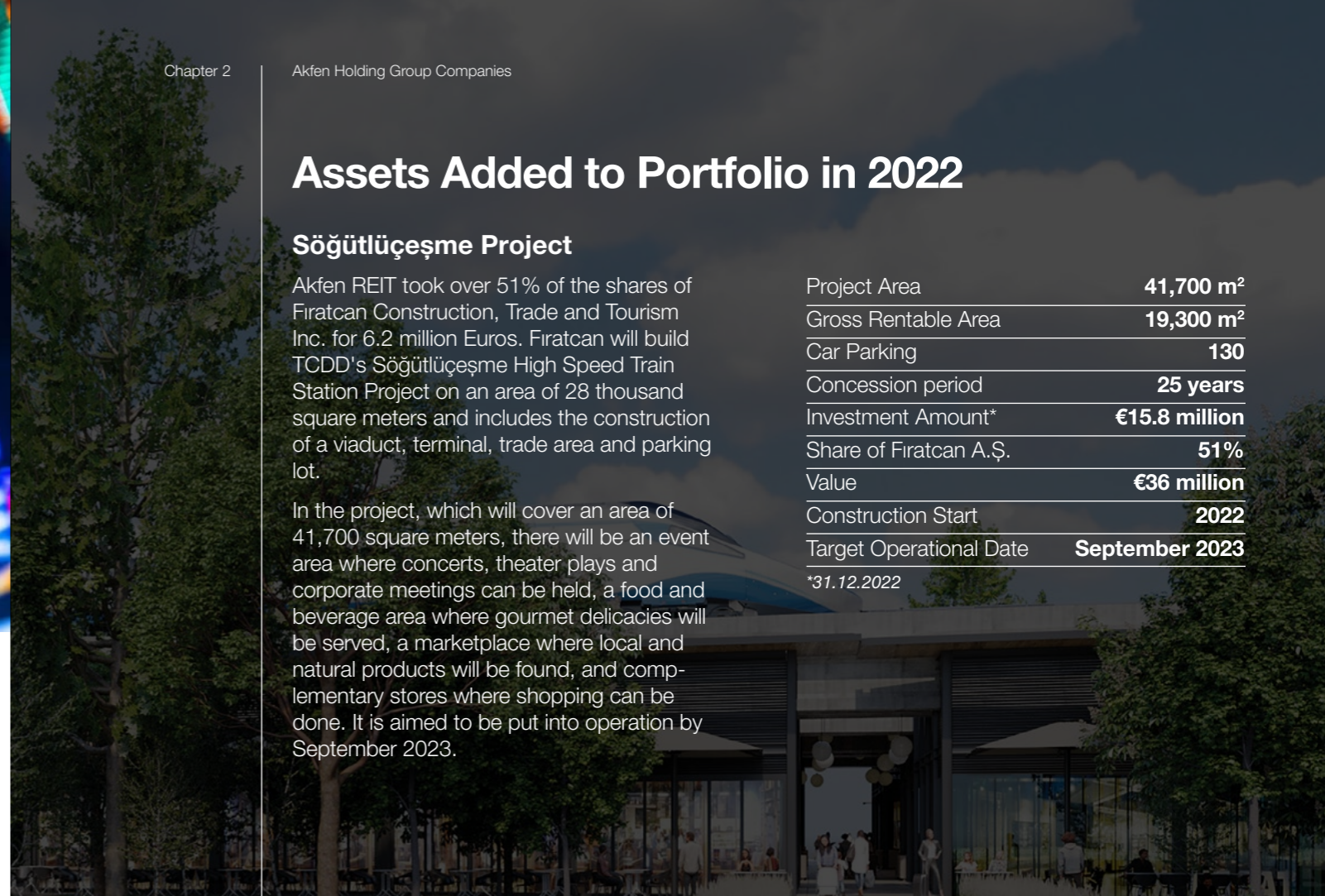
Söğütlüçeşme Project

Akfen REIT took over 51% of the shares of Firatcan Construction, Trade and Tourism Inc. for 6.2 million Euros. Firatcan will build TCDD's Söğütlüçeşme High Speed Train Station Project on an area of 28 thousand square meters and includes the construction of a viaduct, terminal, trade area and parking lot.

In the project, which will cover an area of 41,700 square meters, there will be an event area where concerts, theater plays and corporate meetings can be held, a food and beverage area where gourmet delicacies will be served, a marketplace where local and natural products will be found, and complementary stores where shopping can be done. It is aimed to be put into operation by September 2023.

Project Area	41,700 m ²
Gross Rentable Area	19,300 m ²
Car Parking	130
Concession period	25 years
Investment Amount*	€15.8 million
Share of Firatcan A.Ş.	51%
Value	€36 million
Construction Start	2022
Target Operational Date	September 2023

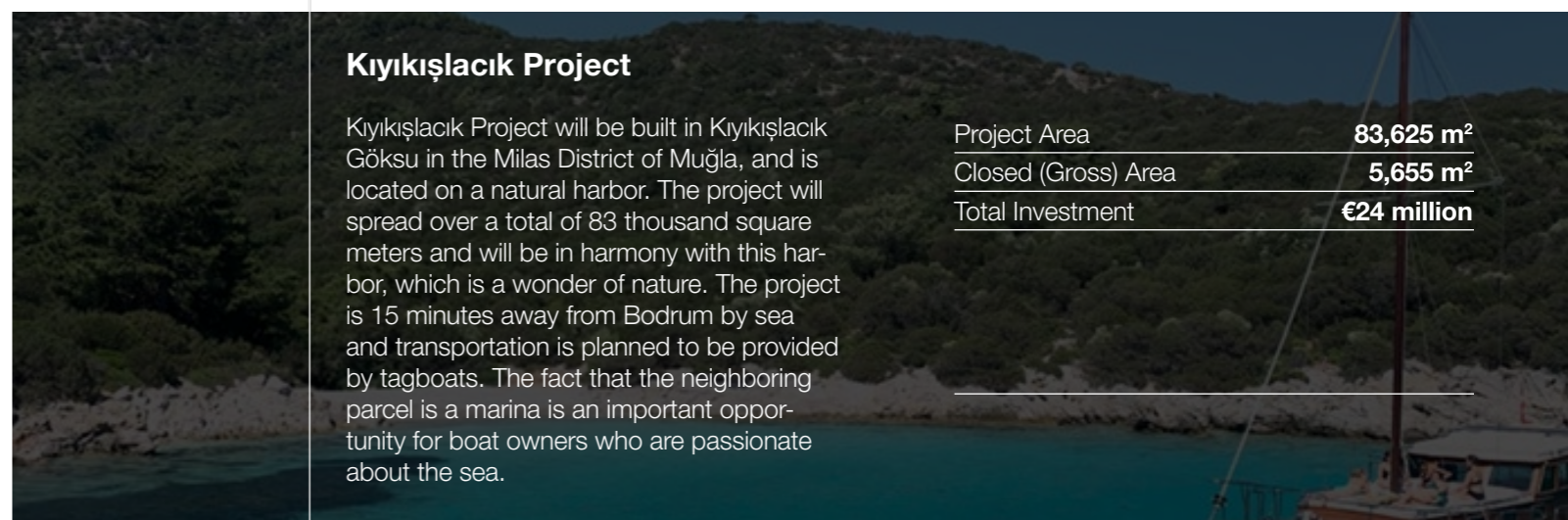
*31.12.2022



Kıyıkışlacık Project

Kıyıkışlacık Project will be built in Kıyıkışlacık Göksu in the Milas District of Muğla, and is located on a natural harbor. The project will spread over a total of 83 thousand square meters and will be in harmony with this harbor, which is a wonder of nature. The project is 15 minutes away from Bodrum by sea and transportation is planned to be provided by tagboats. The fact that the neighboring parcel is a marina is an important opportunity for boat owners who are passionate about the sea.

Project Area	83,625 m ²
Closed (Gross) Area	5,655 m ²
Total Investment	€24 million



Yalıkavak Project

On 15 September 2022, Akfen REIT has purchased 22,197 square meters of land in Yalıkavak Bodrum, for which all licenses and permits are ready and it is planned to develop and construct a villa project on this land and sell the completed villas.

Construction	Akfen Construction
Construction Start Date	December 2022
No. of Villas	29 units
Project Area	22,197 m ²
Closed (Gross) Area	5,655 m ²
Terrace Area	729 m ²
Total Investment	€20 million



MARITIME TRANSPORTATION SECTOR

Maritime Transportation

Maritime transport has great potential in terms of freight and passenger transport in Türkiye, 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 TDİ 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.

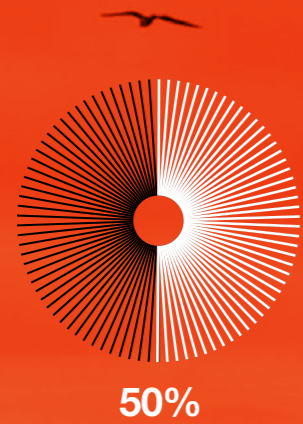
Türkiye cabotage lines increased by 30% compared to 2021 to 126 million, while the number of vehicles decreased by 13.2% to 11 million. On the other hand, looking at the averages of the last 10 years it can be seen that there was a 0.2% growth in the vehicles transported on the cabotage lines and a 2.3% decrease in the transported passengers.

Almost all of the passengers and vehicles transported on cabotage lines in 2022 used the Marmara and Aegean seelines. 87.6% of the passengers carried on the seas were carried within the Marmara Sea, and 12.4% on the lines in the İzmir Region.

87.8% of the vehicles were transported within the Marmara Sea and 12.0% on the lines in the İzmir Region. 74.3% of the shipments in the Sea of Marmara were carried out in the Marmara basin, and 25.7% in the Çanakkale Region.



İstanbul Sea Buses (İDO)



Shareholding Structure

Marmara Sea Bus* 100%

* On 8 July 2021, Akfen Holding and Tepe Construction transferred their shares in İDO to Marmara Sea Bus Investment and Management Inc., which has the same shareholding structure with İDO, and Marmara Sea Bus became 100% owner of İDO. Akfen Holding owns 50% of Marmara Sea Bus.

Subsidiary Structure

Zeytinburnu Liman İşl. San. ve Tic. A.Ş. 20%

Number of Passengers

27 million people



İstanbul Sea Buses (İDO)

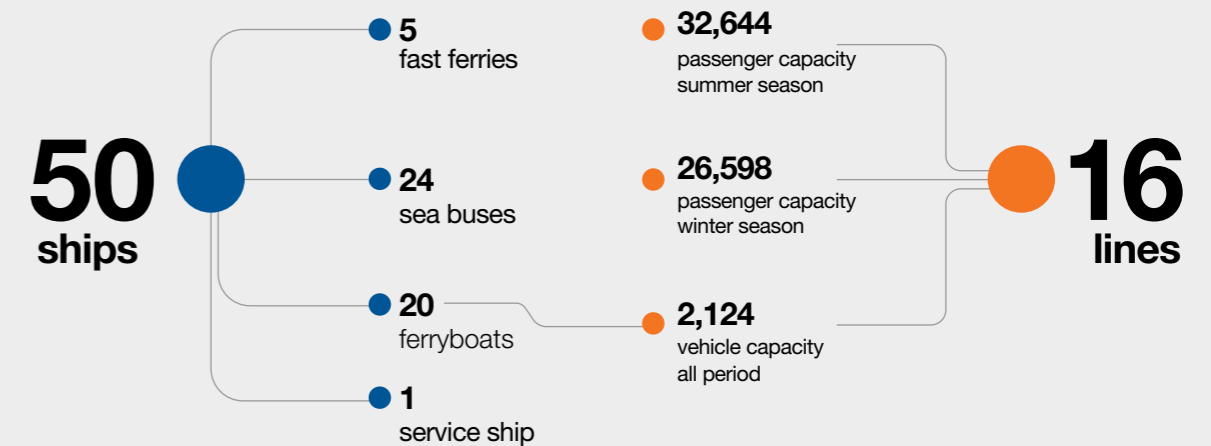
İDO, one of the largest maritime transport companies in the world with its large fleet, and high vehicle and passenger carrying capacity, has adopted the mission of economy, comfort, speed and travel safety on 16 lines where it serves with 50 ships.

Contribution to the environment and economy

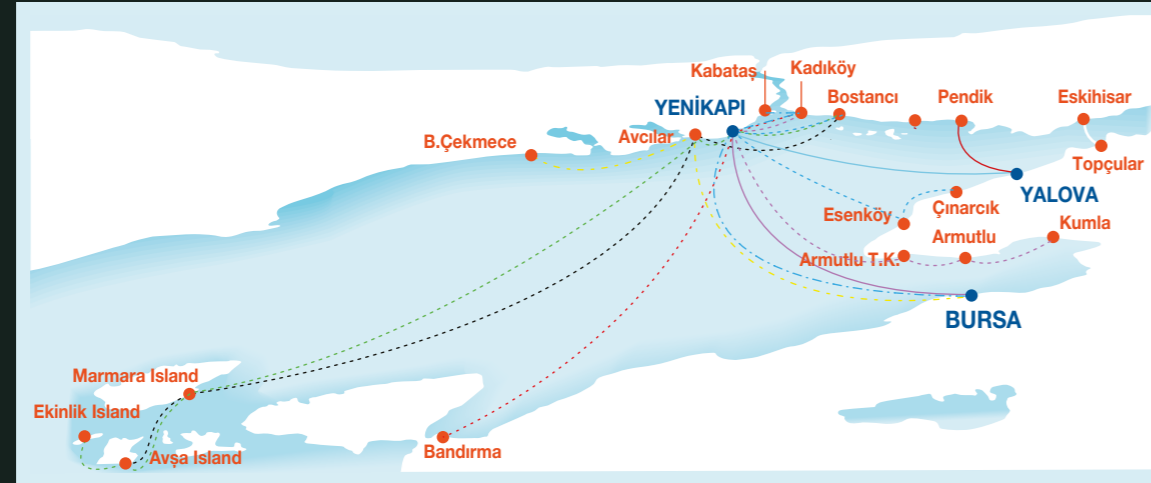
In 2011, Akfen Holding, Tepe, Souter, Sera Joint Venture, with a block sale method, for a value of USD 861 million, won the tender for the privatization of 100% of the shares of İDO, which was established by İstanbul Metropolitan Municipality in 1987. In 2020, the shareholding structure of İDO was changed 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. İDO with 50 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 2022, İDO provides service with its modern fleet of 50 sea vehicles (24 sea buses, 20 ferryboats, 5 fast ferries, 1 service ship). It operates on 16 lines on the Marmara Sea with a capacity of 32,644 passengers in the summer season, 26,598 passengers in the winter season, and 2,124 vehicles for both periods.

As of 31 December 2022, the number of employees of İDO is 803. The last collective bargaining agreement with the Turkish Seafarers' Union continues. In 2022, a total of 1,561,821 liters of fuel were saved. Thus, carbon dioxide emissions were reduced by 4,123 tons.



INTERCITY LINES



INNER CITY LINES



Inner City Line

- Harem-Sirkeci

Fast Ferry Lines

- Yenikapi-Bursa
- Yenikapi-Bandırma
- Yenikapi-Yalova
- Pendik-Yalova

Conventional Ferries

- Eskişehir-Topçular

Fast Ferry Intercity Lines

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

Number of Passengers and Vehicles

	2022	2021	Change
Total No. of Passengers	27,011,921	27,814,269	-2.9%
Fast Ferry	5,094,407	4,744,557	7.4%
Sea Buses	1,938,101	1,452,204	33.5%
Conventional Ferry*	19,979,413	21,617,508	-7.6%
Total No. of Vehicle	5,289,447	5,870,967	-9.9%
Fast Ferry**	1,085,925	1,154,576	-5.9%
Conventional Ferry	4,203,522	4,716,391	-10.9%

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

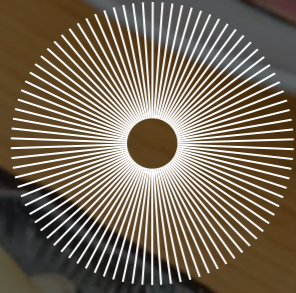
Vehicle Class	Number of In-Car Passengers	Vehicle Class	Number of In-Car Passengers
Automobile	3	Truck / 2 Axle Bus	26
Minivan	3	Axle Bus / 3 Axle TIR	26
SUV/Pick-up, Minibus	6	4 Axle and over TIR	2
Midibus (2+1)	9	Motorcycle	1

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

OTHER SUBSIDIARIES

Akfen Tourism



Shareholding Structure

Akfen Holding	100.00%
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Subsidiary Structure

Akfen Hastane	100.00%
Akfen Holding	0.24%

Established in 1997, Akfen Tourism Investment and Management Inc. coordinates the Group's potential tourism investments.

The company operates the Bodrum Loft holiday village and various facilities in the Ankara Bulvar Loft commercial area. The facilities currently operated in Bulvar Loft commercial area are Big Chefs and Timboo. In İncek Loft, Ters Köşe fish restaurant is operated.

Akfen Tourism also operates the canteens of Isparta, Eskişehir and Tekirdağ City Hospitals in Akfen Construction's PPP hospital portfolio.

Akfen Tourism also provides catering services in Ankara.

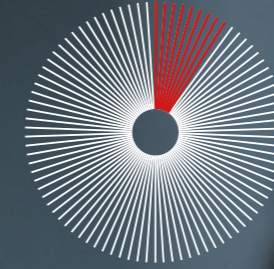
Developments in 2022

- The merger report dated August 5, 2022 has been obtained, pursuant to the decision dated July 15, 2022, taken by the party companies for the merger of Akinisi and Akfen Turizm under the umbrella of Akfen Turizm. The merger of Akinisi and Akfen Turizm was registered on 22 August 2022 and the related newspaper was published on 24 August 2022. In this context, the 0.24% share that belongs to Akinisi in Akfen Holding has also belonged to Akfen Tourism.

- On March 14, 2022, the title of Akfen Wind Energy and Trade Inc. was changed to Akfen Hospital Services and Management A.Ş. as modified. Akfen Hospital's shares in Akfen Holding were transferred to Akfen Turizm on 22 June 2022, and as of this date, Akfen Turizm has become the sole shareholder of Akfen Hospital, and Akfen Hospital has become an indirect subsidiary of Akfen Holding.

akfen
turizm

Travelex



Shareholding Structure

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

Established in 1976, Travelex is the world's leading specialist organization in foreign exchange and related services. Travelex, which operates in 20 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 Türkiye

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



No. of Countries
Operating

20

No. of Offices
in Türkiye

12

Location

1,100

ATM

900

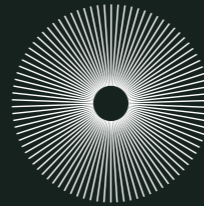
Travelex worldwide money

Other Subsidiaries/ Affiliates

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.

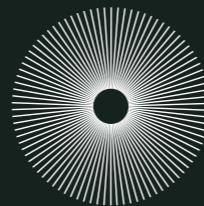
Shareholding Structure



Akfen Holding 100%

AKFEN MERTER REAL ESTATE TOURISM AND CONSTRUCTION INC.

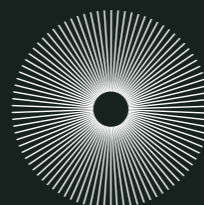
The company leased the property, which is located in Zeytinburnu district, Merkezefendi district, Çörekçi Nalbant Çukurları Street, on block 3284, parcel 47, which is owned by the General Directorate of Foundations of Istanbul, for a period of 30 years, according to the BOT model, with a "construction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



Akfen H. 44.60%
Akfen Cons. 46.92%
Keskin H. 8.47%
Other 0.01%

AKFEN CONSULTING AND PROJECT DEV. INC.

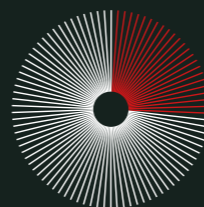
Founded in 2016, the company is responsible for the sales of real estate projects such as İncek Loft and Bulvar Loft.



Akfen Holding 100%

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.



Akfen Holding 26%
Tepe Cons. 30%
Other 44%

* Akfen Holding's other subsidiaries; Adana İpekyol, BİZ Madencilik, Akfen Enerji Gaz, Akfen Güneş Enerji, Ayrı Gayrimenkul, Zeki İnşaat, Temmuz Yatırım İnşaat and Ağustos Yatırım İnşaat.

CHAPTER 3

CORPORATE GOVERNANCE

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 Türkiye 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.
- We take the road less travelled.
- Our investments are both material and spiritual.
- 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

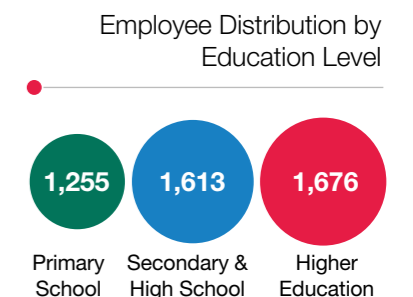
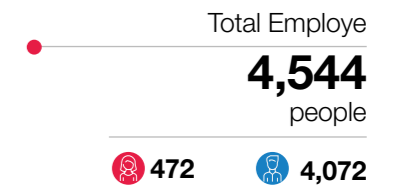
- To gather development focused, value adding, participatory, dynamic and competent manpower under the roof of Akfen Infrastructure Holding.
- To prioritize our understanding of quality and ethical values in all business processes and management.
- To complete the work under our commitment in a timely 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 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 (31.12.2022)

Companies	Total Employee	Female Employee	Male Employee
Akfen Holding	60	29	34
Akfen Construction	48	15	30
Akfen Tourism	186	78	108
Akfen Cons.&Project Dev.	14	5	9
Akfen Real Estate Portfolio Management	5	1	4
Travelex	54	25	29
Akfen REIT	37	10	27
Akfen Renewable Energy	233	18	215
MIP	2,069	120	1,949
IDO	803	42	761
Akfen Water	6	2	4
Acacia Mining	250	35	215
TAV Investment	779	92	687
Total	4,544	472	4,072

Employee Distribution by Education Level (31.12.2022)

Companies	Higher Secondary Education*	Secondary & High S.	Primary School
Akfen Holding	40	17	3
Akfen Construction	36	10	2
Akfen Tourism	59	101	26
Akfen Cons.&Project Dev.	6	7	1
Akfen Real Estate Portfolio Management	5	0	0
Travelex	42	12	0
Akfen REIT	24	5	8
Akfen Renewable Energy	107	106	20
MIP	517	736	816
IDO	400	369	34
Akfen Water	6	0	0
Acacia Mining	123	94	33
TAV Investment	311	156	312
Total	1,676	1,613	1,255

* Associate Degree, Bachelor D., Master D., Ph.D



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

Hamdi Akın was born in 1954. He graduated from Gazi University, Department of Mechanical Engineering. In 1976, he founded Akfen Holding, whose main activity area is to invest in, manage and coordinate partnerships and subsidiaries active in infrastructure and superstructure construction, port management, marine transportation, water distribution and waste water services, energy and real estate sectors. In addition to serving as the Chairman of the Board of Directors at Akfen Holding, he is also the Chairman of Board at MIP (Mersin International Port), Akfen Renewable Energy (Akfen Yenilenebilir Enerji A.Ş.), İstanbul Fast Ferries (İDO) and Akfen REIT (Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.). In 1997, he founded the TAV brand to build and operate Türkiye's first high capacity airport in the aviation sector, one of the hardest sectors of the world, and he managed the company as Chairman of Board until 2017.

In addition to his private entrepreneurship, Mr. Akın realized projects in infrastructure, energy and investment in scope of privatization efforts. He also carried his dynamism and hard work in business to volunteer efforts and non-governmental organizations as a Manager and founder of many societies, foundations, chambers of commerce. He has served as Vice President of Fenerbahçe Sports Club (2000-2002), MESS-Metal Industrialists' Union President of Ankara Regional Representatives Council (1992-2004), President of TÜGİAD-Turkish Young Businessmen's Association(1998-2000), Board Member of TİSK-Turkish Confederation of Employers' Associations (1995-2001), Board Member of TÜSİAD-Turkish Industrialists' and Businessmen's Association President of Information Society and New Technologies Commission (2008-2009) and Board Member of Clean Seas Association/TURMEPA (2011-2018).

Hamdi Akın is a founder of the Contemporary Türkiye Studies Chair at the London School of Economics. He is also the Founding Member and Honorary President of the Türkiye Human Resources Foundation (TİKAV), founded in 1999 to provide Türkiye 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

Vice Chairman of the Board of Directors / CEO

Selim Akin, graduated from Surrey University, Business Administration Department in the United Kingdom, and after coming back to Türkiye 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 TÜSIAD, Turkish Tourism Investors Association (TTYD) and Turkish Contractors Association (TMB) Supervisory Board. Also he is Vice Chairman of Young Businessmen Association of Türkiye (TÜGIAD) and he has also been serving as DEİK representative since 2018.



Pelin AKIN ÖZALP

Board of Directors Member

After graduating from Surrey University, UK, in 2010, Pelin Akin Özalp started her career in the Deutsche Bank. Following her return to Türkiye, 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 TIKAV (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 Türkiye) as a Board Member in Spanish, British and US Business Councils. She is also a Board Member of Turkish Tourism Investors Association (TTYD), Türkiye 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 Türkiye 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 (IDO) and Travelex.



İrfan ERCİYAS

Executive Director

İrfan Erciyas, graduated from Economics and Finance Department of Gazi University in 1977, has started to work in Türkiye Vakıflar Bankası. After having worked as inspector and Branch manager in Türkiye Vakıflar Bankası, he continued to work as Vice General Manager between 1996 and 2002 and as General Manager between 2002-2003.

Erciyas who joined Akfen Holding in 2003 as Vice Chairman of the Board of Administrators, had worked especially on privatization of Vehicle Inspection Stations, Mersin International Port and IDO and also during the foundation and investment processes of Akfen REIT and Akfen Enerji, for the public offering of Akfen Holding and Akfen REIT and on the subjects of the share sales of the shareholdings and long term financing. İrfan Erciyas is working in Akfen Holding, as Executive Board Member since March 2010 and he is also Chairman of the Board of Administrators, Vice Chairman and Member of Board of Administrators of several subsidiaries and affiliates of Akfen Holding.



Sıla CILIZ İNANÇ

Board of Directors Member

Sıla Ciliz 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 Türkiye, 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.

Management of Subsidiaries & Affiliates



akfen
inşaat

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.



akfen YENİLENERGİ ENERJİ

Mustafa Kemal Güngör / General Manager, Akfen Renewable Energy

Graduated from the Department of Electrical and Electronics Engineering at Middle East Technical University in 1998, Mustafa Kemal Güngör took his master's degree on Power Systems at the same university and the same department in 2003. Graduating from the Executive MBA program at Bilkent University in 2020, Güngör's entire career since 1998 was in the energy sector. Güngör's career started in the field of energy transmission as he was employed in the construction projects on high voltage energy transmission lines and transformer substations. Later during his business life, he worked on renewable energy generation power plant projects and took part in Türkiye's first private sector wind power plant and first licensed solar power plant projects.

He was a part of the team who initiated the investments on hydroelectric power plants at Akfen Renewable Energy, the firm he joined in July 2007. As the company grows, he further engaged in development of solar and wind power projects, company takeovers, technical due-diligence process prior to entering into the EBRD-IFC partnership and power trade efforts. Güngör acts as the General Manager and Member of the Board at the SPVs affiliated with the company, as well as holds the position of General Manager at Akfen Renewable Energy.



MIP
MERSİN INTERNATIONAL PORT
MEMBER OF AKFEN

Ajay Kumar Singh / General Manager, MIP

MIP Managing Director Ajay Kumar Singh has more than 25 years of experience in Business Development, Marketing and Project Management in port and logistics industry. He has gained extensive intercultural experience working in countries such as Africa, England, Gulf, India and North America.

A highly successful manager with a successful track record of improving business results through productivity gains and eliminating waste, Singh studied Business Management in International Trade. He also holds a master's degree in Shipping and Export Management.



Acacia

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 Türkiye 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 Türkiye.

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 Türkiye. 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.



akfen GYO

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 Water and Environment

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.

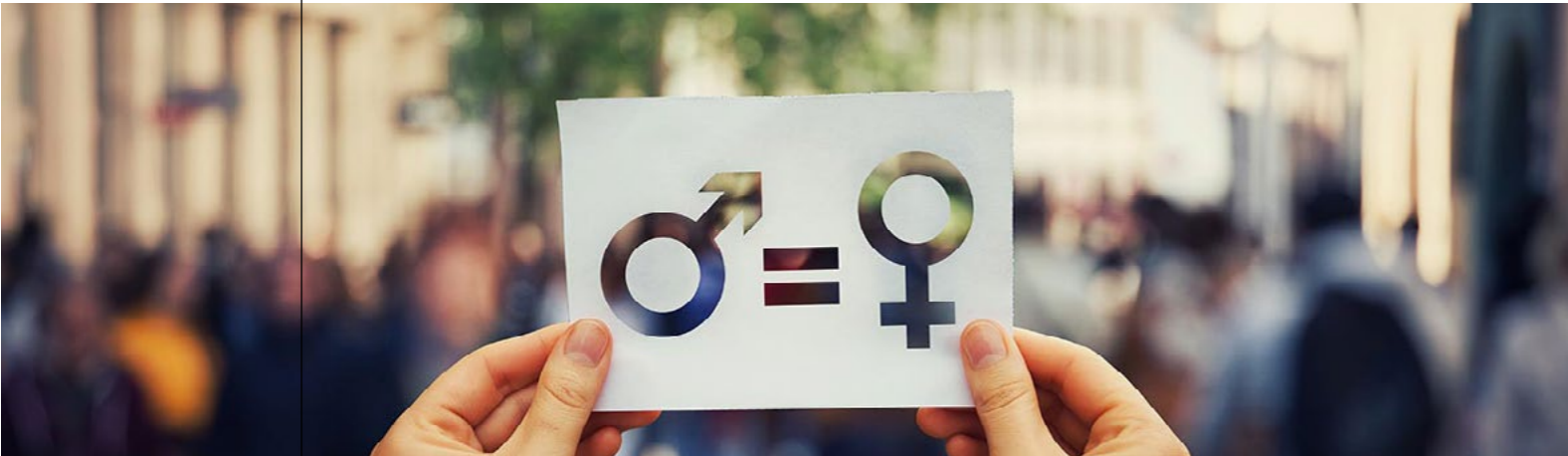
Corporate Social Responsibility

Akfen Holding, which has implemented numerous projects in different fields in Türkiye 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 Türkiye to sign the United Nations' Global Compact and Women's Empowerment Principles (WEPs), Akfen also supports HeForShe, a global solidarity movement for gender equality. In this section, the Corporate Social Responsibility Projects of Akfen Holding in 2022 and the projects of the Human Resources Education and Health Foundation of Türkiye (TİKAV), which was established in Ankara on 15 January 1999 by the Akın 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 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.

Focus Areas

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 Türkiye 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 Türkiye'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.



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.

Akfen Holding will publish a separate report for sustainability studies as of 2022.

Some of Akfen Holding's activities to date are;

General

Akfen Renewable Energy

- Akfen Renewable Energy has been preparing the Environmental and Social Performance - Annual Monitoring Report, also known as ESAP-AMR, on an annual basis for 7 years.

Acacia Mining

- 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.



Akfen Holding

Corporate Governance

- Akfen Holding is managed in accordance with corporate governance principles. Examples of this are the practices 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.
- With Akfen Renewable Energy, the foundations of which were laid in 2007, Akfen Holding launched a renewable energy platform that consists entirely of domestic and renewable resources and invests in sustainable energy. Increasing its investments over the years, Akfen Renewable Energy has become Türkiye's first and largest renewable energy platform.

Akfen Renewable Enerji

- Akfen Renewable Energy, which has international partners such as EBRD and IFC, and Akfen GYO are managed in accordance with corporate governance principles since 2011 is a publicly traded company.
- Akfen Renewable Energy received 'Türkiye's largest green energy loan' in 2019 with the giant partnership where 6 domestic and foreign banks joined forces.

MIP

- Mersin International Port (MIP); With its geographical location, capacity and wide hinterland, it is positioned as one of the most important ports not only in Türkiye 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 Renewable Energy

Environmental

- Akfen Renewable Energy's power plants have VCS, GS and GCC certificates. These certificates, which are of great importance on a global scale in the process of transition to a low-carbon economy, have been granted to Power Plants by international organizations (Verra, Gold Standard) with the approval of independent auditors. Through these certificates, Akfen Renewable offsets carbon emissions by selling carbon emission reduction credits to carbon emitting organizations/companies. From HEPP projects, 5,550 tons of verified carbon units were sold in 2011, 1,679 tons in 2013, 62,467 tons in 2019, 387,302 tons in 2020, 58,070 in 2021 and 94,912 tons in 2022.

Akfen Construction

- In our latest projects with Akfen Construction, Isparta, Eskişehir and Tekirdağ City Hospitals and Bodrum Loft holiday village, we emphasized the concept of sustainability in many areas from construction materials to the service phase. For example, in Tekirdağ City Hospital, we have achieved 23.7 million kWh and approximately 32 million TL energy efficiency in the last year thanks to the trigeneration system.
- In the Bodrum Loft project, all 32,400 m³ of wastewater was reused in 2022 alone.

Akfen Water

- Akfen Environment and Water, in accordance with its founding principle, has recycled 27 million m³ of wastewater to date by purifying wastewater into clean water and making it ready for reuse. On the other hand, within the scope of solid waste management services, 37,300 tons of waste suitable for recycling have been separated at source and brought into the economy.
- It was established with the aim of recovering the huge economic losses incurred in Türkiye's existing water and infrastructure sector and ensuring that the public receives continuous, reliable and healthy water and infrastructure services.
- Combining its expertise in the water and wastewater sectors with Solid Waste Management services, the Company offers Solid Waste Management systems development and management services in line with the needs of its customers.
- In 2022, the Company collected 510 tons of waste suitable for recycling at its source and brought it back into the economy. Expanding its service area, the company continues its activities with the goal of recycling 600 tons of recyclable waste in 2023.

Acacia Mining

- While continuously updating its infrastructure with the aim of utilizing the natural resources of our country in the most correct way, Acacia Mining Operations has developed its reserves in accordance with the JORC standard with its environmentally compatible and sustainable mining approach. In the open pit copper mine site owned by Acacia Mining, the water used in the ore preparation facilities is supplied entirely in closed cycle, saving approximately 1.5 million m³ of water per year. With the establishment of the solar power plant, which is in the project phase, we anticipate that we will reduce carbon dioxide emissions by approximately 28 thousand tons per year by providing all the needs of the facility from environmentally friendly renewable energy sources.

MIP

- MIP continues to improve itself in terms of sustainability. While MIP's emissions per TEU was 0.018 tCO₂ in 2021, this value was reduced to 0.01752 tCO₂ in 2022.

İDO

- İstanbul Sea Buses, which was established to contribute to İstanbul's maritime transportation and traffic problem solution, provides transportation for an average of 27 million passengers and 6 million vehicles every year. The company continues to invest in increasing clean and environmentally friendly transportation opportunities.

TAV Construction

To give an example of our previous investments

- TAV Construction's İzmir Adnan Menderes Airport Domestic Flights Terminal project was cited as an example in the report published by the US Green Building Council (USGBC), 2017

IBS

- IBS holds WWF Green Office certification.

Akfen Holding and Akfen Construction

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 Türkiye 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 Türkiye 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 1,574 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

- 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.



Akfen Meet-up

All Akfen employees came together in an event to celebrate the 46th anniversary of Akfen Holding's foundation and the achievements of 2022. The event, which was held online in 2020 and 2021 due to the pandemic, was held in Ankara on 8 December 2022. The event started with the speech of Deputy Chairman and CEO Selim Akın and continued with the speech of Board Member Pelin Akın Özalp.

The event, which aimed to collect the whole Akfen family under one roof, also celebrated the end of the period when it was less possible to come together due to the pandemic and the survey conducted after the event showed a high satisfaction rate.

Digitization Efforts

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: The Strategy magazine, which has been published quarterly with the support of Akfen Holding since 2013, presents global and local news about the business and technology world independently of Akfen Holding. The magazine, which was published in print between 2013 and 2020, has gone online since 2021 and continued to be published online in 2022.

Strategy magazine, prepared in English and Turkish with the slogan "Read tomorrow, today", can be downloaded free of charge from the link <http://www.akfen.com.tr/strategy-dergisi> on Akfen Holding's corporate website akfen.com.tr and Turkcell's magazine application. As of the 23rd issue in the October-December period, free news voice-overs have also started on various podcast areas.



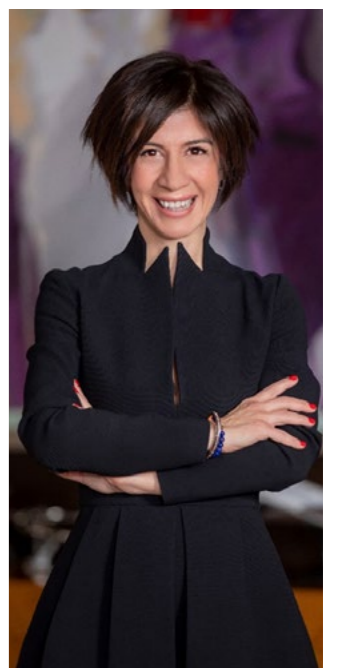
Awards and Achievements

- Akfen Renewable Energy achieved an overall score of 70 in the sustainability report prepared by the international rating agency Moody's. Akfen Renewable Energy ranked among the top 30 companies in the world on the basis of environmental and social governance and sustainability reports in all sectors, which Moody's prepares for companies that request it. The company ranked first among all companies in the world in the electricity sector and first in the Europe - Asia market in all sectors.

- **Akfen Holding CFO Gülbin Uzunur Bekit** was among the 50 Most Influential CFOs in 2020, 2021 and 2022.

- On 14 December 2022, 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 12th time in a row. As Türkiye's largest container port, MIP had also received the 'Lloyd's List, Golden Anchor, Port Management Brand of the Year' awards in previous years. At the Atlas Logistics Awards, which are based on the applications of the candidates and presented to the jury members for evaluation in different categories, MIP was named 'Port Operator of the Year' for the 12th time, and with this award, MIP won its 21st award in its 15th year.



Prepares The Youth For The Future

Abdullah Gül University

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

London School of Economics

Akfen Holding is a permanent member of the Advisory Board of the Contemporary Türkiye 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.



Schools

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.

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.

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.

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 2022-2023 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.

We Respect Nature

Akfen Holding takes important steps in sustainability and environmental protection. While the company carries out environmentally sensitive activities in general, it has also obtained various certificates to minimize its environmental impact. The company's understanding of environmental sustainability can be categorized under three main headings:

Energy Efficiency and Use of Renewable Energy:

Akfen prioritizes energy efficiency and the use of renewable energy. The VCS, GS and GCC certificates obtained by Akfen Renewable Energy show that the company has made serious efforts in this field. Akfen Renewable Energy offsets carbon emissions by selling carbon emission reduction credits to organizations/companies that emit carbon emissions. On the other hand, Akfen Construction's projects also emphasize energy efficiency and the use of sustainable materials.

Waste Management and Recycling:

Akfen Holding gives great importance to waste management and recycling through Akfen Environment and Water. The company's vision of sustainability is reflected in the cleaning and reuse of wastewater and the recycling and bringing into the economy of solid wastes that are suitable for recycling.

Reducing Environmental Impact:

Akfen Holding takes steps to reduce its environmental impact in every field of activity. At Aca-cia Mining Operations, it is aimed to make the best use of natural resources with a sustainable mining approach. Additionally, with the establishment of a solar power plant, it is aimed to reduce carbon dioxide emissions by approximately 28 thousand tons per year. Istanbul Sea Buses continues to invest in increasing clean and environmentally friendly transportation opportunities.

In short, Akfen Holding's environmental sustainability perspective is based on the goals of increasing energy efficiency and the use of renewable energy, waste management and recycling activities, and reducing environmental impact. These goals are an important part of both the company's business strategy and social responsibility approach.

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.”

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.

We Care About The Future

Hamdi Akın Kayseri Microfinance Branch

The first step of the microcredit project in Türkiye was taken by Prof. Dr. Aziz Akgül, President of the Turkish Foundation for Waste Prevention (TİS-VA) 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 Türkiye 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 Akın.

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

Turkish Business Women Association (TİKAD)

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

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 Türkiye, 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 Türkiye initiative and 900 signatories globally.

HeForShe Project

Akfen Holding Chairman of the Board Hamdi Akın and Member of the Board of Directors Pelin Akın 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 Akın, within the scope of "Intercompany Mentoring Program to Get More Women on Boards of Directors" implemented in collaboration with Praesta Türkiye and Forbes Türkiye, mentors female executives to get prepared for board duties.

The Association of Women on Boards of Directors (YKKD)

Pelin Akın 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.

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 2022 in order to contribute to Türkiye's economic growth and inspire young entrepreneurs and managers. In the context of "Supporting Youth and Entrepreneurs", 2022 has been a rich year in terms of online conferences, summits, etc., with the direct participation of Akfen executives.

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.

Based on the corporate values adopted by Akfen Holding, Loft Art aims to support the creations of independent artists and make them visible in the art market.

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

In this context, the exhibitions held at Loft Art in 2022;

- Symbio 23 February 23 – 22 April
- Disobedient Roots-Immortal Tree Resists (Muzaffer Akyol and Gaye Su Akyol – Prestige Exhibition) 24 May 24 – 24 Julyhhhh
- A Butterfly's Hurricane 21 September – 20 November

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



We Take an Active Role in NGOs

NGOs we are a member of

- Corporate Governance Association of Türkiye (TKYD)
- Deloitte Best Managed Companies
- Family Businesses Association of Türkiye (TAİDER)
- Foreign Economic Relations Board (DEİK)
Spain, Ireland, United Kingdom, USA, Middle East Business Council
- Human Resources Association of Türkiye (PERYÖN)
- Türkiye Tourism Investors Association (TTYD)
- Turkish Business Women Association (TİKAD)
- Turkish Enterprise and Business Confederation (TÜRKONFED)
- Turkish Industry and Business Association (TÜSİAD)
- Turkish Investor Relations Society (TÜYİD)
- Turkish Marine Environment Protection Association (TURMEPA)
- Turkish Quality Association (KalDer)
- Real Estate & Real Estate Investment Trust Association (GYODER)
- Waste & Environmental Management Association (TAYÇED)
- Women on Board Türkiye Association (YKKD)
- World Economic Forum – Global Shapers
- Young Businessmen Association of Türkiye (TÜGİAD)



Examples of our sponsorships and donations

- SAHA Association
- Red Crescent
- Ankara Film Festival
- EBRD Sustainability Awards
- Ülkü Akın Middle School
- Hikmet Akın Kindergarden
- Hasan Akın Anatolion High School
- Koç University Anatolian Scholarship Program
- TİKAV
- TEMA



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.

2022, was another year in which young people and women came to the fore in social responsibility projects carried out by TİKAV.

Investing 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, International Youth Award Program Türkiye, 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 21 scholarships at Fırat University. By the end of 2022, 25 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 Pr.	Students receive scholarships in an amount determined by the the board of directors each year.
Language and Computer Edu.	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 Pr.	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 Pr.	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 Pr.	Internship support is also provided according to the interests, wishes and abilities of the students in accordance with their field of study.
Summer Pr.	Students attend a Summer Program at the end of each academic year until they graduate.
Int. Youth Award Pr.- Türkiye	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 International Youth Award Program 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.

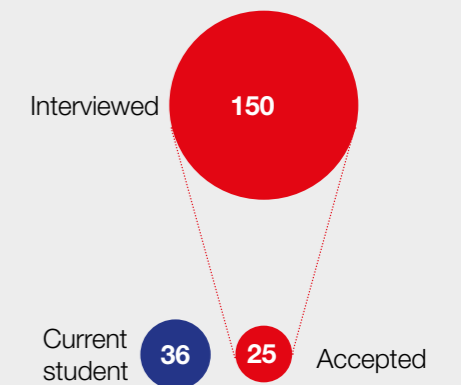
IDP from Past to Present

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, 337 scholars have participated in the Individual Development Program. 211 of 337 scholars completed their TİKAV activities and graduated, and 36 of them continue their TİKAV activities. 90 scholars left the Foundation for various reasons or were dismissed.

IDP in Numbers

Programs participated	40
Number of students attending IDP	337
Graduates	211
Current student	36
Interviewed	150
Accepted	25
Annual application	750
Program term (years)	3,5
Total program hours	995
Project budget (million TRY)	712.7





International Award for Young People Türkiye (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 Türkiye. 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 Türkiye, the only institution authorized to implement the Award Program in Türkiye, is a member of the International Award Association approved by the United Nations and the EU.

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

- Age of participation **14-24 years**
- Program duration is at least **6 months**

Silver Award

- Age of participation **15-24 years**
- Program duration is at least **12 months**

Gold Award

- Age of participation **16-24 years**
- 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 Türkiye

The Award Program was implemented in Türkiye 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 Türkiye (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 International Youth Award Program 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	152
Number of Award Centers Signing Sub-License Agreements (AC signed in 2022 only)	21
Total Award Leaders	556
Total Supervisors	350
Number of Active Participants	3,319
Total Number of Participants	5,244
Project Budget (TRY)	854,863

2023 Project Goals

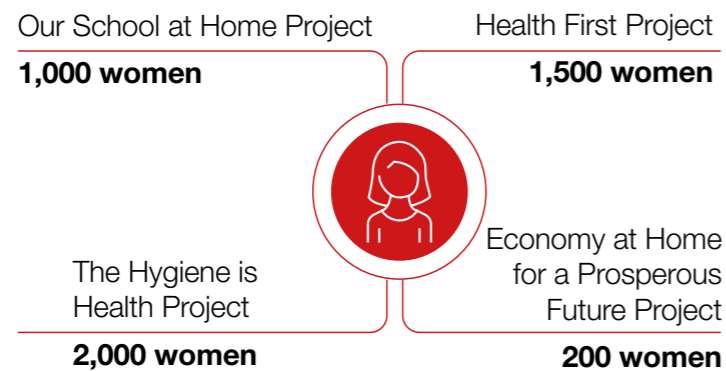
Number of Active Reward Centers	160
Number of Award Centers Signing Sub-License Agreements	10
Number of Active Award Leaders	670
Number of Active Supervisors	420
Number of Active Participants	4.500
Total Number of Participants	5.500
Number of provinces implementing the program	36

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 Türkiye, 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 and 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. After the pandemic, the project restarted in June 2022 and reached 2,500 women with 23 studies.

"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 Türkiye, 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. 1,000 people were reached with the project implemented in regions where Akfen Renewable Energy Inc. has 15 active hydroelectric, wind energy and solar power plants.

"Our School at Home" in Numbers

Number of locations	15
Participant	1,000
Participants' participation rate in similar studies before	7%
Project budget (TRY)	320,000
Number of family members reached through participants	2,621
Satisfaction rate	98%

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 Türkiye, 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 (TRY)	475,000
Number of family members reached through participants	5,571
Satisfaction rate	98%

Awards

The "Health First" project was deemed worthy of the Social Responsibility Award at the 9th Türkiye 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 Türkiye 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.

“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.

“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 (TRY)	500,000
Number of family members reached through participants	7,900
Satisfaction rate	%98

Awards

The “Hygiene is Health” project received the Grand Prize for Social Responsibility Projects at the 3rd Energy and Natural Resources Summit in 2019.

“Economy at Home for a Prosperous Future Project” in Numbers

Number of Locations	23
Participant	2,500
Those who do not use methods for economy	57%
Those who do not know how much their monthly water and electricity consumption is	51%
Those who do not use their resources (Water, electricity and heat) economically	20%
Project budget (TRY)	519,800
Number of family members reached through participants	8,794
Satisfaction rate	96%

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 6,800 people have participated in the seminars on four different topics. Considering that the families also benefited through the participants, approximately 24,886 people were reached.



"Our Digital Footprint" Project

In 2023, under the coordination of TIKAV, we will realize the "Our Digital Footprint Project" with the financing of Akfen Renewable Energy Inc. which has active Solar, Wind and Hydroelectric Power Plant operations in 27 different locations in Türkiye. Within the scope of the project, seminars will be organized in 27 locations actively operated by Akfen Renewable Energy Inc. In these seminars, it is aimed to raise awareness of women living in rural areas about the beneficial and correct use of digital platforms and work on the prevention of problems (cyber crimes, psychological, physical, sociological and cultural problems) that both participating women and their family members may experience in this context by addressing legal, social, physiological and psychological problems that may arise as a result of incorrect use of digital platforms.



Akfen Holding Anonim Şirketi and its Subsidiaries

Consolidated financial statements as of and
for the year ended December 31, 2022 with
the independent auditor's report

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

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CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Akfen Holding Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Akfen Holding Anonim Şirketi ("the Company") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Türkiye ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by 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 declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The key audit matter

Key audit matters are those that, to our professional knowledge, are of the most importance in an independent audit of the current period's consolidated financial statements. Key audit matters have been addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion on the consolidated financial statements, on which we do not express a separate opinion.

TFRS Comment 12- Service Concession Agreements

For details of accounting policies and significant accounting estimates and assumptions related to service concession agreements, see Note 2.2 and 10.

The key audit matter	How the matter was addressed in our audit
<p>The Group has applied the TFRS Interpretation 12 financial asset model and defined a financial asset in its financial statements, taking into account the terms of the service concession agreement with the government.</p> <p>Financial assets related to concession agreements are accounted in the consolidated financial statements over their fair value. The contractual cash flows used in the determination of fair value vary due to the inflation rate and changes in foreign exchange rates. As of 31 December 2022, the total value of these financial assets is 15,603,931 thousand TRY, corresponding to 39% of the total assets. As of 31 December 2022, gains from changes in the fair value amounting to TRY 4,857,584 are recognized in financial statements as disclosed in Note 10.</p> <p>As of 31 December 2022, TFRS Interpretation 12 financial asset constitute a significant part of the Group's financial statements, and some of the inputs and calculations used in valuation methods are complex and the important estimates and assumptions included are sensitive to economic changes that may occur. For this reason, determining the "TFRS Interpretation 12 financial asset" has been considered as a key audit matter.</p>	<p>Our audit procedures for testing the matter included below:</p> <ul style="list-style-type: none"> • The Service Concession Agreement was procured, and the terms of the said agreement were examined. • We evaluated of the appropriateness of the relevant calculation model in terms of contract terms and TFRS Interpretation 12. • We verified the mathematical accuracy of the calculation the TFRS Interpretation 12 financial asset model that defined a financial asset in its financial statements. • We evaluated the assumptions in TFRS Interpretation 12 financial asset model and verified (discount rate, inflation forecasts, exchange rate forecasts) with our external valuation specialist. • We assessed the adequacy of the disclosures according to "TFRS Interpretation 29 financial asset disclosures" in the notes to consolidated financial statements.

Financial Asset Valuation

For the details of Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi's accounting policies related to financial asset valuation and the significant accounting estimates and assumptions used, see Note 22.

The key audit matter	How the matter was addressed in our audit
<p>The Group has classified the shares of Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi ("MIP"), which is included in the accompanying consolidated financial statements, as financial investments and recorded at fair value (Note 22).</p> <p>As a result of the fair value calculation made as of 31 December 2022, the Group has reflected the MIP shares under the financial investments item to the accompanying consolidated financial statements with their fair value of TRY 5,560,452 thousand.</p> <p>In our audit work, we focus on this issue for the following reasons:</p> <ul style="list-style-type: none">• MIP financial investment carried at fair value is important for the accompanying consolidated financial statements and the valuation requires expertise,• In the valuation studies, the market approach method was used and similar companies Company Value, Interest, Depreciation and Profit Before Tax multipliers used in the valuation of MIP were used. The fair value was calculated by applying similar company multipliers to the 12-month EBITDA of MIP as of 31 December 2022. It has been considered as a key audit matter by us due to its materiality for the financial statements and the importance of the judgments used in calculating fair value.	<p>Our audit procedures for testing the matter included below:</p> <ul style="list-style-type: none">• Our corporate finance experts were included to check the compatibility of the estimates and assumptions used in the valuation studies with the market data, to evaluate the acceptability of the applied methods and their compliance with the valuation methodology.• The compatibility of the valuation studies with the financial statements and the mathematical compatibility of the calculations used were checked.• Data obtained from external sources such as similar company multipliers and up-to-date transaction data used in the market approach method have been checked with the relevant independent data sources. In addition, the operational profitability and EBITDA trend analysis of the company in recent years has been made and the multiplier used has been evaluated.• In addition, the appropriateness and adequacy of the explanations in the financial notes of the consolidated financial statements, including the explanations on the basic estimates and assumptions regarding the valuation studies, within the scope of TFRS have been evaluated.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 11 March 2022.

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.

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

Responsibilities of auditors in an audit are as follows:

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 issued by the CMB and Standards on Auditing issued by POA 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 the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2022 and 31 December 2022, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Hatice Nesrin Tuncer, SMMM

Partner

10 March 2023

İstanbul, Türkiye

Consolidated Statement of Financial Position as of December 31, 2022
(All amounts are expressed in thousand Turkish Liras ("TRY") unless otherwise specified.)

ASSETS	Footnote references	Audited December 31, 2022	Audited December 31, 2021
Current Assets			
Cash and cash equivalents	5	3,190,698	1,979,924
Short term financial investments	22	722,989	1,023,720
Trade receivables		218,074	102,743
-Trade receivables from related parties	7-32	26,813	19,996
-Trade receivables from third parties	7	191,261	82,747
Inventories	16	28,782	14,989
Other receivables		60,067	85,047
-Other receivables from related parties	8	27	9
-Other receivables from third parties	8	60,040	85,038
Financial assets related to concession agreements	10	1,819,555	1,368,338
Prepaid expenses	9	36,898	38,173
Current income tax assets	31	900	10,382
Other current assets	23	23,940	69,293
TOTAL CURRENT ASSETS		6,101,903	4,692,609
Non-Current Assets			
Financial investments	22	7,462,429	4,882,153
Trade receivables		16,254	9,061
-Trade receivables from third parties	7	16,254	9,061
Other receivables		456,056	847,511
-Other receivables from related parties	8-32	440,197	835,155
-Other receivables from third parties	8	15,859	12,356
Financial assets related to concession agreements	10	13,784,376	11,076,971
Assets arising from customer contracts	9	73,612	41,760
Investments accounted using the equity method	20	6,658,204	5,110,706
Derivative instruments	12	522,564	-
Investment property	11	2,216,786	1,303,814
Right of use assets	13	7,492	7,792
Property, plant and equipment	14	153,463	90,492
Intangible assets	15	95,915	101,391
Prepaid expenses	9	7,555	6,197
Deferred tax assets	31	2,105,602	991,463
Other non current assets	23	86,162	26,505
TOTAL NON-CURRENT ASSETS		33,646,470	24,495,816
TOTAL ASSETS		39,748,373	29,188,425

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

Consolidated Statement of Financial Position as of December 31, 2022
(All amounts are expressed in thousand Turkish Liras ("TRY") unless otherwise specified.)

LIABILITIES	Footnote references	Audited December 31, 2022	Audited December 31, 2021
Current Liabilities			
Short term borrowings	6	152,722	352,068
Short term portion of long-term borrowings	6	2,316,364	1,809,952
Trade payables		259,115	150,502
- Trade payables to related parties	7-32	11,367	9,230
- Trade payables to third parties	7	247,748	141,272
Employee benefit obligations		3,000	2,232
Other payables		73,928	73,085
- Other payables to related parties	8-32	36,592	40,495
- Other payables to third parties	8	37,336	32,590
Deferred revenue		49,957	16,559
-Deferred revenue from related parties	17-32	17,313	-
- Deferred revenue from third parties	17	32,644	16,559
Income tax payable	31	1,178	812
Current provisions		51,693	28,842
- Provision for employee benefits	18	18,819	9,655
- Other short-term provisions	18	32,874	19,187
Other current liabilities	23	40,702	62,386
TOTAL CURRENT LIABILITIES		2,948,659	2,496,438
Non-Current Liabilities			
Long term borrowings	6	14,565,326	11,536,810
Trade payables		191	-
- Trade payables to related parties	7,32	191	-
Other payables		1,767,040	1,395,771
- Other payables to related parties	8-32	1,758,274	1,387,002
- Other payables to third parties	8	8,766	8,769
Derivative financial liabilities	12	-	280,559
Obligations arising from customer contracts	17	134,441	93,310
Non-current provisions		18,865	8,419
- Provision for employee benefits	18	18,865	8,419
Deferred tax liabilities	31	359,609	208,593
TOTAL NON-CURRENT LIABILITIES		16,845,472	13,523,462
TOTAL LIABILITIES		19,794,131	16,019,900
EQUITY		19,954,242	13,168,525
Equity attributable to equity holders of the parent		19,945,913	13,202,434
Issued capital	24	910,000	700,000
Additional capital contributions of shareholders		23,224	-
Treasury shares (-)		(243,119)	(237,859)
Share premiums		50,231	50,231
Effect of business combinations under common control		(1,639,614)	(1,639,614)
Other accumulated comprehensive income that will not be reclassified to profit or (loss)		10,647,261	7,209,800
- Increases on revaluation of property, plant and equipment	24	6,036,935	4,461,126
- Losses on remeasurement of defined benefit plans		(7,269)	(6,018)
- Other gains on revaluation and remeasurement	24	4,617,595	2,754,692
Other accumulated comprehensive income that will be reclassified to (loss) or profit		(2,150,005)	(1,385,525)
- Currency translation difference	24	964,273	590,699
- Hedge reserve fund	24	(3,114,278)	(1,976,224)
Restricted reserves appropriated from profits	24	2,571,933	2,493,382
Retained earnings		6,040,800	3,244,658
Net profit for the period		3,735,202	2,767,361
Non-controlling interests	24	8,329	(33,909)
TOTAL LIABILITIES AND EQUITY		39,748,373	29,188,425

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Year ended December 31, 2022
(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	Footnote references	Audited January 1- December 31, 2022	Audited January 1- December 31, 2021
PROFIT OR LOSS FROM CONTINUING OPERATIONS			
Revenue	25	967,750	600,556
Cost of sales (-)	25	(941,805)	(535,964)
GROSS PROFIT		25,945	64,592
General administrative expenses (-)	26	(197,562)	(117,322)
Marketing, selling and distribution expenses (-)	27	(6,603)	(6,249)
Other income from operating activities	28	5,873,843	6,552,729
Other expenses from operating activities (-)	28	(50,727)	(113,368)
Share of profit/(loss) from investments accounted using the equity method	20	1,116,198	895,364
OPERATING PROFIT FROM OPERATING ACTIVITIES		6,761,094	7,275,746
Income from investment activities	30	203,509	326,578
Expense from investment activities (-)	30	(864,348)	(162,928)
PROFIT BEFORE FINANCE INCOME/(LOSS)		6,100,255	7,439,396
Finance income	29	1,909,268	1,159,231
Finance expenses (-)	29	(5,339,319)	(5,947,878)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		2,670,204	2,650,749
Tax income		1,063,110	109,393
Current period tax expense (-)	31	(6,002)	(32,059)
Deferred tax income	31	1,069,112	141,452
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		3,733,314	2,760,142
PROFIT FOR THE PERIOD		3,733,314	2,760,142
Attributable to			
Non-controlling interests	35	(1,888)	(7,219)
Equity holders of the parent		3,735,202	2,767,361
Net profit for the period		3,733,314	2,760,142
Earnings per share			
Earnings per share (TRY in full)	33	5.33	4.12
Diluted earnings per share (TRY in full)	33	5.33	4.12

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Year ended December 31, 2022
(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	Footnote references	Audited December 31, 2022	Audited December 31, 2021
STATEMENT OF OTHER COMPREHENSIVE INCOME/(EXPENSE)			
PROFIT FOR THE YEAR		3,733,314	2,760,142
Other comprehensive income that will not be reclassified to profit or loss		3,588,919	4,851,733
Losses on remeasurements of defined benefit plans		(1,251)	(788)
Other comprehensive income items that will not be reclassified as other profit or loss	24	1,862,903	1,516,643
Gains on revaluation of property, plant and equipment	24	1,727,267	3,335,878
Other comprehensive income/loss that will be reclassified to profit or loss		(764,480)	(1,485,214)
Exchange differences on translation	24	373,574	309,296
Other comprehensive loss related with cash flow hedges	24	(1,138,054)	(1,794,510)
OTHER COMPREHENSIVE INCOME		2,824,439	3,366,519
TOTAL COMPREHENSIVE INCOME		6,557,753	6,126,661
Total comprehensive income attributable to			
Non-controlling interests		(1,888)	(7,219)
Equity holders of the parent		6,559,641	6,133,880
Total comprehensive income		6,557,753	6,126,661

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

Consolidated Statement of Changes in Equity for the Year ended December 31, 2022
(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		Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss		Retained earnings	Total Equity										
	Effects of combinations of entities or businesses under common control	Currency translation differences	Other gains on revaluation and re-remesurement	(Losses)/ Gains on re-remesurement of defined benefit plans			Restricted reserves appropriated from profits	Net profit for the period	Non-rolling interest	Total						
Balances as of January 1, 2021	667,181	(569,966)	2,376	(1,848,968)	281,403	(181,714)	1,238,049	1,279,681	(5,230)	2,812,069	2,946,212	44,365	6,665,458	(21,542)	6,643,916	
Transfers	-	-	-	97,236	-	-	(50,616)	-	-	(2,014)	(44,365)	-	-	-	-	
Total comprehensive income/(expense)	-	-	-	-	309,296	(1,794,510)	1,516,643	3,335,878	(788)	-	-	- 2,767,361	2,767,361	6,133,880	(7,219)	6,126,661
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	- 2,767,361	2,767,361	(7,219)	2,760,142	
Other comprehensive income/(expense)	-	-	-	309,296	(1,794,510)	-	1,516,643	3,335,878	(788)	-	-	-	-	3,366,519	- 3,366,519	
Capital increase	32,819	-	-	17,057	-	-	-	-	-	-	(49,876)	-	-	-	-	
Other contributions of shareholders	-	-	-	-	-	-	-	-	-	15,434	-	-	15,434	-	15,434	
Increase due to share repurchase transactions (*)	-	332,107	47,855	-	-	-	-	-	-	(332,107)	335,142	-	382,997	-	382,997	
Increase/(decrease) through share-based payment transactions (**)	-	-	-	130,853	-	-	-	(103,817)	-	-	(25,744)	-	1,292	-	1,292	
Merger effect (***)	-	-	-	(35,792)	-	-	-	-	-	-	39,165	-	3,373	(5,148)	(1,775)	
Balances as of December 31, 2021	700,000	(237,859)	50,231	(1,639,614)	590,699	(1,976,224)	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	

(*) It is related to the sale of the Group's treasury 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. ("Masanda Tourism") on January 9, 2021, and IBS Sigorta ve Reasürans Sigorta Brokerliği A.Ş. ("IBS Sigorta") on January 29, 2021.

(***) It is the effect of the merger of Akfen Enerji Üretim ve Ticaret A.Ş. ("Akfen Energy Generation") 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.

Consolidated Statement of Changes in Equity for the Year ended December 31, 2022
(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		Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss		Retained earnings	Total Equity										
	Effects of combinations of entities or businesses under common control	Currency translation differences	Other gains on revaluation and re-remesurement	(Losses)/ Gains on re-remesurement of defined benefit plans			Restricted reserves appropriated from profits	Net profit for the period	Non-rolling interest	Total						
Balances as of January 1, 2022	700,000	(237,859)	50,231	(1,639,614)	590,699	(1,976,224)	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	
Transfers	-	-	-	-	-	-	(151,458)	-	-	78,551	2,840,268	(2,767,361)	-	-	-	
Total comprehensive income/(expense)	-	-	-	-	373,574	(1,138,054)	1,862,903	1,727,267	(1,251)	-	-	- 3,735,202	3,735,202	6,559,641	(1,888)	6,557,753
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	- 3,735,202	3,735,202	(1,888)	3,733,314	
Other comprehensive income/(expense)	-	-	-	373,574	(1,138,054)	-	1,862,903	1,727,267	(1,251)	-	-	-	-	2,824,439	- 2,824,439	
Capital increase (Note 24)	210,000	23,224	(5,260)	-	-	-	-	-	-	-	-	-	227,964	-	227,964	
Decrease due to other changes (*)	-	-	-	-	-	-	-	-	-	-	(44,126)	-	(44,126)	44,126	-	
Balances as of December 31, 2022	910,000	23,224	(243,119)	50,231	964,273	(3,114,278)	4,617,595	6,036,935	(7,269)	2,571,933	6,040,800	3,735,202	19,945,913	8,329	19,954,242	

(*) It is the effect caused by the capital increase of amounting to TRY 62,600 made pursuant to the general assembly decision of Hacettepe Teknokent Eği. ve Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro. San. Tic. A.Ş. ("Hacettepe Teknokent") registered on August 2, 2022. The entire amount of the increased capital is paid by Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen Construction") and after the aforementioned capital increase, Akfen Construction's share in Hacettepe Teknokent became 99.76%.

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

Consolidated Cash Flow Statement For the Year ended December 31, 2022
(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	Footnote references	Audited Dec. 31, 2022	Audited Dec. 31, 2021
A. Cash Flows from Operating Activities		3,048,965	2,303,129
Profit for the period		3,733,314	2,760,142
Adjustments to reconcile profit		(2,757,394)	(1,471,959)
Adjustments for depreciation and amortization	25-26	26,364	19,289
Adjustments for (gains)/losses on non-current assets		(415)	6,785
- Adjustments for losses on disposal of property, plant and equipment	28	-	6,785
- Adjustments for gains on disposal of investment properties	28	(415)	-
Adjustments for dividend income	30	(135,340)	(151,963)
Adjustments for fair value gains		(6,151,414)	(6,644,925)
- Adjustment for fair value gains of financial assets	28-30	(4,363,137)	(6,207,952)
- Adjustment for fair value gains of investment properties	28	(985,154)	(451,342)
- Adjustments for the fair value (gains)/losses of derivative financial instruments	29	(803,123)	14,369
Adjustments for impairment		(9,739)	5,063
- Adjustment for (reversal of impairment)/impairment on receivables	28	(9,739)	5,063
Adjustments for provisions		55,118	35,771
- Adjustments for provisions related with employee benefits		12,565	2,859
Adjustments for other provisions	28	42,553	32,912
Adjustments for the undistributed incomes of investments accounted using the equity method	20	(1,116,198)	(895,364)
Adjustments for unrealized foreign exchange		4,361,241	5,630,998
Adjustments for losses/(gains) arising from the disposal or change in shares of affiliates, joint ventures and financial investments	30	266,234	(34,491)
Adjustments for interest income and expenses	28-29	892,292	507,728
Adjustments for tax incomes	31	(1,063,110)	(109,393)
Adjustments for other items that cause cash flows from investing or financing activities	30	103,667	150,428
Other adjustment for profit/loss reconciliation	29	13,906	8,115
Changes in working capital		454,885	126,253
Adjustments for increase in trade receivables		(119,574)	(33,597)
Adjustments for decrease in other receivables related with operations		659,213	152,951
Adjustments for increases in inventories	16	4,700	7,889
Other adjustments for other decrease in working capital		(14,305)	(15,443)
Adjustments for increases in obligations arising from customer contracts	41,131	26,186	
Adjustments for increases in assets arising from customer contracts		(31,852)	(16,034)
Adjustments for increase/(decrease) in trade payables		108,804	(54,721)
Adjustments for (decrease)/increase in other payables from operations		(193,232)	59,022
Cash flows from operations		1,430,805	1,414,436
Tax payments		(3,050)	(45,860)
Payments for other provisions		(75,934)	(75,702)
Payments related with provisions for employee benefits		(1,818)	(334)
Other cash inflows	10	1,698,962	1,010,589

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

Consolidated Cash Flow Statement For the Year ended December 31, 2022
(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	Footnote references	Audited Dec. 31, 2022	Audited Dec. 31, 2021
B. Cash Flows Used in Investment Operations		(413,708)	(1,321,517)
Interest received		69,065	7,872
Dividends received	30	135,340	151,963
Cash outflows from the purchase of tangible and intangible assets	14-15	(44,155)	(35,588)
Cash inflows from sales of tangible and intangible assets	14-15	569	398
Cash inflows from the sale of investment property		54,104	9,294
Cash inflows caused by share sales or capital decrease of associates and/or joint ventures	3	480,963	558,696
Cash outflows due to share purchase or capital increase of associates and/or joint ventures		(296,550)	(1,170,587)
Cash outflow from participation fee and other financial instruments		(813,044)	(843,565)
C. Cash Flows used in Financing Activities		(1,730,609)	(1,072,667)
Cash inflows from capital advances		227,964	-
Proceeds from borrowings	6	1,050,249	3,046,489
Repayments of borrowings	6	(2,146,073)	(3,853,608)
Interest paid	6	(851,054)	(643,654)
Cash inflows from the sale of the entity's own shares and other equity instruments	24	-	379,962
Other cash outflows		(11,695)	(1,856)
Net increase/(decrease) in cash and cash equivalents before the effect of currency translation differences		904,648	(91,055)
Effect of foreign currency translation differences on cash and cash equivalents		308,329	447,534
Net increase in cash and cash equivalents		1,212,977	356,479
Cash and cash equivalents at the beginning of the period	5	1,976,765	1,620,286
Cash and cash equivalents at the end of the period	5	3,189,742	1,976,765

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 Türkiye 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 Türkiye as an investor and thus transforming into one of Türkiye's infrastructure investment holdings.

Consolidated financial statements of the Group as of December 31, 2022 and 2021 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 Altyapı"), 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 Altyapı was completed and Akfen Altyapı 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 Danışmanlık"), Akfen Turizm Yatırım ve İşletme A.Ş. ("Akfen Tourism"), Akfen Gayrimenkul Portföy Yönetimi A.Ş. ("Akfen GPYS"), 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 a 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, 2022, there are 12 subsidiaries directly owned by Akfen Holding (December 31, 2021: 10). The Company's direct subsidiaries are Akfen Construction, Akfen Danışmanlık, Akfen Tourism, Akfen GPYS, 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 Güneş Enerjisi Yatırım ve İşletme A.Ş. ("Akfen Solar Energy"), Temmuz Yatırım İnşaat A.Ş. ("Temmuz Investment"), Ağustos Yatırım İnşaat A.Ş. ("Ağustos Investment"), Ayrı Gayrimenkul Yatırım A.Ş. ("Ayrı Gayrimenkul") and Zeki Grup İnşaat ve Ticaret A.Ş. ("Zeki İnşaat"). All of Akfen Hastane Hizmetleri ve İşletmecilik A.Ş. ("Akfen Hospital")'s (formerly Akfen Rüzgar Enerjisi ve Ticaret A.Ş. ("Akfen Wind")) shares in Akfen Holding were transferred to Akfen Tourism on June 22, 2022, and as of this date, Akfen Tourism became the sole shareholder of Akfen Hospital, and Akfen Hospital became an indirect subsidiary of Akfen Holding. With the decision of Akfen Tourism and Akınısı Board of Directors dated August 12, 2022, it has been decided that Akınısı, which owns the majority shares of the Company (99.99%), joins Akfen Tourism as a whole, without liquidation. As of August 22, 2022, the merger of Akfen Tourism and Akınısı was completed and Akınısı was dissolved without liquidation. On July 29, 2022, Temmuz Investment and Ağustos Investment, whose capital is wholly owned by Akfen Holding, were established. With the partial demerger transaction registered on July 4, 2022, the Koparan land owned by Akfen Construction was transferred to Ayrı Gayrimenkul, which was the indirect subsidiary of Akfen Holding at that time, and the Tuluntaş land was transferred to Zeki İnşaat. Akfen Construction has put the aforementioned lands registered in its assets as capital in kind through partial demerger. The shares issued due to the lands taken over from Akfen Construction were given to Akfen Holding. As a result, Akfen Holding's share in Ayrı Gayrimenkul is 99.97%, Akfen Construction's share is 0.03%, Akfen Holding's share in Zeki İnşaat is 89.14%, and Akfen Construction's share is 10.86% and Ayrı Gayrimenkul and Zeki İnşaat became a direct subsidiary of Akfen Holding.

In addition, as of December 31, 2022, there are 5 joint ventures and 4 financial investments owned by Akfen Holding (December 31, 2021: 5 joint ventures and 4 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.

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

In addition, as of December 31, 2022 there are 7 (December 31, 2021: 7) indirect subsidiaries owned by Akfen Holding. The Company's indirect subsidiaries are 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"), Akfen Merter Gayrimenkul Turizm ve İnşaat A.Ş. ("Akfen Merter"), Haziran Yatırım İnşaat A.Ş. ("Haziran Investment") and Akfen Hospital.

Ayrı Gayrimenkul and Zeki İnşaat, which were an indirect subsidiary on December 31, 2021, became a direct subsidiary as of December 31, 2022. On July 29, 2022, Haziran Investment, whose capital is fully owned by Akfen Construction, was established and thus became an indirect subsidiary of Akfen Holding. 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 Tourism") 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, 2022, 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 Türkiye.

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.

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, 2022 and 2021, the shareholders of Akfen Holding are as follows:

	December 31, 2022		December 31, 2021	
	Share Amount	Share Ratio (%)	Share Amount	Share Ratio(%)
Pelin Akın Özalp	428,652	47.10	329,732	47.10
Selim Akın	428,652	47.10	329,732	47.10
Akfen Holding (*)	20,648	2.27	15,883	2.27
Hamdi Akın (**)	29,902	3.29	23,002	3.29
Akfen Turizm	2,146	0.24	-	-
Akınısı	-	-	1,651	0.24
Paid-in capital (nominal)	910,000	100	700,000	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:

Koza Sokak No:22 Gaziosmanpaşa

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, 2022, the number of employees of the Company and Company's joint ventures/financial investments is 60 (December 31, 2021: 54) and 4,484 (December 31, 2021: 5,137) 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**

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 Haziran Investment.

Akfen Energy Generation

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 Bodrum Loft holiday village, Big Chefs and Timboo Restaurants in Ankara Bulvar Loft, İncek Loft Ters Köşe Restaurant and Catering, the canteens of Isparta, Eskişehir and Tekirdağ City Hospitals and rental income is also obtained from the hotel in Uludağ. It also provides catering services in Ankara. With the decision of Akfen Tourism and Akınısı Board of Directors dated August 12, 2022, it has been decided that Akınısı, which owns the majority shares of the Company (99.99%), joins Akfen Tourism as a whole, without liquidation. As of August 22, 2022, the merger of Akfen Tourism and Akınısı was completed and Akınısı was dissolved without liquidation. However, all of Akfen Hospital's shares in Akfen Holding were transferred to Akfen Tourism on June 22, 2022, and as of this date, Akfen Tourism has become the sole shareholder of Akfen Hospital.

Akfen GPYŞ

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 615 MWm-600 MWe. Inactive Adana İpekyolu Enerji Üretim Tic. A.Ş., the inactive Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş. and Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş. companies.

In addition, as of December 31 2022, Akfen Danışmanlık and BİZ Mining companies are also included in the Group as subsidiaries.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)**ii) Joint Ventures 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 Communiqué 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 Türkiye 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 Türkiye, 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 GT has 97.8% share of YaroslavlInvest Limited Company ("YaroslavlInvest"), Samstroykom Limited Company ("Samstroykom") and KaliningradInvest Limited Company ("KaliningradInvest"), which has hotel investments in Russia and 96.17% of Volgastroykom Limited Company ("Volgastroykom"), where the office investment in Russia is located, and 100% of Severnyi Avtovokzal Limited Company ("Severnyi"), which has a hotel investment in Moscow. The main fields of activity of these companies are to realize hotel and office projects in Russia.

As of December 31, 2022, the total number of rooms in the 21 hotels (December 31, 2021: 20 hotels) owned by Akfen REIT is 3,720 (December 31, 2021: 3,720) while the total number of beds corresponding to such number of rooms is 7,298 (December 31, 2021: 7,298). 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 7,840 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.

Akfen GYO has purchased 51% shares of Fıratcan İnş. Turz. Tic. A.Ş. ("Fıratcan Tourism") on March 31, 2021 for a consideration of TRY 58,375,000 (EUR 6,200,000). With this purchase, the Company, with reference to the Lease Agreement for Areas Containing Buildings signed between Fıratcan Tourism and TCDD on 5 July 2018; Söğütlüçeşme train station located in Kadıköy, İstanbul, has the right to carry out the work within the scope of the High Speed Train Station project, 2 years permit-license, 2 years construction period and 28 years operating lease. 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. Within the scope of the project change on September 6, 2022, the contract was renewed and its term was extended until 2051.

Akfen REIT purchased a 22,197 m² land in Bodrum Yalıkavak on September 15, 2022, with all licenses and permits ready. It is planned to develop and build a villa project on the relevant land and to sell the completed villas. Akfen GYO has purchased 100% shares of Gökliman Yatırım İnşaat Turizm ve Jeotermal Tic. A.Ş. ("Gökliman") from Akfen Gayrimenkul Portföy Yönetim A. Ş. 1. Gayrimenkul Yatırım Fonu'ndan ("Akfen GPYŞ 1. GMY Fonu") on December 29, 2022 for a consideration of TRY 477,000,000. Gökliman's main field of activity is to make and operate tourism investments, and there is a total of 83,624.59 m² of land in Muğla province, Milas district, Kıyıkışlacık Neighborhood/Village, Gökliman Locality.

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%. On November 14, 2022, Akfen REIT shares (10% of the capital) owned by Akfen Holding with a nominal value of TRY 129,990,000 were sold at a price of TRY 3.70, within the scope of wholesale transactions. After the sale, Akfen Holding's share became 13.94%.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)**ii) Joint Ventures 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 Türkiye State Railways ("TCDD"), for a period of 36 years during the tender held by the Republic of Türkiye 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 Renewable Energy

Under restructuring efforts for the renewable energy portfolio, the process of absorption merger for Akfen 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%, EBRD's share was 17.10%, and IFC's share was 15.99%. As of December 31, 2022 and 2021, Akfen Holding's share in Akfen Renewable is 66.91%.

HEPP Companies

As of December 31, 2022, the HEPP Companies have a total installed capacity of 228,7 MW and an annual power generation capacity of 894,9 GWh, with generation operations going on in 12 power plants.

As of December 31, 2022; Akfen Renewable Energy has 4 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") and Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk"). Kurtal Elektrik Üretim A.Ş., a subsidiary of Akfen Renewables. (7 MW Çiçekli HEPP) shares were transferred on December 28, 2022.

WPP Companies

As of December 31, 2022; 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.

As of December 31, 2022, a WPP project with a total installed power of 348.9 MW is in operation.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)**ii) Joint Ventures and financial investments (cont'd)****Akfen Renewable Energy (cont'd)****SPP Companies**

As of December 31, 2022, 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 Akfen Renewable's portfolio, with the exception of Sirma HEPP, are within the scope of The Law On The Utilization Of Renewable Energy Resources For The Purpose of Generating Electrical Energy. Projects included in this scope have the right to benefit from the government's guarantee of purchasing a minimum of 7,3 USD cents/kWh from generation for 10 years from the date commissioning, if they obtain a Renewable Energy Resources Certificate and complete their investments by 30 June 2021. Within the scope of the aforementioned support mechanism, WPP portfolio can benefit a purchasing guarantee over 7,3 USD cents/kWh while the SPP portfolio can benefit a purchasing guarantee of 13,3 USD cents/kWh. It is regulated that the holders of WPP certified generation licenses subject to the Renewable Energy Resources ("YEK") support mechanism ("YEKDEM") that will be put into operation from January 1, 2021 to June 30, 2021, can benefit from the incentives regulated in Article 6 and Article 6/B of the Law on the Use of Renewable Energy Resources for the Purpose of Electricity Generation ("Law") until December 31, 2030 with the President's decision dated September 17, 2020 and numbered 2949 ("Decision"), published in the Official Gazette numbered 31248 on September 18, 2020 and entered into force on the same day. In the situation before the decision came into force, the incentives for the WPP support mechanism would only be applied to the WPP certified generation license holders that would go into operation before December 31, 2020. Within the scope of the relevant regulation, if the investments are completed by June 30, 2021, WPP companies can benefit from a minimum purchase guarantee of 7,3 USD cent/kWh, and SES companies a minimum of 13,3 USD cent/kWh. Within the scope of the same law, there are various domestic contribution additions in case of domestic equipment being used in the production facility. As of October 19, 2017, the application for Solentegre SPP project under Solentegre within the "Regulation on Supporting Domestic Parts Used in Facilities Producing Electric Energy from Renewable Energy Sources" has been evaluated positively and it was entitled a domestic contribution of 0,44 USD cent/kWh starting from 1 January 2018. However, the other licensed SPP in the Akfen Renewable portfolio are Me-Se, MT, Engil 208, Erciş and Yaysun, as of 1 January 2019, Engil 207 as of 1 January 2020, with 0,44 USD cent / kWhs and licensed WPP projects, as of 1 January 2020, Kocalar, Hasanoba, Üçpınar and Denizli have been entitled to receive a domestic contribution of 0,60 USD cent/kWh.

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 December 31, 2022 and 2021, since the transfer transaction has not been recorded in TAV Investment's share ledger, TAV Investment is accounted in the financial investments.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)**ii) Joint Ventures and financial investments (cont'd)****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.

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 Türkiye 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.

İDO and MDO

The tender held by İstanbul 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 50 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, 2022, sea buses, fast ferries and ferryboats have a total capacity of 32,644 passengers in summer season and 26,598 passengers in winter season while presenting a vehicle capacity of 2,124 in both seasons.

Akfen Holding's share became 50% (other partner Tepe İnşaat with 50% share) after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing completed in 2021 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.

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 still carries out its activities under the name of Acacia Maden İşletmeleri A.Ş. as a partnership of Akfen Holding, İlbak Holding and İzbir Madencilik A.Ş. 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.

On July 22, 2022, Akfen Holding's shares in Acacia, constituting 4.5% of Acacia's total capital, were transferred to Bacacı Uluslararası Ticaret Yatırımları ve Yönetim A.Ş.

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 Türkiye.

IBS Insurance

Akfen Holding signed a sales agreement on December 28, 2020 to sell the remaining 20% of its shares in IBS, and the mentioned sale transaction was completed on January 28, 2021.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**2.1. Basis of Presentation of Financial Statements****Declaration of conformity**

The accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the Communiqué numbered II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The consolidated financial statements are presented in accordance with "Announcement regarding with TFRS Taxonomy" which was published on 15 April 2019 by POA and templates defined in the Illustrative Financial Statements and User Guide published by Capital Markets Board of Türkiye ("CMB").

The consolidated financial statements are approved by the Company's Board of Directors on March 10, 2023. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these consolidated financial statements.

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.

- Financial assets related to concession service agreements
- Derivative financial instruments at fair value through profit or loss,

The determination of historical cost is generally based on the fair value of the amount paid for the assets at the acquisition date. The financial statements have been prepared on the historical cost basis, adjusted for the effects of inflation, which ended on 31 December 2004.

Fair value measurement principles are explained in Notes 10, 12 and 34.

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. No new announcement has been made by the POA regarding the application of inflation accounting, and in this respect, financial statements as of December 31, 2022 are not adjusted for inflation in accordance with TAS 29.

Applicable currency and reporting currency

Akfen Holding, its subsidiaries operating in Türkiye 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 (cont'd)**2.1. Basis of Presentation of Financial Statements (cont'd)****Applicable currency and reporting currency (cont'd)**

As of December 31, 2022 and 2021 the functional currencies of subsidiaries, joint ventures and financial investments are as follows:

Company	Functional Currency
Akfen REIT	TRY
Akfen Renewable	TRY
Akfen Water	TRY
MDO/IDO	TRY
Akfen Construction	TRY
Akfen Danışmanlık	TRY
Akfen Tourism	TRY
Akfen GPYŞ	TRY
BİZ Mining	TRY
Adana İpekyolu	TRY
Akfen Energy Gas	TRY
Akfen Solar Energy	TRY
Temmuz Investment	TRY
Ağustos Investment	TRY
Ayrı Gayrimenkul	TRY
Zeki İnşaat	TRY
Acacia Mine	US Dollar

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, 2022 and 2021, 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 (cont'd)**2.1. Basis of Presentation of Financial Statements (cont'd)****Subsidiaries (cont'd)**

	December 31, 2022		December 31, 2021		Main Operations
	Shareholding rate (%)	Voting rights	Shareholding rate (%)	Voting rights	
Direct subsidiaries					
Adana İpekyolu	99.96	99.96	99.96	99.96	Inactive
Akfen Energy Gas	100	100	100	100	Inactive
Akfen Solar Energy	100	100	100	100	Inactive
Akfen Construction ⁽¹⁾	100	100	100	100	Construction
Akfen ^{(1) (2)}	-	-	99.99	99.99	Inactive
Akfen Danışmanlık ⁽¹⁾	100	100	100	100	Consultancy services
Akfen Tourism ⁽¹⁾	100	100	99.99	99.99	Tourism/Restaurant administration
Akfen GPYŞ ⁽¹⁾	100	100	100	100	Real estate portfolio management
BİZ Mining ⁽¹⁾	100	100	100	100	Inactive
Temmuz Investment ⁽³⁾	100	100	-	-	Inactive
Ağustos Investment ⁽³⁾	100	100	-	-	Inactive
Ayrı Gayrimenkul ⁽⁴⁾	100	100	-	-	Inactive
Zeki İnşaat ⁽⁴⁾	100	100	-	-	Inactive
Indirect subsidiaries					
Isparta City Hospital ⁽⁵⁾	99.88	99.88	99.88	99.88	City hospital
Eskişehir City Hospital ⁽⁵⁾	100	100	100	100	City hospital
Tekirdağ City Hospital ⁽⁵⁾	100	100	100	100	City hospital
Hacettepe Teknokent ^{(1) (5)}	70	70	70	70	Dormitory management
Haziran Investment ^{(3) (5)}	100	100	100	100	Inactive
Akfen Merter ⁽⁵⁾	91.52	91.52	91.52	91.52	Real estate
Akfen Hospital ⁽⁶⁾	100	100	100	100	City hospital services
Zeki İnşaat ⁽⁴⁾	-	-	100	100	Inactive
Ayrı Gayrimenkul ⁽⁴⁾	-	-	100	100	Inactive

⁽¹⁾ After the merger of Akfen Holding and Akfen Altyapı Holding on Nov.10, 2021, it became a subsidiary of Company.

⁽²⁾ With the decision of Akfen Tourism and Akfen Board of Directors dated August 12, 2022, it has been decided that Akfen, which owns the majority shares of the Company (99.99%), joins Akfen Tourism as a whole, without liquidation. As of August 22, 2022, the merger of Akfen Tourism and Akfen was completed and Akfen was dissolved without liquidation.

⁽³⁾ It was established on July 29, 2022.

⁽⁴⁾ With the partial demerger transaction registered on July 4, 2022, the Koparan land owned by Akfen Construction was transferred to Ayrı Gayrimenkul, which was the indirect subsidiary of Akfen Holding at that time, and the Tuluntaş land was transferred to Zeki İnşaat. Akfen Construction has put the aforementioned lands registered in its assets as capital in kind through partial demerger. The shares issued due to the lands taken over from Akfen Construction were given to Akfen Holding. As a result of this, while they were indirect subsidiaries as of December 31, 2021, they became direct subsidiaries as of December 31, 2022 after the merger.

⁽⁵⁾ It is a subsidiary of Akfen Construction.

⁽⁶⁾ All of Akfen Hospital's shares in Akfen Holding were transferred to Akfen Tourism on June 22, 2022, and as of this date, Akfen Tourism has become the sole shareholder of Akfen Hospital and Akfen Hospital has become an indirect subsidiary of Akfen Holding.

⁽⁷⁾ 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, 2022 and 2021 are as follows:

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.1. Basis of Presentation of Financial Statements (cont'd)****Joint agreements and financial investments (cont'd)**

	December 31, 2022		December 31, 2021		Main Operations
	Shareholding rate (%)	Voting rights	Shareholding rate (%)	Voting rights	
Financial investments					
MIP	10	10	10	10	Port management
TAV Investment	21.68	21.68	21.68	21.68	Construction and parking management
Travellex ⁽¹⁾	10	10	10	10	Currency trading activity
Tepe Akfen Reformer ^{(1) (1)}	26	26	26	26	Inactive
Joint ventures					
Akfen Water ^(*)	50	50	50	50	Solid waste services
Akfen Renewable Energy ^(**)	66.91	66.91	66.91	66.91	Energy
MDO/IDO ^(***)	50	50	50	50	Sea bus transportation
Acacia Mine	25.5	30	30	30	Mine
Akfen REIT ^(****)	13.94	23.94	23.94	23.94	Real estate inv./Tourism

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

^(**) Decisions regarding transactions that significantly affect the activities of companies are taken jointly by Akfen Holding and other partners. Therefore, these companies are accounted for as investments valued using the equity method.

^(***) 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.

^(****) 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%. On November 14, 2022, Akfen REIT shares (10% of the capital) owned by Akfen Holding with a nominal value of TRY 129,990,000 were sold at a price of TRY 3.70, within the scope of wholesale transactions. After the sale, Akfen Holding's share became 13.94%.

⁽¹⁾ After the merger of Akfen Holding and Akfen Altyapı 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 (cont'd)**2.1. Basis of Presentation of Financial Statements (cont'd)****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.

As of December 31, 2022 and 2021, the period-end exchange rates are as follows:

	Exchange Rate at Period End	
	December 31, 2022	December 31, 2021
US Dollar	18.6983	12.9775
Euro	19.9349	14.6823

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.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.1. Basis of Presentation of Financial Statements (cont'd)****Inventories**

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

Tangible 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. Fixed assets included as power plants in the Group's investments accounted using the equity method are recognised for using the revaluation method. In addition, land and buildings at Akfen Construction are presented at their fair value at the revaluation date, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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 (cont'd)**2.2. Summary of Significant Accounting Policies****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

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.2. Summary of Significant Accounting Policies (cont'd)****Leasing transactions (cont'd)****Group as a lessee (cont'd)**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as a lessor

The Group allocates the price in the contract on the basis of the relative stand-alone price for a contract that includes a lease component and one or more additional lease components or non-lease components, at the inception of the contract or when the contract containing the lease component is modified.

When the Group is in the position of lessor, it classifies each of the leases as operating leases or finance leases.

To classify each lease, the Group makes an overall assessment of whether the lease essentially transfers all the risks and rewards of ownership of the asset. A lease is a finance lease when it transfers risks and rewards; otherwise, it is an operating lease. As part of this assessment, the Group considers some other indicators, such as whether the lease term covers most of the economic life of the underlying asset.

When the Group is an intermediate lessor, it considers the main lease and the sublease separately. It evaluates the lease classification of a sublease by referring to the right-of-use asset arising from the lease, not by reference to the underlying asset. If a lease is a short-term lease to which the Group applies the exemption described above, it classifies the sublease as an operating lease.

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 or 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.

"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.

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 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

Under concessionary service agreements, the operator has the unconditional right to collect cash if the grantor commits to the following payments:

- An amount determined or determinable in the contract or
- Contractually undertake to pay the gap, if any, between the amounts collected from public service users and the amounts determined or determinable.

Financial assets are measured at their fair value using the method of discounting the expected future use price returns to the present. Fair value losses or gains of financial assets are recognized in the profit or loss statement.

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.

The company derecognises a financial liability from the statement of financial position only when the liability related to that liability is eliminated or cancelled. In addition, the Company derecognises a financial liability from the statement of financial position in the event of a material change in the terms or cash flows of an existing financial liability. Instead, it requires the recognition of a new financial liability at its fair value based on the modified terms.

On derecognition of a financial liability, the difference between its carrying amount and the amount paid for that liability (including any non-cash assets transferred or any liabilities assumed) is recognized as profit or loss.

Offsetting of financial assets and liabilities

The Company offsets its financial assets and liabilities and presents the net amount in its financial statements only when it has a legal right to offset and intends to realize the transaction on a net basis or to realize the asset and settle the liability simultaneously.

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.

Financial liabilities

The Group's financial liabilities consist of borrowings, trade payables and other payables. Financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the underwriting of the relevant financial liability are also added to the aforementioned fair value. These financial liabilities are subsequently measured at amortized cost using the effective interest method.

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.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.2. Summary of Significant Accounting Policies (cont'd)****Employee benefits****Provision for severance pay**

In accordance with existing labor law in Türkiye, 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.

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.

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)**

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.

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).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.2. Summary of Significant Accounting Policies (cont'd)****Revenue (cont'd)****Rent incomes**

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

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 Türkiye, 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 23% (will be applied as 25% for 2021 and 20% for 2023 and after tax periods) over profits declared for interim periods in 2022 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.

For the temporary differences that are expected to be realized / closed in the deferred tax calculation, 20% tax rate is used in 2022.

Deferred tax assets, unused tax losses, tax benefits and deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets 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 Türkiye 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).

The Group has determined its senior management staff as members of the board of directors, general manager and assistant general managers.

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.

While the fair value of the receivables or payables arising from the transactions made for interest rate swap transactions is at level 2 according to the discounted cash flow approach from valuation method techniques; The fair value of financial assets related to concession agreements is evaluated within the scope of level 3. Movement table regarding the change in fair values is given in Note 10.

The fair value of other long-term investments, the details of which are given in Note 22, are within the scope of level 3 according to the income discount approach method, which is one of the valuation method techniques.

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

Group's financial assets are recognized in the financial statements covered by the Republic of Türkiye 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. 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, 2022, the discount rate used in the fair value calculation is 10.72% (December 31, 2021: 10%) (Euro) for Eskişehir City Hospital, 11.04% (December 31, 2021: 10%) (Euro) for Tekirdağ City Hospital and 11.96% (December 31, 2021: 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.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.2. Summary of Significant Accounting Policies (cont'd)****Financial assets related to concession agreements (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, TAV Investment and TAR shares held in the accompanying consolidated financial statements as financial assets at fair value through other comprehensive income/ expense. MIP, Travelex, TAV Investment 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*

Derivative 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 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. Income related to swap transactions realized at the relevant maturities based on interest rate swap transactions are netted off with loan interest expenses and accounted for in the profit or loss statement.

Hedging instruments

Transactions in foreign currencies cause exchange rate risk.

The Group is exposed to exchange rate risk due to changes in the exchange rates used in the conversion of foreign currency assets and liabilities into Turkish Lira. Currency risk arises due to the difference between the assets and liabilities recorded in future commercial transactions. In this framework, the Group controls this risk with a natural method that occurs by netting foreign currency assets and liabilities. The management analyzes and monitors the foreign currency position of the Group and ensures that measures are taken when necessary.

In order to ensure that the effect of foreign exchange gains and losses arising from changes in foreign exchange rates on the Group's financial statements is reflected within the scope of the periodicity principle of accounting; Hedging Accounting is applied within the scope of TFRS 9 of the Group. The Group uses the foreign currency based investment loan as a hedging instrument against the USD/TRY spot currency risk, which is exposed due to its highly probable estimated USD income. As a result of the effectiveness test carried out in this context, the Group determined that the entire transaction was effective and applied cash flow hedge accounting.

2.3. Changes in accounting policies**The new standards, amendments and interpretations which are effective as at December 31, 2022 are as follows:*****Changes that have entered into force and have been implemented***

The amendments that have entered into force for accounting periods beginning on or after January 1, 2022 are as follows:

- Annual Improvements - 2018 – 2020-TFRS 1 First Implementation of Turkish Financial Reporting Standards, TFRS 9 Financial Instruments, TAS 41 Amendments to Agricultural Activities
- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Tangible Fixed Assets - Adapting to the intended use (Amendment to TAS 16)
- Disadvantageous contracts - Costs of fulfilling the contract (Amendment to TAS 37)

These standards, changes and improvements are assessed on the consolidated financial position of the Group and its possible impact on performance.

The new standards, amendments and interpretations issued but not yet effective and not early adopted:

- TFRS 17 - The new Standard for insurance contracts
- Initial Application of TFRS 17 and TFRS 9-Comparative Information (Amendments to TFRS 17)
- Changes in TFRS 4 - Amendment on the implementation of TFRS 4 Insurance Contracts and TFRS 9
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- TAS 12 Amendments – Deferred tax on assets and liabilities arising from a single transaction
- TAS 8 Amendments – Definition of Accounting Estimates
- TAS 1 Amendments – Disclosure of Accounting Policies
- Lease liability in sales and leaseback transactions - Amendments to TFRS 16 Leases

These standards, changes and improvements are not expected to have a material impact on the Group's consolidated financial statements.

3. SHARE SALES OF SUBSIDIARIES/AFFILIATES**Sale of shares of subsidiaries**

As of February 9, 2021 Group sold all of the shares of Masanda, which has a 184-bed 5-Star Holiday Village investment in Bodrum, for 235,000 TRY 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 215,000 TRY. 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
	Jan. 31, 2021	Jan. 31, 2021	Jan.31, 2021
Assets			
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			
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. SHARE SALES OF SUBSIDIARIES/AFFILIATES (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	On the date of sale
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	On the date of sale
Sale price	235,000
Net asset value on the date of sale	307,457
Losses on disposal of subsidiary (Note 32)	72,457

Masanda

Total sale price – cash	235,000
Share transfer expenses	(2,250)
Cash and cash equivalents - disposed	(27)
Cash inflow from sales, (net)	232,723

Share sale of affiliate**Share sale of IBS Insurance**

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

3. SHARE SALES OF SUBSIDIARIES/AFFILIATES (cont'd)**Sale of shares of subsidiaries (cont'd)****Share sale of Acacia Mining**

On July 22, 2022, Akfen Holding's shares in Acacia, constituting 4.5% of Acacia's total capital, were transferred to Bacacı Uluslararası Ticaret Yatırımları ve Yönetim A.Ş. The difference between the aforementioned sale price and the net asset derecognised, was recognised as an expense from investment activities in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2022.

	On the date of sale
Net assets	3,840,494
Acacia Mine's share of shares sold	%4.5
Acacia Mine's net asset amount sold	172,822
Other net asset value sold at Group level (*)	5,458
Total (A)	178,280
Sales price (B)	43,622
Losses arising from the disposal of affiliates (Note 30) (B-A)	(134,658)

(*) Acacia Mine's net assets include assets related to mineral reserves and goodwill.

Share sale of Akfen REIT

On November 14, 2022, Akfen REIT shares (10% of the capital) owned by Akfen Holding with a nominal value of TRY 129,990,000 were sold at a price of TRY 3.70, within the scope of wholesale transactions. After the sale, Akfen Holding's share became 13.94%. The difference between the aforementioned sale price and the net asset derecognised, was recognised as an expense from investment activities in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2022.

	On the date of sale
Net assets	6,125,866
Akfen REIT's share of shares sold	%10
Akfen REIT's net asset amount sold (A)	612,539
Sales price (B)	480,963
Losses arising from the disposal of affiliates (Note 30) (B-A)	(131,576)

In addition, on August 20, 2021, Akfen REIT capital increase through rights issues was realized by using the right to preference of the existing partners and the Group transferred 6.43% of its shares in Akfen REIT for TRY 66,433 before the capital increase. The loss amounting to TRY 11,304, which is the difference between the aforementioned sale price and the value of the shares subject to sale, is recognised as an expense from investment activities in the consolidated statement of profit or loss and other comprehensive income of the Group (Note 30).

4. SEGMENT REPORTING

The financial information of the subsidiaries and investments (joint ventures) valued using the equity method are included in the segment reporting information prepared within the framework of the Group's management approach, with the combination method (100% for subsidiaries and according to the ownership rate for joint ventures)

Jan. 1-Dec.31, 2022	Akfen Holding	Akfen Cons.	Akfen Tourism	Akfen REIT(*)	Akfen Renewable	MDO/IDO	Akfen Water	Akfen Acacia (*)	Other(**)	Total	Consolidation adjustment and classification	Consolidated Total	Investments accounted using the equity method	
													Akfen	Akfen
Revenue	28,229	794,564	140,870	107,606	1,665,452	631,989	14,469	1,026,642	150,998	4,560,819	(3,593,069)	967,750		
Cost of sales	-	(764,347)	(161,067)	(4,162)	(680,984)	(632,982)	(12,450)	(630,838)	(153,152)	(3,039,982)	2,098,177	(941,805)		
Gross profit/(loss)	28,229	30,217	(20,197)	103,444	984,468	(993)	2,019	395,804	(2,154)	1,520,837	(1,494,892)	25,945		
Selling and marketing expenses	-	(8,752)	(1,078)	-	-	(12,245)	-	(56,710)	(10)	(78,795)	72,192	(6,603)		
General administrative expenses	(106,900)	(81,463)	(1,988)	(4,323)	(44,964)	(42,138)	(6,569)	(35,541)	(15,021)	(338,907)	141,345	(197,562)		
Other operating income	59,232	5,567,956	11,382	596,158	152,556	743	-	451	285,614	6,674,092	(800,249)	5,873,843		
Other operating expenses	(40,066)	(44,964)	(736)	(397)	(3,457)	(8,753)	(19)	-	(15,101)	(113,493)	62,766	(50,727)		
Share of profit from investments accounted using the equity method	-	-	-	-	-	2,253	-	-	-	2,253	1,113,945	1,116,198		
Operating (loss)/profit	(59,505)	5,462,994	(12,617)	694,882	1,088,603	(61,133)	(4,569)	304,004	253,328	7,665,987	(904,893)	6,761,094		
Inv. activity income	461,521	-	-	-	-	-	316	-	-	461,837	(258,328)	203,509		
Inv. activity expenses	(727,313)	-	-	-	-	(4,493)	-	-	-	(731,806)	(132,542)	(864,348)		
Finance income	104,234	1,814,686	3,128	79,152	300,821	133,358	8,542	118,069	9,334	2,571,324	(662,056)	1,909,268		
Finance expense	(526,367)	(4,827,058)	(5,372)	(154,397)	(962,650)	(1,164,985)	(651)	(72,167)	(2,101)	(7,715,748)	2,376,429	(5,339,319)		
(Loss)/profit before tax from continuing operations	(747,430)	2,450,622	(14,861)	619,637	426,774	(1,097,253)	3,638	349,906	260,561	2,251,594	418,610	2,670,204		
Tax income/(expense) for the period	210,346	904,827	1,810	(67,569)	42,157	-	1,130	26,197	(53,869)	1,065,029	(1,919)	1,063,110		
(Loss)/profit after tax from continuing operations	(537,084)	3,355,449	(13,051)	552,068	468,931	(1,097,253)	4,768	376,103	206,692	3,316,623	416,691	3,733,314		
(Loss)/profit for the period from parent co. shares	(537,084)	3,357,833	(13,051)	566,741	468,653	(1,097,251)	4,768	376,104	206,692	3,333,405	401,797	3,735,202		
Depreciation and amortization expenses	3,588	16,483	6,108	486	338,235	73,968	51	153,336	224	592,479	(566,115)	26,364		
Tangible and intangible fixed asset, investment property and other investments	10,958	23,694	17,501	630	23,148	36,730	32	196,744	8,743	318,180	(257,251)	60,929		
December 31, 2022														
Segment assets	9,478,725	20,361,770	128,166,172	792,119,100	2,458,396	32,518	1,848,256	1,100,996	49,046,577	(9,298,204)	39,748,373			
Segment liabilities	6,713,646	12,772,934	55,414,647	681,722,041	4,225,687	3,060	769,683	41,047	32,456,193	(12,662,062)	19,794,131			

(*) After the share sale on November 14, 2022, the ownership rate of Akfen REIT decreased from 23.94% to 13.94%. Profit or loss items of Akfen REIT were consolidated at the rate of 23.94% which is the pre-sale ownership rate and the closest accounting period to the share sale date until September 30, 2022 and at the rate of 13.94% which is the ownership rate after the share sale on November 14, 2022 between September 30, 2022 to December 31, 2022.

(**) After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 30% which is the pre-sale ownership rate and the closest accounting period to the share sale date until June 30, 2022 and at the rate of 25.5% which is the ownership rate after the share sale on July 22, 2022 between June 30, 2022 to December 31, 2022.

(***) Other companies include Akfen Danışmanlık, Akfen GPYŞ, Biz Mining, Akınisi, Zeki İnşaat, Ayri Gayrimenkul, Akfen Enerji Gaz, Akfen Hospital and Akfen Solar Energy (subsidiaries).

4. SEGMENT REPORTING (cont'd)

Jan. 1-Dec. 31, 2021	Investments accounted using the equity method							Consolidation and adjustment classification	Consolidated total			
	Akfen Holding	Akfen Cons.	Akfen Tourism	Akfen REIT (*)	Akfen Renewable	MDO/IDO (**)	Akfen Water			Acacia	Other (***)	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 & 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 investment 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	273,001	(867,355)	4,385	143,365	4,122	2,001,463	765,898	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

(*) After the capital increases on January 12, 2021 and February 9, 2021, 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 Danışmanlık, Akfen GPVŞ, Akimisi, Biz Mining, Adana İpekyolu, Akfen Energy Gas, Akfen Wind Energy and Akfen Solar Energy (subsidiaries).

5. CASH AND CASH EQUIVALENTS

As of December 31, 2022 and 2021, cash and cash equivalents are as follows:

	December 31, 2022	December 31, 2021
Cash on hand	2,585	1,494
Banks	2,318,119	780,347
- Demand deposits	59,947	51,630
- Time deposits	2,258,172	728,717
Other cash and cash equivalents (*)	870,069	1,198,105
Impairment	(75)	(22)
Cash and cash equivalents	3,190,698	1,979,924
Restricted bank balance (-)	(1,031)	(3,181)
Impairment	75	22
Cash and cash equivalents in the cash flow statement	3,189,742	1,976,765

(*) As of December 31, 2022 and 2021, 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, 2022, the restricted bank balance of the Group amounting to TRY 1,031 has been blocked for loan and insurance payments, and the blockage disappears when the payments are made (December 31, 2021: TRY 3,181).

Demand deposits

As of December 31, 2022 and 2021, TRY equivalent of demand deposits in currency terms is as follows:

	December 31, 2022	December 31, 2021
US Dollar	37,056	42,390
TRY	12,370	2,322
EUR	10,378	6,717
Other	143	201
Total	59,947	51,630

Time deposits

As of December 31, 2022 and 2021, TRY equivalent of time deposits in currency terms is as follows:

	Maturity	Interest rate (%)	Dec.31, 2022	Maturity	Interest rate (%)	Dec.31, 2021
US Dollar	January 2023	0.01 - 3.75	1,453,439	January 2022	0.01 - 0.2	467,865
TRY	January 2023	2 - 22	536,615	January 2022	4.75 - 20	17,474
EUR	January 2023	0.01-1.50	268,118	January 2022	0.01 - 0.25	243,378
Total			2,258,172			728,717

5. CASH AND CASH EQUIVALENTS (cont'd)**Other cash and cash equivalents**

As of December 31, 2022 and 2021, the distribution of cash and cash equivalents of the Group in foreign currency and Turkish lira is as follows:

	December 31, 2022	December 31, 2021
US Dollar	860,432	1,189,573
TRY	9,637	8,532
Total	870,069	1,198,105

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, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Short-term financial borrowings	2,469,086	2,162,020
Short-term secured bank loans	152,722	352,068
Current portion of long-term secured bank loans	2,034,332	1,633,364
Current portion of long-term bonds	277,713	155,398
Current portion of long-term financial lease borrowings	-	16,871
Current portion of long-term lease liabilities	4,319	4,319
Long-term financial liabilities	14,565,326	11,536,810
Long-term secured bank loans	14,554,749	11,527,812
Long-term lease liabilities	10,577	8,998
Total	17,034,412	13,698,830

6. FINANCIAL BORROWINGS (cont'd)

The details for financial borrowings as of December 31, 2022 and 2021, are as follows:

December 31, 2022	Currency	Nominal interest rate (%)	Maturity	Nominal value	Book value
Collateralized bank loan ⁽¹⁾	TRY	7.5-22.20	2023	306,555	309,120
Collateralized bank loan ⁽²⁾	TRY	10.00	2023	600	626
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +5.50	2035	3,102,227	3,130,646
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +4.75	2034	2,594,022	2,612,157
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor+6.10	2034	2,594,022	2,619,803
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor+5.05	2029	1,389,931	1,407,986
Collateralized project bank loan ⁽¹⁾	Euro	3M Euribor +6.00	2029	183,454	186,184
Collateralized bank loan ⁽³⁾	Euro	Euribor +6.55	2024	228,666	231,394
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor +5.15	2029	1,445,597	1,472,686
Collateralized project bank loan ⁽¹⁾	US Dollar	6M Libor+4.90	2027	261,815	262,171
Collateralized project bank loan ⁽¹⁾	US Dollar	3M Libor +6.20	2029	190,036	193,994
Collateralized bank loan ⁽³⁾	US Dollar	1.33	2026	749,280	751,356
Collateralized bank loan ⁽³⁾	US Dollar	1.40	2026	1,311,240	1,311,851
Collateralized bank loan ⁽³⁾	US Dollar	1.36	2025	2,247,840	2,251,829
Bond ⁽⁴⁾	TRY	28	2023	263,778	277,713
				16,869,063	17,019,516

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 ⁽⁵⁾	TRY TRYREF Index + 2		2022	150,000	155,398
				13,632,309	13,685,513

(1) Akfen Construction loans. (2) Akfen Tourism loans. (3) Akfen Holding loans.

(4) It consists of the remaining amount of the bond issued on October 17, 2022 amounting to TRY 300,000 with a maturity of 6 months and with the interest amounting to TRY 36,222.

(5) It consists of 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.

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, 2022 and 2021, the breakdown of short- and long-term financial borrowings according to their maturities is as follows:

	December 31, 2022	December 31, 2021
Within 1 year	2,464,767	2,157,701
Between 1 – 2 year	1,934,180	1,178,517
Between 2 – 3 year	3,721,143	1,125,810
Between 3 – 4 year	3,317,437	2,574,530
Over 5 year	5,581,989	6,648,955
Total	17,019,516	13,685,513

The movements in financial borrowings for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Financial liabilities at the beginning of the year	13,685,513	8,931,020
Proceeds from borrowings	1,050,249	3,046,489
Repayments of borrowings	(2,146,073)	(3,853,608)
Interest paid	(851,054)	(643,654)
Accrual	912,924	650,474
Foreign exchange difference	4,367,957	5,554,792
Financial liabilities at the period end	17,019,516	13,685,513

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, 2022	December 31, 2021
Less than 1 year	4,319	4,319
1 - 5 years	6,786	7,863
5 years and over	34,892	36,554
Less: Financial expense for future periods	(31,101)	(35,419)
Total operational lease liabilities	14,896	13,317

The movements of the lease liabilities for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
January 1	13,317	18,562
Finance expense	1,579	1,670
Subsidiary sales impact (Note 3)	-	(6,915)
December 31	14,896	13,317

7. TRADE RECEIVABLES AND PAYABLES

The short-term trade receivables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Trade receivables due from related parties (Note 32)	26,813	19,996
Trade receivables due from third parties	191,261	82,747
- Receivables from the Ministry of Health (*)	115,390	75,176
- Notes receivables	218	97
- Other trade receivables	75,653	7,474
Total	218,074	102,743

(*) As of December 31, 2022 and 2021, trade receivables from the Ministry of Health consist of the trade receivables from the agreements signed with the Ministry of Health.

The long-term trade receivables of the Group as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Trade receivables from third parties	16,254	9,061
- Notes receivables	16,254	9,061
Total	16,254	9,061

The short-term trade payables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Trade payables to related parties (Note 32)	11,367	9,230
Trade payables to third parties (*)	247,748	141,272
Total	259,115	150,502

(*) As of December 31, 2022 and 2021, it mostly consists of the Group's debts for construction works and purchased equipment and payments to subcontractors.

The long-term trade payables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Trade payables to related parties (Note 32)	191	-
Total	191	-

8. OTHER RECEIVABLES AND PAYABLES

The short-term other receivables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Other receivables due from related parties	27	9
Other receivables due from related parties	60,040	85,038
- Receivables from tax office	58,347	84,188
- Deposits and guarantees given	167	157
- Other receivables	1,526	693
Total	60,067	85,047

The long-term other receivables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Other receivables from related parties (Note 32)	440,197	835,155
Other receivables from third parties	15,859	12,356
- Deposits and guarantees given	1,375	542
- Other long-term receivables	14,484	11,814
Total	456,056	847,511

The short-term other payables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Other payables to related parties (Note 32)	36,592	40,495
Other payables to third parties	37,336	32,590
- Deposit and guarantees received	28,354	21,969
- Taxes and funds payable	7,123	10,275
- Other payables	1,859	346
Total	73,928	73,085

The long-term other payables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Other payables to related parties (Note 32)	1,758,274	1,387,002
Other payables to third parties	8,766	8,769
- Deposit and guarantees received	8	11
- Other payables	8,758	8,758
Total	1,767,040	1,395,771

9. PREPAID EXPENSES/ASSETS ARISING FROM CUSTOMER CONTRACTS

As of December 31, 2022 and 2021, short-term prepaid expenses are stated as follows:

	December 31, 2022	December 31, 2021
Prepaid expenses (*)	21,661	11,928
Advance given (**)	14,952	25,838
Other	285	407
Total	36,898	38,173

(*) As of December 31, 2022 and 2021, the majority of the balance of prepaid expenses consists of insurance expenses.

(**) As of December 31, 2022 and 2021, the majority consists of the advances given for construction works and purchased equipment of Akfen Construction and City Hospitals.

As of December 31, 2022 and 2021, long-term prepaid expenses are stated as follows:

	December 31, 2022	December 31, 2021
Advances given	7,555	6,197
Total	7,555	6,197

Long-term assets arising from customer contracts as of December 31, 2022 and December 31, 2021, are as follows:

Long-term assets arising from customer contracts/ Contract assets arising from sales of goods and services	December 31, 2022	December 31, 2021
Assets arising from customer contracts (*)	73,612	41,760
Total	73,612	41,760

(*) 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, 2022 and 2021, 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

As of December 31, 2022 and 2021, financial assets related to short and long term concession agreements are as follows:

	December 31, 2022	December 31, 2021
Isparta City Hospital		
Short-term financial assets related to concession agreements (*)	541,050	398,834
Long-term financial assets related to concession agreements (*)	4,131,480	3,158,983
Total	4,672,530	3,557,817
Eskişehir City Hospital		
Short-term financial assets related to concession agreements (*)	815,375	621,114
Long-term financial assets related to concession agreements (*)	6,709,634	5,447,920
Total	7,525,009	6,069,034
Tekirdağ City Hospital		
Short-term financial assets related to concession agreements (*)	463,130	348,390
Long-term financial assets related to concession agreements (*)	2,943,262	2,470,068
Total	3,406,392	2,818,458
Total City Hospital		
Short-term financial assets related to concession agreements (*)	1,819,555	1,368,338
Long-term financial assets related to concession agreements (*)	13,784,376	11,076,971
Total	15,603,931	12,445,309

(*) 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, 2022 and 2021, financial asset movements are as follows:

	2022	2021
January 1	12,445,309	7,375,570
Increase in value arising from the calculation of fair value of Service Concession Agreements (Note 28)	4,857,584	6,080,328
Collections	(1,698,962)	(1,010,589)
December 31	15,603,931	12,445,309

11. INVESTMENT PROPERTIES

As of December 31, 2022 and 2021, investment properties are as follows:

	December 31, 2022	December 31, 2021
Investment properties	2,216,786	1,303,814
	2,216,786	1,303,814

As of December 31, 2022 pledge on property, plant and equipment and investment property is TRY 2,530,820 (December 31, 2021: TRY 2,177,690).

11. INVESTMENT PROPERTIES (cont'd)

As of December 31, 2022 and 2021, the types of investment properties are as follows:

	December 31, 2022	December 31, 2021
Building	1,211,360	640,343x
Land	986,866	655,516
Hotel	18,560	7,955
	2,216,786	1,303,814

For the years ended at December 31, 2022 and 2021, the movement table of investment properties is as follows:

	2022	2021
January 1	1,303,814	1,133,028
Transfer to/transfer from inventories (Note 16)	(18,493)	20,327
Fair value increase (Note 28)	985,154	451,342
Disposals	(53,689)	(16,079)
Subsidiary sales impact-Land leases (Note 3)	-	(3,839)
Transfer from tangible assets (Note 14)	-	649
Subsidiary sales impact (Note 3)	-	(281,614)
December 31	2,216,786	1,303,814

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 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, 2022 and 2021, the fair value classifications of investment properties are as follows:

December 31, 2022	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Hotel	-	18,560	-
Investment properties – Building	-	950,859	260,501
Investment properties – Land	-	986,866	-

December 31, 2021	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Hotel	-	7,955	-
Investment properties – Building	-	452,093	188,250
Investment properties – Land	-	655,516	-

12. DERIVATIVE INSTRUMENTS

Derivative instruments consist of interest rate swap transactions.

As of December 31, 2022 and 2021, liabilities from derivative instruments are as follows:

	December 31, 2022	December 31, 2021
Assets from derivative instruments	522,564	-
Liabilities from derivative instruments	-	(280,559)
Total	522,564	(280,559)

December 31, 2022			
	Currency	Original contract value	Asset
Derivative assets	US Dollar	89,201,755	99,955
Derivative assets	Euro	276,287,791	422,609
Total			522,564

December 31, 2021			
	Currency	Original contract value	Liability
Derivative liabilities	US Dollar	104,371,438	(8,688)
Derivative liabilities	Euro	295,936,694	(271,871)
Total			(280,559)

As of December 31, 2022 and 2021, assets and liabilities arising from derivative instruments consist of interest rate swap transactions. Interest rate swap transactions were made for the loans used for 100% of the USD portion of the loans used for Isparta Hospital, for libor in January 2022 for 3 years until 2025 at the rate of 1.61%, for 60% of the loans used for Eskişehir Hospital until 2028, for euribor at the rates of 0.37%, 1.99% and 2.085% on the expiration dates of the loans, and for 70% of the loans for Tekirdağ Hospital for the euribor rates of the loans are 0.05%-2.42% at the expiration date and in a maturity range of 14 to 18 years.

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, 2022 and 2021, right of use assets are as follows:

	December 31, 2022	December 31, 2021
Right of use assets (*)	7,492	7,792
Total	7,492	7,792

(*) As of December 31, 2022 and 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. 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, 2022 and 2021, the movement table of right of use assets is as follows:

	2022	2021
January 1	7,792	10,486
Amortization expense	(300)	(300)
Subsidiary sales impact (Note 3)	-	(2,394)
December 31	7,492	7,792

14. TANGIBLE ASSETS

The movements of tangible assets as of December 31, 2022 are as follows:

Cost	Land and buildings	Machinery & equipment	Vehicles	Furniture & fixtures	Ongoing investments	Special costs	Other	Total
Balance as of January 1, 2022	17,051	12,525	18,648	36,648	18,832	33,274	586	137,564
Additions	82	126	1,995	16,025	5,964	18,499	-	42,691
Disposals	-	-	(1,268)	(26)	-	-	-	(1,294)
Fair value increase (*)	39,973	-	-	-	-	-	-	39,973
Balance as of December 31, 2022	57,106	12,651	19,375	52,647	24,796	51,773	586	218,934
Accumulated depreciation								
Balance as of January 1, 2022	4,353	9,058	5,467	19,570	-	8,448	176	47,072
Current period depreciation	594	774	3,835	6,849	-	6,952	120	19,124
Disposals	-	-	(704)	(21)	-	-	-	(725)
Balance as of December 31, 2022	4,947	9,832	8,598	26,398	-	15,400	296	65,471
Net book value as of January 1, 2022	12,698	3,467	13,181	17,078	18,832	24,826	410	90,492
Net book value as of December 31, 2022	52,159	2,819	10,777	26,249	24,796	36,373	290	153,463

(*) As of December 31, 2022, Group has revalued its buildings.

14. TANGIBLE ASSETS (cont'd)

31 Aralık 2021 tarihinde sona eren yıla ait maddi duran varlıkların hareketleri aşağıdaki gibidir:

Cost	Land and buildings	Machinery & equipment	Vehicles	Furniture & fixtures	Ongoing investments	Special costs	Other	Total
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								
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 January 1, 2021	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

As of December 31, 2022, the depreciation expense of tangible assets, intangible assets and right of use assets in total amounting to TRY 26,364 respectively, amounting to TRY 19,124, TRY 6,940 and TRY 300, was recognized in cost of sales amounting to TRY 19,436 and general administrative expenses amounting to TRY 6,928 (December 31, 2021: A total of TRY 19,289 respectively, tangible fixed assets TRY 13,693, intangible assets TRY 5,296, right of use assets TRY 300 of depreciation expense, was accounted in cost of sales amounting to TRY 13,912 and in general administrative expenses amounting to TRY 5,377) (Note 13 and Note 15).

15. INTANGIBLE ASSETS

The movements of intangible assets as of December 31, are as follows:

Cost	Rights	Other	Total
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
Balance as of January 1, 2022	134,893	14,163	149,056
Additions	1,415	49	1,464
Balance as of December 31, 2022	136,308	14,212	150,520
Accumulated amortization	Rights	Other	Total
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
Balance as of January 1, 2022	41,410	6,255	47,665
Current period amortization	3,666	3,274	6,940
Balance as of December 31, 2022	45,076	9,529	54,605
Net book value			
Net book value as of January 1, 2021	94,679	11,194	105,873
Net book value as of December 31, 2021	93,483	7,908	101,391
Net book value as of December 31, 2022	91,232	4,683	95,915

As of December 31, 2022 and 2021, 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, 2022 and 2021, inventories are as follows

	December 31, 2022	December 31, 2021
Food and beverage stocks	15,142	5,078
Finished goods	13,640	9,911
Total	28,782	14,989

As of December 31, 2022 and 2021, the finished goods consist of the existing apartments for sale in Incek and Gölbaşı related to the housing project.

As of December 31, 2022 and 2021 the movement of inventories is as follows:

	2022	2021
January 1	14,989	43,205
Additions	16,774	6,032
Disposals	(21,474)	(13,921)
Transfers from/to investment properties (Note 11)	18,493	(20,327)
December 31	28,782	14,989

As of December 31, 2022 and 2021, there is no mortgage on the inventories.

17. DEFERRED REVENUES / OBLIGATIONS ARISING FROM CUSTOMER CONTRACTS

As of December 31, 2022 and 2021, short-term deferred revenue is as follows:

	December 31, 2022	December 31, 2021
Deferred revenue from related parties (Note 32)	17,313	-
Deferred revenue from third parties	32,644	16,559
- Hotel lease revenues (*)	31,750	15,592
- Advances received (**)	828	911
- Other	66	56
Total	49,957	16,559

(*) Hotel lease revenue consists of rent collected in advance for the months after the reporting period related to Bodrum Loft Hotel as of December 31, 2022 and 2021.

(**) As of December 31, 2022 and 2021 the majority of the advances received are related to the Incek Loft project.

As of December 31, 2022 and 2021, long-term obligations arising from customer contracts are as follows:

Long term obligations arising from customer contracts	December 31, 2022	December 31, 2021
Long term obligations arising from customer contracts (*)	134,441	93,310
Total	134,441	93,310

(*) 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, 2022 and 2021. As of December 31, 2022 and 2021, 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, 2022 and 2021, short term provisions are as follows:

	December 31, 2022	December 31, 2021
Unused vacation provision	18,819	9,655
Other provisions (*)	32,874	19,187
Total	51,693	28,842

(*) As of December 31, 2022 and 2021, other provisions are the amounts expected to be paid by Akfen Holding to the previous shareholders of the HEPP project companies belonging to Akfen Renewables, depending on the share transfer agreement.

As of December 31, 2022 and 2021, long term provisions are as follows:

	December 31, 2022	December 31, 2021
Provision for severance pay	18,865	8,419
Total	18,865	8,419

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.

With the decision of the Council of Ministers dated July 1, 2003 and numbered 2003/5868, the amount of the vessels carrying cargo and passengers exclusively in the cabotage line registered to the Turkish International Ship Registry and National Ship Registry, commercial yachts, service and fishing vessels shall be determined according to the technical characteristics of each ship and has decided to reduce the special consumption tax amount of the fuel to be given to the logbook of the vessel that will use this fuel to zero since the beginning of 2004. Since 2004, IDO has been benefiting from the special consumption tax deduction.

The resolution of the Council of Ministers No. 2004/5266 of December 2, 2004 provides that the revenues from the operation and transfer of ships and yachts registered in the Turkish International Register of Ships are exempt from income and corporate taxes and funds. Therefore, purchasing, sales, mortgage, registration, loan and freight contracts pertaining to ships and yachts to be registered in the Turkish International Register of Ships are not subject to stamp duty, levies, banking and insurance transactions tax and funds. To this end, IDO 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 "Communique (Communique No: 2016/2) on Amending the Communique (Communique No: 2012/1) on the Implementation of the Decision on State Aid for Investments", which was published in the Official Gazette No. 28329 of June 25, 2016. Out of our SPP projects, those that have not applied for or received VAT exemption and investment incentive before the date of publication of the Communique cannot benefit the VAT exemption and customs duty exemption for the solar panels they will import.

Acacia Mine has received an investment incentive certificate from the Ministry of Economy under the "Large Scale Investment" plan for the mining facility in Kastamonu on April 27, 2014. Under this incentive, 40% of the total investment amount is based on tax exemption and 80% of the future tax amount of the company will not be paid within the scope of incentive until reaching the base for tax exemption. In addition, Acacia Mine benefits from SSK employer 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**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, 2022 and 2021, are as follows:

	Shareholding Rates (%)	December 31, 2022	Shareholding Rates (%)	December 31, 2021
Akfen Renewable	66.91	4,441,307	66.91	3,420,676
Acacia Mine	25.50	1,108,329	30.00	637,525
Akfen REIT	13.94	1,079,109	23.94	1,027,841
Akfen Water	50.00	29,459	50.00	24,664
MDO/İDO (*)	50.00	-	50.00	-
		6,658,204		5,110,706

(*) MDO, which will operate in the field of marine transport, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe İnşaat. 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 years ended on December 31 are as follows:

	2022	2021
Akfen REIT (*)	566,741	531,271
Akfen Renewable	468,653	273,001
Acacia Mine (**)	372,586	139,674
Akfen Water	4,768	4,385
IBS Insurance (***)	-	1,477
MDO/İDO (****)	(296,550)	(54,444)
	1,116,198	895,364

(*) After the share sale on November 14, 2022, the ownership rate of Akfen REIT decreased from 23.94% to 13.94%. Profit or loss items of Akfen REIT were consolidated at the rate of 23.94% which is the pre-sale ownership rate and the closest accounting period to the share sale date until September 30, 2022 and at the rate of 13.94% which is the ownership rate after the share sale on November 14, 2022 between September 30, 2022 to December 31, 2022.

After the capital increases on January 12, 2021 and February 9, 2021, the ownership rate of Akfen REIT decreased from 56.88% to 30.37%. Net profit for the period of Akfen REIT were consolidated are 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 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.

(**) After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 30% which is the pre-sale ownership rate and the closest accounting period to the share sale date until June 30, 2022 and at the rate of 25.5% which is the ownership rate after the share sale on July 22, 2022 between June 30, 2022 to December 31, 2022.

(***) 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.

(****) 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.

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

As of December 31, 2022 and 2021, the movements in investments accounted using the equity method are as follows:

	Jan.1 2022	Period profit/(loss)	Other equity move-ments	Liability cap adjustment (*)	Other adjustments related to profit or loss in conso- ligation (**)	Share sale (Not 3)	December 31, 2022
Akfen Renewable	3,420,676	468,653	551,978	-	-	-	4,441,307
Akfen REIT	1,027,841	566,741	97,066	-	-	(612,539)	1,079,109
Acacia Mine	637,525	376,104	276,498	-	(3,518)	(178,280)	1,108,329
Akfen Water	24,664	4,768	27	-	-	-	29,459
MDO/İDO	-	(1,097,251)	296,550	800,701	-	-	-
	5,110,706	319,015	1,222,119	800,701	(3,518)	(790,819)	6,658,204

	Jan.1 2021	Period profit/(loss)	Other equity move-ments	Liability cap adjustment (*)	Other adjustments related to profit or loss in conso- ligation (**)	Share sale (Not 3)	December 31, 2021
Akfen Renewable	1,607,499	273,001	1,540,176	-	-	-	3,420,676
Akfen REIT	394,817	531,271	179,490	-	-	(77,737)	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	2,106,472	812,911	(3,691)	(77,737)	5,110,706

In addition to the profit/(loss) figures in the table above, as of December 31, 2021, the profit of TRY 1,480 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.

(*) 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, 2022 and 2021.

(**) Acacia Mine's net assets include assets related to mineral reserves and goodwill. Depreciation expense amounting to TRY 4,397 (December 31, 2021: TRY 4,613) and deferred tax income amounting to TRY 879 (December 31, 2021: TRY 922) 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.

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 (cont'd)**Akfen Renewable Energy:**

Summary financial information on Akfen Renewable Energy as of December 31, 2022 and 2021 is provided below:

	December 31, 2022	December 31, 2021
Total Assets	17,802,250	14,567,983
Total Liabilities	10,801,622	9,092,802
Net Assets	7,000,628	5,475,181
Group's share in Akfen Renewable Energy's net assets	4,683,910	3,663,279
Change in the share of partnership (*)	(242,603)	(242,603)
Carrying value	4,441,307	3,420,676
	January 1- December 31, 2022	January 1- December 31, 2021
Revenue	2,489,204	1,291,036
Gross profit	1,471,397	684,421
General administrative expenses	(67,203)	(33,111)
Other operating income expense, net	222,846	(14,151)
Operating profit	1,627,040	637,159
Profit before tax	637,862	272,537
Profit after tax	700,871	404,699
Profit for the year from parent company shares	700,454	408,031
Group's share in Akfen Renewable's profit for the period	468,653	273,001
Depreciation and amortization expenses	505,531	311,190

(*) It is the effect of changes in the ownership ratios of Akfen Renewables in previous years on the consolidated financial statements of the Group.

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, 2022 are 13,6% (December 31, 2021: 11.31%) in USD terms.

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 1,138,055 in the other comprehensive income statement on December 31, 2022. (December 31, 2021: TRY 1,794,510).

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)**Akfen REIT:**

The summary financial information of Akfen REIT as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Total Assets	12,386,047	6,863,235
Total Liabilities	4,645,736	2,569,952
Net Assets	7,740,311	4,293,283
Group's share in Akfen REIT's net asset	1,079,109	1,027,841
	January 1- December 31, 2022 (*)	January 1- December 31, 2021 (*)
Revenue	511,730	191,494
Gross profit	491,843	177,496
General administrative and selling marketing expenses	(21,008)	(11,890)
Other operating income, net	3,265,705	2,518,981
Operating profit	3,736,540	2,684,587
Profit before tax	3,327,939	2,364,461
Profit after tax	2,957,616	2,114,335
Profit for the period from parent company shares	3,082,288	2,083,753
Group's share in Akfen REIT's profit for the period	566,741	531,271
Depreciation and amortization expenses	2,266	3,374

(*) 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. After the share sale on November 14, 2022, the ownership rate of Akfen REIT decreased from 23.94% to 13.94%. Profit or loss items of Akfen REIT were consolidated at the rate of 23.94% which is the pre-sale ownership rate and the closest accounting period to the share sale date until September 30, 2022 and at the rate of 13.94% which is the ownership rate after the share sale on November 14, 2022 between September 30, 2022 to December 31, 2022.

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, 2022 and 2021. 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, 2022 and 2021, the discount rates used in the Euro valuation report prepared according to different versions are in the range of 9.5-11.5% (December 31, 2021: %7.9-10.5%), the discount rates for assets valued in TRY are determined as 24% (December 31, 2021: 19%) and the discount rates for assets valued in Ruble are determined as 12.93-14.93% in the calculation of the fair values of operating investment properties.

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)**MDO/İDO**

The summary financial information of MDO/İDO as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Total Assets	4,916,789	2,534,852
Total Liabilities	8,451,372	6,575,868
Net Assets	(3,534,583)	(4,041,016)
Group's share in MDO/İDO's net asset	(1,767,291)	(2,020,508)
Group's share recognized in the net assets of MDO/İDO (*)	-	-
	January 1- December 31, 2022	January 1- December 31, 2021
Revenue	1,263,978	803,552
Gross profit	(1,986)	170,402
General administrative and selling marketing expenses	(108,767)	(81,241)
Other operating expense, net	(16,019)	(10,520)
Share of profit from investments accounted using the equity method	4,507	2,747
Operating profit	(122,265)	81,388
Loss before tax	(2,194,502)	(1,734,710)
Loss after tax	(2,194,502)	(1,734,710)
Loss for the period from parent company shares	(2,194,502)	(1,734,710)
Group's share in MDO/İDO's loss for the period	(1,097,251)	(867,355)
Group share of MDO/İDO recognized as loss for the period	(296,550)	(54,444)
Depreciation and amortization expenses	70,740	136,022

(*) 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. 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 (cont'd)**Akfen Water:**

The summary financial information of Akfen Water as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Total Assets	65,038	59,266
Total Liabilities	6,120	9,938
Net Assets	58,918	49,328
Group's share in the net assets of Akfen Water	29,459	24,664
	January 1- December 31, 2022	January 1- December 31, 2021
Revenue	28,937	108,707
Gross profit	4,036	8,976
General administrative expenses	(13,138)	(4,033)
Other operating (expense)/income, net	(37)	(7,427)
Operating loss	(9,139)	(2,484)
Profit before tax	7,276	9,719
Profit after tax	9,536	8,770
Profit for the period from parent company shares	9,536	8,770
Group's share in Akfen Water's profit for the period	4,768	4,385
Depreciation and amortization expenses	103	219

Acacia Mine:

The summary financial information of Acacia Mine as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Total Assets	7,248,064	4,926,247
Total Liabilities	3,018,364	2,930,264
Net Assets	4,229,700	1,995,983
Group's share in the net assets of Acacia Mine	1,078,573	598,795
Mining property reserves (*)	26,635	35,060
Goodwill carried at Group level (*)	3,121	3,670
Carrying value	1,108,329	637,525
	January 1- December 31, 2022 (*)	January 1- December 31, 2021
Revenue	3,730,465	1,699,202
Gross profit	1,407,017	877,617
General administrative and selling marketing expenses	(328,961)	(146,858)
Other operating (expense)/income, net	76	(7,937)
Operating profit	1,078,132	722,822
Profit before tax	1,154,727	726,906
Profit after tax	1,263,992	477,883
Profit for the period from parent company shares	1,263,992	477,883
Group's share in Acacia Mine's profit for the period before purchase price allocation	376,104	143,365
Group's share in Acacia Mine's profit for the period after purchase price allocation (**)	372,586	139,674
Depreciation and amortization expenses	570,671	268,874

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)**Acacia Mining (cont'd)**

(*) Net assets of Acacia Mine include mining property reserves and goodwill. As of December 31, 2022, regarding the recognized the mining property reserves, amortization expense amounted to TRY 4,397 (December 31, 2021: TRY 4,613) and deferred tax income amounted to TRY 879 (December 31, 2021: TRY 922) have been recognized under "Share in profits/(losses) on investments accounted for using the equity method" in the consolidated financial statements.

(**) After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 30% which is the pre-sale ownership rate and the closest accounting period to the share sale date until June 30, 2022 and at the rate of 25.5% which is the ownership rate after the share sale on July 22, 2022 between June 30, 2022 to December 31, 2022.

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:

After the sale of shares on January 28, 2021, IBS Insurance is not included in the Group assets as of December 31, 2022 and 2021.

The summary financial information of IBS Insurance as of December 31, 2021 is as follows:

	January 1- December 31, 2021
Revenue	8,611
Gross profit	6,929
General administrative and selling marketing expenses	(838)
Other operating income, net	3,152
Operating profit	9,243
Profit before tax	9,178
Profit after tax	7,403
Profit for the period from parent company shares	7,403
Group's share in IBS's profit for the period (*)	1,477
Depreciation and amortization expenses	152

(*) 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.

21. COMMITMENTS**Letters of guarantee, pledges and mortgages given**

As of December 31, 2022 and 2021, the Group's statements on its position related to letters of guarantee/pledges/mortgages are as follows:

GPM given by the Group	December 31, 2022	December 31, 2021
A. Total Amount of GPM Given on Behalf of Own Legal Entity	33,471,102	25,049,379
B. Total Amount of GPM Given in Favor of		
Partnerships which are Fully Consolidated	532,880	524,566
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	3,898,504	3,598,864
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	3,898,504	3,598,864
iii. Total Amount of GPM Given in Favor of		
Third Parties which C does not comprise	-	-
Total	37,902,486	29,172,809

As of December 31, 2022, the ratio of other GPM given by the Company to equity is %20 (December 31, 2021: %27).

The breakdown, in foreign currency, of the GPM the Group has given is as follows:

	December 31, 2022 (*)			December 31, 2021 (*)		
	TRY	Euro	US Dollar	TRY	Euro	US Dollar
GPM given on behalf of the						
Group's own legal entity	195,181	20,500,978	12,774,943	391,557	15,484,511	9,173,311
GPM given in favor of companies						
under full consolidation	210,554	228,666	93,660	306,170	218,396	-
Total of other GPMs given	147,000	103,182	3,648,322	96,824	132,924	3,369,116
	552,735	20,832,826	16,516,925	794,551	15,835,831	12,542,427

(*) All amounts are expressed in TRY equivalent.

125,000,000 shares of TRY 1 on Eskişehir City H. shares, 203,475,000 shares with TRY 1 on Isparta City Hospital shares, 175,000,000 shares with TRY 1 on Tekirdağ City Hospital shares were pledged to the creditors.

22. FINANCIAL INVESTMENTS**Short-term financial investments**

The details for short-term financial investments as of December 31, 2022 and 2021, are as follows:

	Dec. 31, 2022	Dec.31, 2021
Financial assets at fair value through profit or loss	722,989	1,023,720
Total short-term financial investments	722,989	1,023,720

Long-term financial investments

The details for long-term financial investments as of December 31, 2022 and 2021, are as follows:

	Dec. 31, 2022	Dec.31, 2021
Financial assets at fair value through profit or loss	1,778,448	1,159,125
Financial assets at fair value through other comprehensive income	5,683,981	3,723,028
Total long-term financial investments	7,462,429	4,882,153

Financial assets at fair value through profit or loss

As of December 31, 2022 and 2021, 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, 2022, fair value loss amount of TRY 494,447 related to the mentioned assets is accounted in the consolidated statement of income or expense (Note 30) (December 31, 2021: TRY 127,624 fair value gain).

22. FINANCIAL INVESTMENTS (cont'd)**Financial assets at fair value through other comprehensive income**

	2022	2021
January 1	3,723,028	2,123,935
Revaluation increases accounted for as other comprehensive income	1,960,953	1,596,465
Transfer	-	2,890
Other	-	(262)
December 31	5,683,981	3,723,028

As of December 31, 2022, TRY 5,560,452 of other long-term investments consists of MIP, TRY 10,530 of Travalex Group Investment, TRY 103,523 of Tepe Akfen Reformer TAR shares and TRY 9,349 of Tav Investment shares.

(December 31, 2021 : MIP; TRY 3,625,827, Travelex; TRY 10,530, Tepe Akfen Reformer TAR; TRY 80,056, Tav Investment; TRY 6,489). 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, 2022 and 2021, other current assets are stated as follows:

	December 31, 2022	December 31, 2021
VAT carryforward	22,812	67,539
Other	1,128	1,754
Total	23,940	69,293

As of December 31, 2022 and 2021, other non-current assets are stated as follows:

	December 31, 2022	December 31, 2021
VAT carryforward	84,667	25,934
Prepaid taxes and funds	863	-
Other	632	571
Total	86,162	26,505

Other current and non-current liabilities

As of December 31, 2022 and 2021, other current liabilities are stated as follows:

	December 31, 2022	December 31, 2021
Advances received (1)	40,204	60,017
Other	498	2,369
Total	40,702	62,386

(1) As of December 31, 2022, TRY 30,847 of advances received (December 31, 2021: TRY 53,522) consists of advances received by the Group for Acacia Maden.

24. EQUITY**Issued Capital**

As of December 31, 2022 and 2021, the Company's capital structure is as follows:

Name of shareholder	December 31, 2022		December 31, 2021	
	Share ratio (%)	Share amount	Share ratio (%)	Share amount
Pelin Akın Özalp	47.10	428,652	47.10	329,732
Selim Akın	47.10	428,652	47.10	329,732
Hamdi Akın	3.29	29,902	3.29	23,002
Akfen Holding	2.27	20,648	2.27	15,883
Akfen Tourism	0.24	2,146	-	-
Akınısı	-	-	0.24	1,651
Nominal	100.00	910,000	100	700,000
Total issued capital	100.00	910,000	100	700,000

With the decision of Akfen Holding Board of Directors dated September 21, 2021, it was decided that Akfen Altyapı 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 Altyapı was completed and Akfen Altyapı 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 Altyapı Holding participates, amounting to TRY 597,057 and the registered value of the shares in Akfen Altyapı 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. On December 29, 2022, a capital increase amounting to TRY 210,000 was made, and TRY 197,839 of the increased amount was covered from the cash capital advance given to the Company by the main partners of the Company, TRY 6,901 from the cash debt previously given to the Company by the founding partner of the Company. Remaining TRY 5,260 TL, TRY 495 was committed by Akfen Tourism, one of the current shareholders of the Company, and TRY 4,765 TL by Akfen Holding in cash and paid before registration.

Akfen Holding sold 38,362,889 shares out of 65,838,800 shares, corresponding to 9.868% of Akfen Holding's total shares taken over from Akfen Altyapı on August 24, 2021 (equivalent to 5.75% of the Company's total number of shares) amounting to TRY 379,962 to Hamdi Akın. The cost of the shares sold is TRY 332,107 and the difference between the selling price and the cost of the sold shares is TRY 47,855, which is recognised for as share premium in the consolidated financial statements of the Group.

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, 2022, legal reserves in the financial statements is TRY 2,571,933 (December 31, 2021: TRY 2,493,382).

Foreign currency translation differences

As of December 31, 2022 the translation reserve amounting to TRY 964,273 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, 2021: TRY 590,699 – 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, 2022 are TRY 373,574 (December 31, 2021: TRY 309,296).

24. EQUITY (cont'd)**Tangible asset revaluation increases**

As of December 31, 2022, the amount of tangible fixed asset valuation increase fund under equity in the consolidated financial statements of the Group is TRY 6,036,935 (TRY 5,998,885 from the power plant valuation of Akfen Renewable, TRY 38,050 consists of valuations for buildings owned by Akfen Construction). (December 31, 2021, TRY 4,461,126-TRY 4,455,054 consists of the power plant valuation of Akfen Renewable, TRY 6,072 consists of Akfen Construction).

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. In addition, the acquisitions of IBS Insurance on March 17, 2018, and Akfen Construction on May 30, 2018 were completed. With the decision of Akfen Holding Board of Directors dated September 21, 2021, it was decided that Akfen Altyapı 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 Altyapı was completed and Akfen Altyapı 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, 2022, the amount classified under non-controlling interests in the balance sheet is TRY 8,329 (December 31, 2021: TRY (33,909)). 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, 2022 and 2021, losses of non-controlling interests are TRY 1,888 and TRY 7,219, 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, 2022. It was evaluated within the scope of TFRS 9 standard and occurred in the value of financial investment. TRY 1,862,903 of the change of TRY 1,960,951, 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, 2021: TRY 1,516,643 net of the change in the value of the financial investment amounting to TRY 1,596,465 of deferred tax). As of December 31, 2022, other revaluation and measurement gains recognized under equity in the consolidated financial statements are TRY 4,617,595 (December 31, 2021: TRY 2,754,692).

Reserve hedge fund

The Group's hedging losses amounting to TRY 3,114,278 as of December 31, 2022 (December 31, 2021: TRY 1,976,224) 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 1,138,054 including the effect of deferred tax income (TRY 1,422,568, excluding the effect of deferred tax income) for year ended December 31, 2022. (December 31, 2021: TRY 1,794,510 - including deferred tax income effect, (TRY 2,243,138 excluding deferred tax income effect).

25. SALES AND COST OF SALES

The breakdown of revenue for the years ended December 31 is as follows:

Operational revenues	Jan.1-Dec.31, 2022	Jan.1-Dec.31, 2021
Hospital service revenues (*)	676,339	490,619
Apartment sales revenues (**)	111,580	25,472
Accommodation income (***)	81,719	47,789
Commercial area revenues	59,151	25,178
Dormitory revenues	11,420	11,778
Other	32,316	6,639
Sales returns (-)	(4,775)	(6,919)
	967,750	600,556

(*) 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.

(**) It consist of apartment sales revenues of the İncek Loft project.

(***) 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, 2022 and 2021, all of the revenue is obtained in Türkiye.

For the years ended as of December 31, details of cost of sales are as follows:

	Jan.1-Dec.31, 2022	Jan.1-Dec.31, 2021
Hospital service expenses (*)	559,280	401,989
Operational lease expenses	178,812	24,058
Personnel expenses	53,938	33,690
Construction costs	37,634	10,327
Food and beverage expenses	33,754	19,893
Insurance expenses	16,947	12,627
Energy expenses	13,430	3,835
Depreciation and amortization expenses	6,928	5,377
Tax and duties expenses	1,134	1,491
Other	39,948	22,677
	941,805	535,964

(*) 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:

	Jan.1-Dec.31, 2022	Jan.1-Dec.31, 2021
Personnel expenses	96,791	48,911
Consultancy expenses	24,106	18,014
Depreciation expenses	19,436	13,912
Travel and hosting expenses	16,556	7,660
Taxes, duties and fees	8,629	3,317
Donations	6,937	7,156
Office expenses	6,850	3,753
Rent expenses	6,445	6,328
Insurance expenses	1,980	1,023
Advertising expenses	211	81
Other	9,621	7,167
	197,562	117,322

27. SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the years ended December 31, are as follows:

	Jan.1-Dec.31, 2022	Jan.1-Dec.31, 2021
Dues expenses	2,186	1,723
Advertising expenses	1,102	1,373
Other	3,315	3,153
	6,603	6,249

28. OTHER INCOMES AND EXPENSES FROM OPERATING ACTIVITIES

Other incomes from operating activities for the years ended December 31, are as follows:

	Jan.1-Dec.31, 2022	Jan.1-Dec.31, 2021
Increase in value due to Service Concession Agreements (Note 10)	4,857,584	6,080,328
Increase in value of investment properties (Note 11)	985,154	451,342
Rent revenue	12,532	10,415
Reversal of impairment of receivable	9,739	-
Profit on sales of investment properties	415	-
Other	8,419	10,644
	5,873,843	6,552,729

Other expenses from operating activities for the years ended December 31, are as follows:

	Jan.1-Dec.31, 2022	Jan.1-Dec.31, 2021
Transfer fee expenses (*)	35,764	28,938
Provision for doubtful receivables	6,789	3,974
Exchange difference expense	6,261	2,907
Rediscount interest expense (Note 32)	-	62,360
Loss on sales of investment properties	-	6,785
Impairment of receivables	-	5,063
Other	1,913	3,341
	50,727	113,368

(*) 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.

29. FINANCE INCOMES AND EXPENSES

Finance incomes for the years ended December 31, are as follows:

	Jan.1-Dec.31, 2022	Jan.1-Dec.31, 2021
Exchange difference income	947,187	886,629
Fair value increases of derivative instruments	803,123	-
Interest income	158,958	167,419
Rediscount interest income (Note 32)	-	105,183
	1,909,268	1,159,231

Finance expenses for the years ended December 31, are as follows:

	Jan.1-Dec.31, 2022	Jan.1-Dec.31, 2021
Exchange difference expense	4,274,163	5,207,424
Interest expense	1,051,250	717,970
Commission expenses	1,507	833
Fair value decreases of derivative instruments	-	14,369
Other	12,399	7,282
	5,339,319	5,947,878

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:

	Jan.1-Dec.31, 2022	Jan.1-Dec.31, 2021
Gains due to the sale in the share of subsidiaries (Note 3)	-	34,491
Total of the gains arising from the disposal of affiliates, joint ventures and financial investments or changes in shares	-	34,491
Dividend income (*)	135,340	151,963
Other income from business partners (**)	66,978	-
Profits from sales of company shares (***)	-	12,500
Fair value gains of financial assets (Note 22)	-	127,624
Other	1,191	-
	203,509	326,578

(*) Dividend income as of December 31, 2022 and 2021 consists of dividend income from MIP.

(**) It consist of other income from MIP.

(***) As of December 31, 2021, all profits from sales of company shares consist of Akfen Tourism's share sale to Hamdi Akin. (Note 24).

Expenses from investment activities:

The breakdown of expenses from investment activities for the years ended December 31, is as follows:

	Jan.1-Dec.31, 2022	Jan.1-Dec.31, 2021
Fair value losses of financial assets (Not 22)	494,447	-
Loss due to share sale of affiliates/subsidiaries (Note 3)	266,234	131,082
Other (*)	103,667	31,846
	864,348	162,928

(*) As of December 31, 2022, TRY 55,000 of expenses from other investment activities consists of the Group's investment expenses related to Acacia and amounting to TRY 48.667 of the Group's investment expenses related to Akfen Renewable (December 31, 2021: TRY 31,846 Group's investment expenses related to Acacia).

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 Türkiye 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 23% (2021: 25%) over profits declared for interim periods in 2022 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 20% for 2022 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.

31. TAX ASSETS AND LIABILITIES (cont'd)**b) Corporate tax**

In Türkiye, 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 23% to the profits of the entities for 2022 tax periods (2021: 25%). 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 23% (2021: 25%) 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.

There is a withholding tax liability on dividend distributions, and this withholding liability is declared in the period when the dividend is paid in cash or on account. Dividend payments are subject to a 15% withholding tax until December 22, 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Türkiye, and those made to companies residing in Türkiye. However, in accordance with the Presidential Decision No. 4936, published in the Official Gazette dated December 22, 2021 and numbered 31697, the dividend withholding tax rate, which was 15% according to the Income Tax Law No. 193 and the Corporate Tax Law No. 5520, was reduced to 10%.

Dividend payments made to resident corporations in Türkiye again from resident companies in Türkiye are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to capital.

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 Türkiye, transfer pricing arrangements are stated in article 13 of the CTL headed "distribution of concealed gains via transfer pricing". Communiqué 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.

31. TAX ASSETS AND LIABILITIES (cont'd)**Tax income/(expense)**

The details of tax (expense)/income for the years ended December 31, are as follows:

	Jan.1,- Dec. 31, 2022		Jan.1,- Dec. 31, 2021	
	Dec. 31, 2022	%	Dec. 31, 2021	%
Current corporate tax expense	(6,002)		(32,059)	
Deferred tax income	1,069,112		141,452	
Total tax income	1,063,110		109,393	
Profit before tax	2,670,204		2,650,749	
Local tax rate	%23		%25	
Tax expense calculated over tax rate	(614,147)	(23)	(662,687)	(25)
Non-deductible expenses	(110,108)	(4)	(51,852)	(2)
Tax exemptions and exceptions ^(*)	89,775	3	163,331	6
Deferred tax on investment incentives	1,634,818	61	353,462	13
The effect of the shares in the profits of the investments accounted in equity method	256,726	10	223,841	8
Previous period tax expense	(2,201)	0	(6,563)	0
Current period losses not subject to deferred tax income	(226,353)	(8)	(12,006)	0
Temporary differences not subject to deferred tax income	-	0	(11,964)	0
Effect of tax rate differences	58,013	2	56,282	2
Tax base increase	-	0	(6,336)	0
Revaluation deferred tax difference ^(**)	(31,821)	(1)	65,051	2
Other	8,408	0	(1,166)	0
Total tax income	1,063,110	40	109,393	4

^(*) 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, 2022, 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 period with fair value in the IFRS financial statements.

31. TAX ASSETS AND LIABILITIES (cont'd)

	December 31, 2022	December 31, 2021
Current period tax expense (A)	(6,002)	(32,059)
Tax deductible (B)	5,724	41,629
Current income tax (liabilities)/assets, net (A+B)	(278)	9,570

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, 2022 and 2021, the Group's deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Investment incentives	2,964,696	1,329,878
Accumulated losses	878,640	410,194
Service concession agreements	(1,541,187)	(845,829)
Construction and repair costs spread over years	(89,568)	(95,586)
Investment properties and fixed assets	(211,910)	11,287
Discount on debts	41,852	14,245
Financial investments and derivative instruments	(321,650)	(86,071)
Other	25,120	44,752
Deferred tax assets, net	1,745,993	782,870

Expiration schedule of carry forward tax losses as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
2022	-	1,764
2023	120,573	315,188
2024	42,186	140,350
2025	632,911	882,903
2026	1,254,063	710,766
2027	2,343,465	-
Total	4,393,198	2,050,971

As of December 31, 2022, the Group has carry forward tax losses amounting to TRY 4,393,198 (December 31, 2021: TRY 2,050,971) that can be deducted from its future profits, and deferred tax asset amounting to TRY 878,640 (December 31, 2021: TRY 410,194 TL). As of December 31, 2022, the Group has a financial loss amounting to TRY 585,086, on which no deferred tax assets have been created.

Deferred tax asset movements for the years ended at December 31, 2022 and 2021 are as follows:

	2022	2021
January 1	782,870	678,720
Recognized in the statement of profit or loss	1,069,112	141,452
Subsidiary sales impact (Note 3)	-	42,520
Recognized in the statement of other comprehensive income	(105,989)	(79,822)
December 31	1,745,993	782,870

32. RELATED PARTY DISCLOSURES**a) Trade receivables from related parties / Trade payables to related parties**

As of December 31, 2022 and 2021, the Group's short-term trade receivables from related parties are as follows:

	December 31, 2022	December 31, 2021
Akfen Renewable	11,561	3,896
Akfen İnşaat Turizm ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Adi Ortaklığı ("Adi Ortaklık")	8,968	13,438
Farklı Yatırım İnşaat A.Ş.	1,743	1,363
Other	4,541	1,299
	26,813	19,996

As of December 31, 2022 and 2021, the Group's short-term trade payables to related parties are as follows:

	December 31, 2022	December 31, 2021
Akfen REIT	5,463	3,909
Akfen Water	4,364	3,220
MIP	1,540	1,892
Other	-	209
	11,367	9,230

As of December 31, 2022 and 2021, the Group's long-term trade payables to related parties are as follows:

	December 31, 2022	December 31, 2021
Other	191	-
	191	-

b) Other receivables from related parties / Other payables to related parties

As of December 31, 2022 and 2021, the Group's long-term other receivables from related parties are as follows:

	December 31, 2022	December 31, 2021
İzbir Mine (*)	307,071	207,142
Acacia Mine (**)	131,200	298,208
Akfen Renewable (**)	-	328,998
Other	1,926	807
	440,197	835,155

(*) It consists of the receivables of Acacia Mine related to the capital increase. Financial income is obtained for the related receivables over the interest rates according to the market conditions.

(**) It consists of the amounts given by the Company in order to finance the working capital and ongoing investments of the companies within the group and the Company calculates financial income for the related receivables at the same interest rates as the market conditions.

As of December 31, 2022 and 2021, the Group's short-term other payables to related parties are as follows:

	December 31, 2022	December 31, 2021
Company Main Partner	36,570	25,465
İlbak Madencilik San. Ve Tic. A.Ş. ("İlbak Madencilik")	-	14,682
Other	22	348
	36,592	40,495

32. RELATED PARTY DISCLOSURES (cont'd)

As of December 31, 2022 and 2021, the Group's long-term other payables to related parties are as follows:

	December 31, 2022	December 31, 2021
MIP Other Partners (*)	572,353	293,127
Akfen International BV (**)	500,824	542,532
Company Founding Partner	263,567	193,103
MIP (***)	214,818	185,588
Firatcan Tourism (****)	202,130	162,232
Akfen Water	-	6,449
Other	4,582	3,971
	1,758,274	1,387,002

(*) It is the portion of the debt received from MIP that will be paid to other MIP partners when due. Since the aforementioned debt amount has a certain maturity, it has been recognised by discounting.

(**) 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 afore-said payable has a certain maturity.

(****) It is a loan taken from Akfen REIT's affiliate, and interest is charged on the aforementioned debt under market conditions.

As of December 31, 2022 and 2021, the Group's short-term deferred revenue from related parties are as follows:

	December 31, 2022	December 31, 2021
Akfen REIT (*)	17,313	-
	17,313	-

(*) It consists of the construction advances received for the project that Akfen REIT plans to develop on the Yalıkavak land.

The main transactions with related parties for the years ended December 31, are as follows:

		Jan.1-Dec.31, 2022	Jan.1-Dec.31, 2021
MIP	Dividend income	135,340	151,963
Acacia	Interest income	18,931	89,516
Akfen Renewable Energy	Interest income	49,658	51,452
Izbir Mine	Interest income	12,810	6,875
Akfen Renewable Energy	Other income	10,403	3,411
Other	Interest income	112	767
Other	Other income	10,159	1,593
MIP	Rediscount interest (expense)/income	(19,272)	105,183
Akfen Water	Other expense	(17,564)	(14,272)
Company main partner	Rent expense	(2,558)	(1,629)
Other	Interest expense	(14)	(60)
Other	Other expense	(1,040)	-
Company founding partner	Rediscount interest expense (*)	-	(62,360)
Akfen International	Interest expense	-	(11,150)
Akfen REIT	Loss on sales of company (Note 3)	-	(45,071)
Akfen REIT	Loss on sales of company (Note 3)	-	(74,707)
Akfen REIT	Rent income	1,435	1,586
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 Altyapı, 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, 2022 is TRY 41,293 (December 31, 2021: TRY 21,708).

33. EARNINGS PER SHARE

The Group's earnings per share for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Net profit for the period belonging to the shareholders of the parent company	3,735,202	2,767,361
Number of shares at the end of the period	910,000,000	700,000,000
Number of shares available during the period	701,150,685	671,766,398
Earnings per share (full TRY)	5.33	4.12

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 Third Party	Third Party			
December 31, 2022								
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	26,813	207,515	440,224	-	75,899	15,603,931	5,689,550	
- 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	26,813	207,515	440,224	-	75,899	15,603,931	5,689,625	
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	-	-	-	-	-	-	(75)	
- Net book value of impaired assets	-	26,279	-	-	-	-	-	
- Impairment (-)	-	(26,279)	-	-	-	-	-	
- Not overdue (gross book value)	-	7,145	-	-	-	-	-	
- Impairment (-)	-	(7,145)	-	-	-	-	(75)	
E. Elements including off-balance-sheet financing	-	295,157	-	-	-	-	-	
	Receivables							
December 31, 2022	Trade Receiv.	Other Receiv.						
0-3 months overdue	-	-						
3-12 months overdue	-	-						
1-5 years overdue	26,279	-						
1-5 years overdue	-	-						
Total receivables overdue	-	-						
Total provisions reserved	-	-						
Portion guaranteed with a collateral, etc.	-	-						

(*) As of December 31, 2022, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 870,069 and other short-term and long-term investment funds and deposits amounting to TRY 2,473,138 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 Third Party	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	-	244,899	-	-	-	-	-
	Receivables						
December 31, 2021	Trade Receiv.	Other 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)**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, 2022

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Borrowings	17,034,412	(22,201,138)	(601,968)	(1,984,329)	(11,867,186)	(7,747,655)
Trade payables to third parties	247,748	(247,748)	(247,748)	-	-	-
Due to related parties	1,806,424	(2,086,279)	(11,367)	(36,592)	(1,476,779)	(561,541)
Other payables(*)	161,540	(161,540)	(41,518)	(59,517)	(60,505)	-
Total	19,250,124	(24,696,705)	(902,601)	(2,080,438)	(13,404,470)	(8,309,196)

December 31, 2021

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
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)

(*) 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, 2022	December 31, 2021
Fixed-Interest financial instruments	(2.366.685)	(2.920.732)
Financial assets	2.258.097	728.695
Financial liabilities	(4.624.782)	(3.649.427)
Floating-Interest financial instruments	(9.066.419)	(6.668.451)
Financial assets	3.343.211	3.380.952
Financial liabilities	(12.409.630)	(10.049.403)

As of December 31, 2022 and 2021, 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, 2022	December 31, 2021
Fixed-Interest financial instruments	(23,667)	(29,207)
Financial assets	Assets at fair value through profit or loss 22,581	7,287
Financial liabilities	(46,248)	(36,494)
Floating-Interest Financial Instruments	(90,664)	(66,684)
Financial assets	33,432	33,810
Financial liabilities	(124,096)	(100,494)

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. According to the loan agreements, 60% of the bank loans of Eskişehir City Hospital, 70% of Tekirdağ City Hospital and 100% of Isparta City Hospital are protected against fluctuations in interest rates throughout the term of the loan.

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, 2022, assets and liabilities denominated in foreign currencies are as follows:

December 31, 2022	TRY Equivalent	US Dollar	Euro	Other (*)
1. Trade receivables	4,659	53	184	-
2a. Monetary Financial Assets (including safe and bank accounts)	3,329,737	162,920	13,990	201
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1,819,993	28,940	64,152	-
4. Current Assets (1+2+3)	5,154,389	191,913	78,326	201
5. Trade Receivables	37	2	-	-
6a. Monetary Financial Assets	2,301,012	100,459	21,199	-
6b. Non-Monetary Financial Assets	5,569,794	297,877	-	-
7. Other	14,227,263	244,597	484,262	-
8. Non-Current Assets (5+6+7)	22,098,106	642,935	505,461	-
9. Total Assets (4+8)	27,252,495	834,848	583,787	201
10. Trade Payables	61,995	689	2,458	-
11. Financial Liabilities	1,877,318	22,159	73,219	-
12a. Other Monetary Liabilities	378,236	17,839	2,207	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	2,317,549	40,687	77,884	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	14,554,739	311,169	436,934	-
16a. Other Monetary Liabilities	1,269,093	67,750	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	15,823,832	378,919	436,934	-
18. Total Liabilities (13+17)	18,141,381	419,606	514,818	-
19. Net Foreign Currency Asset/(Liability) Position (9-18)	9,111,114	415,242	68,969	201
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	3,541,320	117,365	68,969	201
21. Export	-	-	-	-
22. Import	-	-	-	-

(*) Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2022, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
December 31, 2022				
	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	1,552,864	(1,552,864)	1,552,864	(1,552,864)
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	1,552,864	(1,552,864)	1,552,864	(1,552,864)
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	274,978	(274,978)	274,978	(274,978)
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	274,978	(274,978)	274,978	(274,978)
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	909	(909)	909	(909)
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other F. Currency Assets Net Impact (7+8)	909	(909)	909	(909)
TOTAL (3+6+9)	1,828,751	(1,828,751)	1,828,751	(1,828,751)

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)	2,437,672	155,540	25,934	(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, 2022				
	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)	1,141,136	(1,141,136)
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	1,141,136	(1,141,136)	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)	78,252	(78,252)
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	78,252	(78,252)	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	(79)	79
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other F. Currency Assets Net Impact (7+8)	(79)	79	(79)	79
TOTAL (3+6+9)	1,219,309	(1,219,309)	1,219,309	(1,219,309)

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, 2022 and 2021, the ratio of total capital to net liabilities is as follows:

	December 31, 2022	December 31, 2021
Total financial liability	17,034,412	13,698,830
Less: cash and cash equivalents (*)	(5,692,135)	(4,162,769)
Net debt	11,342,277	9,536,061
Equity	19,954,242	13,168,525
Net financial debt / equity ratio	0.57	0.72

(*) Cash and bank deposits as of December 31, 2022; short-term and long-term financial investments of the Group amounting to TRY 2,473,138, excluding cash and cash equivalents, in the form of deposits and investment funds (December 31, 2021: TRY 2,182,845).

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.

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)**Financial Instrument classifications and fair values**

	Amortized cost	Fair value difference reflected to profit/loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
December 31, 2022						
Financial assets						
Cash and cash equivalents	3,190,698	-	-	3,190,698	3,190,698	5
Trade receivables from third parties	207,515	-	-	207,515	207,515	7
Trade receivables from related parties	26,813	-	-	26,813	26,813	7-32
Other receivables from third parties	75,899	-	-	75,899	75,899	8
Other receivables from related parties	440,224	-	-	440,224	440,224	8-32
Financial assets related to concession agreements	-	15,603,931	-	15,603,931	15,603,931	10
Financial investments whose fair value difference is reflected in profit / loss	-	2,501,437	-	2,501,437	2,501,437	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	5,683,981	5,683,981	5,683,981	22
Derivative instruments	-	522,564	-	522,564	522,564	12
Financial liabilities						
Financial borrowings	17,034,412	-	-	17,034,412	17,034,412	6
Trade payables to third parties	247,748	-	-	247,748	247,748	7
Trade payables to related parties	11,367	-	-	11,367	11,367	7-32
Other payables to third parties	46,102	-	-	46,102	46,102	8
Other payables to related parties	1,794,866	-	-	1,794,866	1,794,866	8-32
December 31, 2021						
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
Derivative instruments	-	280,559	-	280,559	280,559	12

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of December 31, 2022 and 2021, the fair value classifications of financial assets and financial liabilities measured at fair value are as follows:

December 31, 2022	Fair Value Level		
	Level 1 TRY	Level 1 TRY	Level 1 TRY
Short term financial investments			
Financial assets at fair value through profit or loss (Note 22)	722,989	-	-
Long term financial investments			
Financial assets at fair value through profit or loss (Note 22)	1,778,448	-	-
Other financial investments (Note 22)	-	-	5,683,981
Interest rate swap transactions (Note 12)	-	522,564	-
Receivables from service concession agreements/ Financial assets related to concession agreements (Note 10)	-	-	15,603,931

December 31, 2022	Fair Value Level		
	Level 1 TRY	Level 1 TRY	Level 1 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

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

Group management has made assumptions for inflation rates and foreign exchange rates during the contract period to calculate the fair value of financial assets related to concession agreements.

As of December 31, 2022 and 2021, 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, 2022	Discount rate change ^(*)	
	%1 decrease	%1 increase
Sensitivity level		
Fair value change	1,050,921	(944,579)

December 31, 2021	Discount rate change ^(*)	
	%1 decrease	%1 increase
Sensitivity level		
Fair value change	890,790	(795,874)

In addition, the sensitivity analysis of the important assumptions used in the fair value calculation of the building, which is under investment properties ((whole of Hacettepe Dormitory and for the asset valued as TRY, 23% discount rate is used in the valuation report (December 31, 2021: 17%)) as of December 31, 2022 and 2021, is as follows:

December 31, 2022	Inflation expectation		Discount rate change	
	%0.5 decrease	%0.5 increase	%1 decrease	%1 increase
Sensitivity level				
Fair value change	(6,862)	7,079	24,175	(20,903)

December 31, 2021	Inflation expectation		Discount rate change	
	%0.5 decrease	%0.5 increase	%1 decrease	%1 increase
Sensitivity level				
Fair value change	(5,796)	5,997	23,771	(19,789)

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)**Market multiplier**

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, 2022 and 2021, 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, 2022 and 2021. 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, 2022	Sensitivity analysis	if increases	if decreases
		Profit/(Loss) effect of fair value (TRY)	Profit/(Loss) effect of fair value (TRY)
Long term financial investments			
EBITDA multiplier	0.50 basis point	197,441	(197,441)

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			
EBITDA multiplier	0.50 basis point	131,021	(131,021)

35. EXPLANATIONS ON SHARES IN OTHER BUSINESSES

As of December 31, 2022 and 2021, information on the Group's major subsidiaries in which non-controlling interests are as follows:

December 31, 2022	Hacettepe Teknokent (*)	Akfen Merter	Isparta City Hospital	Total
Total assets	368,198	72,953	4,365,008	4,806,159
Total liabilities	417,842	23,503	2,864,124	3,305,469
Equity	(49,644)	49,451	1,500,885	1,500,692
Profit/(loss) for the period	(37,784)	(1,115)	1,123,928	1,085,029
Non-controlling interest ratio	0.000024	0.0848	0.0012	
Equity – Non-controlling interest	(1)	4,193	1,797	5,989
Profit/(loss) for the period – Non-controlling interest	(3.175)	(95)	1.382	(1.888)

December 31, 2022	Hacettepe Teknokent (*)	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)	(139)	814	(7,219)

(*) Information about the companies that do not have a controlling interest in Akfen Holding and Akfen Construction.

36. SUBSEQUENT EVENTS

On January 2, 2023, Akfen Holding transferred 50% shares of BİZ Mining a subsidiary of which it owns all shares to İlbak Madencilik.

On January 5, 2023, Akfen Holding completed the purchase of 50% shares of TASK Water B.V. in Akfen Water for 500 thousand Euros. Thus, Akfen Holding became the 100% owner of Akfen Water.

With the Board Decision of Akfen GPYŞ Board of Directors dated January 12, 2023, it was decided to transfer the shares of Ayrı Gayrimenkul to Akfen Gayrimenkul Portföy Yönetimi A.Ş. Birinci Gayrimenkul Yatırım Fonu ("Fon"). The aforementioned transfer transaction was completed on January 13, 2023, and 342,198,000 Ayrı Gayrimenkul shares belonging to Akfen Holding and 100,000 Ayrı Gayrimenkul shares belonging to Akfen Construction were transferred to the Fon.

Akfen Holding determined the total share value of Akfen Renewable's as USD 512 million and acquired all the shares of EBRD and IFC in Akfen Renewable on January 18, 2023 and became the 100% owner of the company.

As a result of the cancellation of the Interest Rate Swap transaction between Akfen GT and Akfen Karaköy on February 16, 2023, Credit Europe Bank NV and Akfen REIT, together with the interest advantage, a cumulative income of EUR 8,522,809 has been earned since the start of the IRS transaction as of November 10, 2021.

SUBSEQUENT EVENTS (cont'd)

Due to the negativities caused by the earthquakes centered in Kahramanmaraş on February 6, 2023, affecting many of our provinces and our whole country, in accordance with the Official Gazette dated February 8, 2023 and numbered 32098, it was decided to declare a state of emergency for three months in the provinces of Adana, Adiyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye, Şanlıurfa and Elazığ. The developments regarding the aforementioned natural disaster are closely monitored.

On February 16, 2023, 1,531,385 shares of Keskin Gayrimenkul Turizm Yatırım Sanayi ve Ticaret A.Ş. ("Keskin") in Akfen Karaköy and 172 shares of Bilal Keskin (1.28%) were taken over by Akfen Holding. Similarly, transfers were made to Akfen GT, and as a result of these transfers, Keskin and Bilal Keskin had no share in Akfen Karaköy.

Isparta City Hospital market test pre-qualification tender notice was published on February 9, 2023, pre-qualification tenders will be held on March 17, 2023.

Contracts made between subcontractors and Akfen Construction have been transferred to Akfen Hospital, and following the approval of the Administration regarding the aforementioned transfer, subcontractors will issue their invoices to Akfen Hospital and Akfen Hospital to Akfen Construction.

Akfen Construction Group is making preparations for the issuance of capital market instruments, sukuk and bonds.

The Law No. 7438 on Social Security and General Health Insurance and the Law No. 375 on the Amendment to the Decree Law No. 375, which includes the regulation on Persons Aged at Retirement (EYT), entered into force after being published in the Official Gazette dated March 3, 2023 and numbered 32121. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events after the Reporting Period, studies are continuing to measure its impact on the Group's operations and consolidated financial position.

CMB has approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by Akfen Holding in Akfen Renewable Energy. The demand gathering for the shares to be offered to the public was held between March 8, 2023 and March 10, 2023.

37. 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, 2022	January 1 - December 31, 2021
Independent audit fee for the reporting period	6,850,480	3,509,215
Fees for tax services	1,176,440	644,115
Fee for other assurance services	266,709	167,497
	8,293,629	4,320,827

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 Gas	Akfen Energy Gas Investment Co. Inc.
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 Solar	Akfen Solar Energy Inv. and Trade Co.
Akfen Thermal	Akfen Thermal Energy Investment
Akfen Water	Akfen Environment & Water Investment, Construction, Operation Co.
Akfen Merter	Akfen Merter Real Estate, Tourism and Construction
Akfen Wind	Akfen Wind Energy and Trading Co.
Akfen Water Dilovası	Akfen Arbiogaz Dilovası Waste Water Treatment Facilities Construction and Operation Co.
Akfen Water Güllük	Akfen Güllük Environment and Water Inv. Construction & Operation Co.
Akfen Tourism	Akfen Tourism Investment Management Co. Inc.
Akfen Renewable	Energy Akfen Renewable Energy Co.
Akfen / Akfen Makine	Akfen 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 Mediterranean 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.
Firatcan Tourism	Firatcan 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 Türkiye
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 Rep. 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 Türkiye
TTK 6102	Turkish Commercial Code
TurkStat	Turkish Statistical Institute
Turklim	Port Operators Association of Türkiye
UIB	United Insurance Brokers
WEPP	Wind Energy Power Plant
YEKDEM / FIT	Support mechanism for renewable energy resource
Zeki Group	Zeki Group Construction



AKFEN HOLDİNG

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