

# Akfen Holding

Annual Report 2023



REPUBLIC OF TÜRKİYE



# CONTENTS

## CHAPTER 1

<b>ABOUT AKFEN HOLDING</b>	<b>4</b>	Message from the President	18
Subsidiaries, Affiliates & Financial Investments	6	Message from the Vice Chairman of the BoDs	20
Milestones	7	Message from the Board Member	21
Developments in 2023	12	Our Partners	22
Fields of Activity	14	Akfen Holding Financial Results for 2023	23
Operation Maps	16	Financial Indicators Summary	24

## CHAPTER 2

<b>AKFEN HOLDING GROUP COMPANIES</b>		<b>ENERGY SECTOR</b>	<b>61</b>
<b>PORT SECTOR</b>	<b>26</b>	Akfen Renewable Energy (ARE)	66
Mersin International Port (MIP)	32	<b>Projects in Investment Phase</b>	<b>69</b>
<b>COPPER MINING SECTOR</b>	<b>38</b>	• Hybrid SPP Investments	69
Acacia Mining	43	• WPP Capacity Increase	69
<b>CONSTRUCTION SECTOR</b>	<b>45</b>	• Energy Storage Investments	70
Akfen Construction	50	<b>MARITIME TRANSPORT SECTOR</b>	<b>74</b>
Public-Private-Partnership (PPP) Projects	51	Istanbul Sea Buses (IDO)	77
• Isparta / Eskişehir / Tekirdağ City Hospitals	52	<b>REIT AND TOURISM SECTOR</b>	<b>79</b>
<b>Akfen Construction's Housing Investments</b>	<b>54</b>	Akfen Real Estate Investment (Akfen REIT)	82
<b>Housing Projects</b>		<b>Details of Ongoing Projects in 2023</b>	<b>87</b>
• İncek Loft	55	• Söğütlüçeşme Project	87
<b>Dormitory and Guest House</b>		• Kıyıkışlacık and Yalıkavak Projects	88
• Hacettepe Guest House	56	<b>WASTEWATER AND SOLID WASTE SECTOR</b>	<b>89</b>
<b>Contracting Projects</b>	<b>57</b>	Akfen Environment and Water	92
• Yalıkavak / Kıyıkışlacık Projects	57	<b>OTHER SUBSIDIARIES</b>	
• Croatia Project	58	Travelex	95
• İskenderun / Amasya State Hospitals	59	Akfen Tourism	96
• Hatay Emergency Hospitals	60	Other Subsidiaries and Affiliates	97

**Akfen Holding will continue to contribute to the sustainable growth of Türkiye and the world in the second century of the Turkish Republic, just as it did in its first century.**



### CHAPTER 3

#### CORPORATE GOVERNANCE

Corporate Values and Perspective for the Future	99
Human Resources	100
Board of Directors	103
Management of Subsidiaries and Affiliates	106

#### Sustainability in Akfen Holding 109

Sustainability Model and Principles	110
Sustainability for Akfen Holding	111
Sustainable Supply Chain	112
Climate Change and Emission Management	112
Environmental and Energy Management	112
Akfen Holding Sustainability Studies of 2023	113
Corporate Social Responsibility	115
Global Partnerships	116

#### UNITY AFTER THE EARTHQUAKE 118

TİKAV	120
Individual Development Program (IDP)	121
National Projects	124
Rural Region Seminars with Akfen Renewable Energy	125
International Youth Award Program Türkiye (UGO-Tr)	129
Loft Art and TİKAV Collaboration	131

### CHAPTER 4

#### AKFEN HOLDING AND SUBSIDIARIES FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FINANCIAL STATEMENTS

Independent Auditor's Report	132
Consolidated Financial Statement for the Year Ended 31 December 2023	140
Footnotes for the Consolidated Financial Statements	149
Abbreviations	247

# About Akfen Holding

Akfen Group remains committed to continuing its investments and developing new projects, as it has in the past.

**47**  
YEARS

**5**  
CONTINENTS

**350+**  
INVESTMENTS

**12**  
SECTORS

**65k+**  
EMPLOYEES

Since the establishment of the first company in 1976, Akfen Group has undertaken important projects in Türkiye across infrastructure, construction, real estate and various other sectors. From its foundation, the Group has adhered to a 'continuous growth strategy', channeling all created value into the development of new assets. The year 1997 marked an important turning point for Akfen Holding. That year, the Group won the tender for the Istanbul Atatürk Airport International Terminal, which was to be built under the Build-Operate-Transfer (BOT) model. This success increased Akfen's focus on long-term infrastructure projects.

The knowledge and experience accumulated during this period have positioned Akfen Group as a sought-after company, not only in Türkiye but also internationally. Today, the Group operates in diverse sectors such as infrastructure construction, airport management, port management, energy, maritime transport, and water and wastewater services.

**Our strategy is to collaborate with partners and financial institutions that are experienced in their respective sectors**

Akfen Group's fields of activity include construction, energy, sea port management, maritime transport, real estate, tourism, mining, waste water and solid waste management services. In line with its strategy, the Group collaborates with partners and financial institutions that are experienced and prominent in their respective sectors.

Among the partners of Akfen Group companies are nationally and internationally recognised entrepreneurial companies and financial institutions including Travelex, Accor, PSA International, IFM Investors, Tepe Construction and İlbak Holding.

At the end of 2021, following the simplification of the Group's structure, Akfen Holding merged with its primary partner, Akfen Infrastructure Holding. As a result, the Group now comprises a diverse portfolio of companies, including Akfen Renewable Energy, MIP, Acacia Maden, Akfen Environment and Water, IDO, Akfen Construction, Akfen Tourism, Akfen Merter, Akfen Consultancy and Project Development, Travelex, Akfen Real Estate Portfolio Management, and Tepe Akfen Reformer.

In 2022, the Group's structural simplification efforts 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. Following the transfer of all shares within the Holding in June 2022, Akfen Tourism became the sole shareholder of the company.

The year 2023 marked a period where the effects of the Covid-19 pandemic subsided globally and in Türkiye. However, the socio-economic impacts of the Russia-Ukraine war were still felt in Türkiye and neighboring countries. In February 2023, two devastating earthquakes struck 11 provinces, causing thousands of casualties and injuries, with only limited negative effects on economic activities.



As in the past, Akfen Group will continue to develop new projects and make new investments in order to increase employment, contribute to the development of the national economy and create value for its shareholders.

Akfen Holding's fields of activity include construction, port management, maritime transport, solid waste services, energy, mining and real estate. Akfen Holding manages and coordinates the operations and investments of its subsidiaries and affiliates in these sectors.

In 2023, Akfen Group continued its investments in the port, mining, construction and real estate sectors.

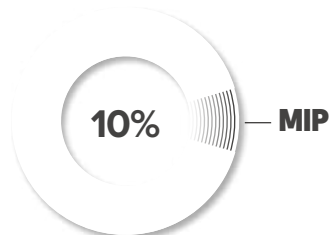
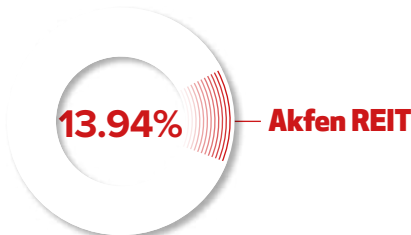
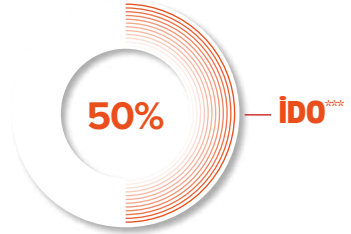
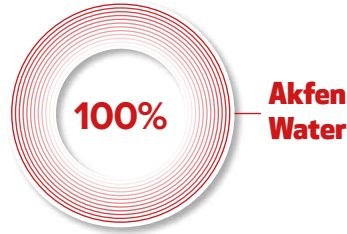
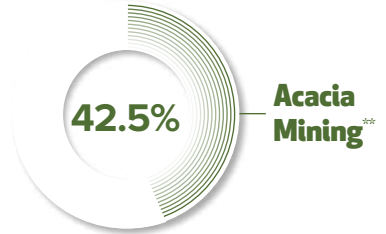
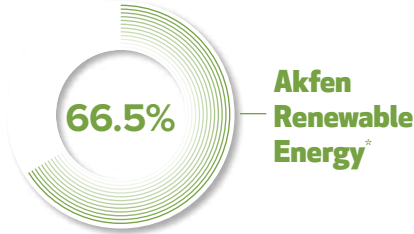
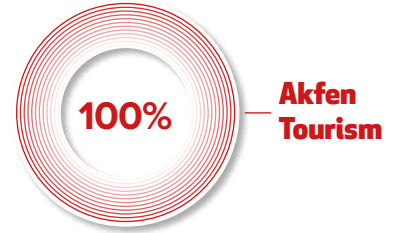
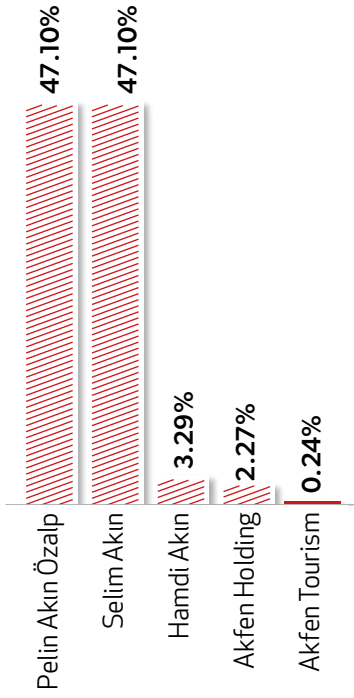
**We care about creating new business opportunities**

In line with its growth plans, the Group emphasises the creation of new business areas. For a company, with deep experience

in asset trading, the value generated through sales is critical for launching new ventures and raising funds for ongoing investments.

Group companies continue to achieve both organic and inorganic growth while supporting investments by effectively utilizing advanced financing instruments. This approach is one of the key drivers of high profitability. In the coming period, Akfen Group aims to sustain its growth by developing new businesses and making new investments, as it has in the past. With this vision, the Group seeks to increase employment, contribute to the development of the national economy, and create value for its shareholders.

# Subsidiaries, Affiliates and Financial Investments



## Subsidiaries, Affiliates and Financial Investments\*\*\*\*

Akfen Danışmanlık Proje Gel.	100%
Akfen GPYŞ	100%
Travelex	10%

\* On January 18, 2023, Akfen Holding acquired the shares of EBRD and IFC, becoming the 100% owner of Akfen Renewable Energy. In March 2023, 33.5% of Akfen Renewable Energy was offered to the public, reducing Akfen Holding's share to 66.5%.

\*\* As of November 30, 2023, Akfen Holding's share in Acacia Mining is 42.5%.

\*\*\* With the restructuring completed on 8 July 2021, Akfen Holding and Tepe Construction transferred their shares in IDO. As a result, Marmara Sea Buses became the 100% owner of IDO. Akfen Holding owns 50% of Marmara Sea Buses."

\*\*\*\* Other subsidiaries of Akfen Holding include Adana Ipekyolu, Akfen Energy Gas, Akfen Solar Energy, Zeki Construction, Akfen Hospital, Temmuz Investment, Ağustos Investment, Kasım Investment and Aralık Investment.

# Milestones

- 
- 1976** ● The foundations of Akfen were laid with the establishment of Akınısı Makina by Hamdi Akın.
- Hamdi Akın's first company, Akfen Engineering Consultancy, Contracting, and Distributorship, was founded. ● **1977**
- 1980** ● Akfen won its first state tender with Bank of Provinces' "Forged Parts and Molds Manufacturing Project".
- Akfen Construction was founded. ● **1986**
- 1990** ● The Antalya Airport Terminal Building renovation agreement was signed as Akfen's first project with DHMI.
- The construction of the apron and runway at DHMI Isparta Airport has started. ● **1992**
- 1993** ● Akfen Construction entered the housing sector with the Ankara Oran Çarşı residential project.
- TAV Istanbul was established, laying the foundations for TAV Airports. ● **1997**
- 1999** ●
- With the establishment of Akfen Holding, all companies affiliated with Akfen were restructured under the holding company.
  - TİKAV was founded.
- TAV Airports began operating the International Terminal at Istanbul Atatürk Airport. ● **2000**
- 2003** ●
- TAV Construction was founded.
  - The privatization tender for Kuşadası Cruise Port, in partnership with Royal Caribbean, was successfully awarded.
- **2004**
- Akfen Holding's share in Kuşadası Cruise Port was sold to its other partners.
  - TAV Construction won the Cairo Airport project in Egypt.
  - The tender for the privatization of vehicle inspection stations was awarded, leading to the establishment of TÜVTÜRK in an equal partnership with Doğuş Group and TÜV SÜD.

2005

- The PSA-Akfen Joint Venture was awarded the privatization tender for Mersin Port.

- The cooperation framework agreement between Akfen Holding and Accor was signed.

- The construction and operation rights of Izmir Adnan Menderes Int. Terminal were transferred to TAV Airports.

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

2006

- Izmir Adnan Menderes Airport Int. Terminal and Esenboğa Airport Domestic and Int. Terminal began operations

- Akfen Water was awarded the tender for the Güllük Municipality Water and Wastewater Concession Project.

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

- TAV Construction won the Doha Airport project in Qatar.

2007

- Akfen's 100% subsidiary Akfenhes Investments and Energy Generation Inc. was founded.

- The tender for the Dilovası Industrial Park Wastewater Treatment BOT Project was successfully awarded.

- TAV Airports won the tender for the operation of Antalya Gazipaşa Airport.
- Public offering of TAV Airports was completed.

- A hotel of Akfen REIT began operations.
- Mersin Port was taken over from TCDD.
- Akfen REIT's 4 hotels began operations.

2008

- TAV Airports was awarded the tender for the operation of Skopje and Ohrid airports, as well as the construction of Shtip Cargo Airport in Macedonia.

- TÜVTURK Istanbul Vehicle Inspection Stations Management Inc. started operation.

- TAV Airports took over the operation of Monastir Airport in Tunisia.

- An application for a generation license was submitted to EMRA to build a natural gas-based power plant in Mersin Province.

2009

- Akfen Holding sold its shares in TÜVTÜRK to Bridgepoint Capital Ltd.

- TAV Gazipaşa became operational at Antalya Gazipaşa Airport.

- TAV Construction, in partnership with a collaborator, won the Muscat Airport MCI package tender

- Akfen launched its first renewable HEPP project.

2010

- HAVAŞ acquired 50% of North Hub Services, a ground services company operating in Latvia Riga International Airport.

- TAV Construction won the tender for the New Doha Airport.
- 5 hotels of Akfen REIT began operations.

- Piriçlik HEPP, which was part of Akfen's HEPP Group and has a capacity of 22.5 MW, was sold.

- Akfen Water began wastewater treatment operations at Dilovası Industrial Park.

2012

- TAV Airports took over the operation of Medina Airport, in which it holds a 50% share.

- The joint venture, in which TAV Construction is involved, won the tender for the Midfield terminal in Abu Dhabi.

- Akfen Holding completed the sale of a 40% stake in five power plants in Karasular to Aquila.

- The sale of Akfen Holding's 18% stake in TAV Airports, 20.325% stake in TAV Investments, and Akfen Construction's 0.5% stake in TAV Investments to ADP Group has been completed.

- Akfen Holding made a public offering of a TRY 200 million bond.

- Two HEPPs and two hotels began operations.

2013

- MIP, issued a USD 450 million Eurobond to qualified investors abroad.

- TAV Construction was awarded the tender for the Riyadh Airport terminal.

- The license change for power plant capacity (1,150 MW) of Mersin CCGT was approved.

- Three hotels and two HEPPs began operations.

- Akfen Construction was awarded the tender for Isparta City Hospital.

- Akfen Holding sold 60% of its shares in Ideal Inc, which owns five power plants in Karasular, to Aquila.

- The contract for "Damac Towers by Paramount" project in Dubai was signed.

- The consortium, in which TAV Airports is involved, took over the operation of Zagreb Airport.

- Akfen Thermal Energy acquired a 50% stake in Adana Ipekyolu.

- Akfen Construction began work on the İncek Loft project.



## 2014

- Engineering News Records magazine chose TAV Construction as the "World's Largest Airport Construction Company".
- Akfen Construction,, made the best offer in the Eskisehir City Hospital tender and was awarded the contract.
- Izmir Adnan Menderes Domestic Terminal was opened.
- 45% share in the guest-house project which will serve in Hacettepe University campus, was acquired.
- TGS, a 50% subsidiary of HAVAS, won the ground services tender for Turkish Airline's eight airports.
- TAV Airports took over Milas-Bodrum Airport Domestic Terminal.
- MIP started a USD 170 million investment in new berths and deepening, as well as an expansion project.
- A HEPP and a hotel began operations.
- TAV Construction opened the New Doha International Airport.
- Incek Loft press press launch event.
- 75% of Artı Foreign Exchange was sold to Travellex.
- Akfen Holding made the public offering of a total of TRY 400 million bonds and completed its share buyback program in April 2014.
- Contract signed for Isparta City Hospital.
- The MIP expansion project has started.



Contract signed for Tekirdağ City Hospital. (2016)

## 2015

- When Hamdi Akın and the partners acting together became the controlling shareholders, the process of exercising the right to sell by investors began.
- ATÜ won the right to operate duty free shops located in George Bush Airport, Houston.
- The best offer for Tekirdağ City Hospital came from Akfen.
- Contract signed with Ilbank for Istanbul Atasehir Office.
- A USD 100 million partnership agreement was signed with EBRD for 20% stake in Akfen Renewable Energy.
- ENR selected TAV Construction as the "World's Largest Airport Construction Company" for the second consecutive year.
- Akfen Holding, transferred 98.85% of Akfen Construction to Akfen Infrastructure.
- A HEPP and a hotel began operations.
- Groundbreaking ceremony of Eskişehir City Hospital.
- TAV Airports, in a consortium with ADP and Metro Pacific Inv., was prequalified for the PPP tender for 5 regional airports in the Philippines.

## 2016

- Akfen Holding Board of Directors decided to split the company in June 2016. The split was completed in February 2017.
- The EBRD and IFC have decided to become 16.667% partners each in Renewable Energy. The two organizations transferred \$44.4 million for each of the 5% shares in the first phase.
- Novotel Istanbul Bosphorus began operation.
- Akfen Holding's shares were delisted from the stock exchange with the approval of the CMB, effective May 12.
- TAV Airports' subsidiary, BTA Inc., won the tender for managing the food and beverage areas at the New Muscat International Airport in Oman.
- In the second half of the year, IDO introduced new services, including a free open buffet and children's play areas, as part of an all-inclusive service on the Eskişehir-Topçular ferries.
- Tekirdağ City Hospital signing ceremony.
- MIP completed the first stage of the port expansion project.
- Akfen Water also started providing solid waste management services at MIP.
- TAV Construction and its partner Arabtec, won the tender for the new terminal building and related projects of Bahrain Int. Airport. (TAV share: 40%)
- Solentegre SPP (8 MW) with a license became operational.

2017

- The partners, acting together with Hamdi Akin, became the controlling shareholders in Akfen Holding, and the investor's right to sell was triggered.
- The principal repayment of the TRY140 million bond issued in 2014 has been made.
- Bulvar Loft was transferred from Akfen İnşaat to Akfen REIT.
- The division of Akfen Holding has been completed.
- The principal repayment of the TRY200 million bond issued in 2014 has been made.
- Akfen Ren. Energy's capital was increased from TRY 705 million to TRY793 million. After a transfer of USD 55,5 million by EBRD and IFC to the company, the shares of the two organizations increased to 19.99%.
- A bond issue of TRY300 million with a maturity of 3 years was completed.
- The transfer of 8.119% of the shares in TAV Airports to Tank ÖWA Alpha GmbH was completed on 7 July.
- One HEPP with an installed capacity of 8.8 MW and 18 SPPs with a total installed capacity of 15.94 MW became operational.
- An agreement was signed for the sale of 40% of Akfen Holding's shares in MIP to Global InfraCo SP NEUM SLU for USD 869 million.
- The acquisition of three wind projects in Çanakkale and one in Denizli has been completed, with a total installed capacity of 242 MW.
- A 3-year bond with a nominal value of TRY150,360,000 was issued.
- Akfen Water, started providing solid waste services to Isparta City Hospitals and Mersin Integrated Health Campus.



*Bodrum Loft has opened (2020)*

2018

- The merger of Akfen Holding and Akfen Engineering has been completed.
- 37% of IBS Insurance shares, belonging to Akfen Infrastructure Holding, were transferred to Akfen Holding.
- Akfen International was established as a 100% subsidiary of Akfen Holding in Amsterdam, Netherlands.
- Selim Akin's 100% stake in Masanda Turizm was transferred to Akfen Infrastructure Holding.
- Akfen Infrastructure Holding acquired 99.36% of Akfen Holding's shares.
- Akfen Infrastructure Consultancy was renamed to "Akfen Infrastructure Holding".
- Akfen Holding successfully finalized the merger through the acquisition of Akfen Thermal Energy and Akfen Energy Distribution.

2019

- All Akfen Holding shares in Akfen International B.V. were sold to Hamdi Akin.
- Akfen Holding repurchased 9,87% of its shares from Akfen Infrastructure Holding.
- Akfen Holding transferred its 21,68% share in TAV Investment Holding to Gazelle Yachting Real Estate Tourism Automotive Trade Inc.
- After the capital increase by Akfen Renewable Energy, the shares of EBRD and IFC increased to 16% each, while Akfen Holding's share rose to 66%.



*Akfen Construction and Dost Construction won the tender for the Renovation and Reconstruction of Sister of Mercy Hospital (2022)*

**2020**



- One SPP (13 MW) of Akfen Ren. Energy became operational and two SPPs (80 MW) were purchased and added to the portfolio.
- An agreement was signed in December for the sale of the remaining 20% of IBS shares.
- Akfen Holding's share in the restructured İDO became 50%.
- The official opening of Tekirdağ City Hospital took place in November.

**2021**



- Akfen Holding, Akfen Holding completed the sale of its remaining 20% stake in IBS on January 28, 2021.
- Akfen REIT's capital increase was completed, totaling TRY 344.6 million. After the transaction, Akfen Holding's share in Akfen REIT increased to 30.37%.
- The merger of Akfen Holding with its 100% subsidiary Akfen Energy Production Inc. was completed on March 5, 2021.
- At the Extraordinary Gen. Assembly, the merger of Akfen Holding and Akfen Infrastructure Holding, which owns the majority of its shares, was approved.
- The merger of Akfen Holding and Akfen Infrastructure Holding was completed on November 10.
- Akfen REIT's paid-in capital was increased to TRY 1.3 billion. After the transaction, Akfen Holding's share increased to 23.94%. (December 7, 2021)
- Turkrating has affirmed Akfen Holding's Long-Term Credit Rating as TR AAA, Short-Term Rating as TR A1 and its outlook as stable.

**2022**



- The title of Akfen Wind Energy has been changed to Akfen Hospital. All shares of Akfen Hospital were transferred to Akfen Tourism, making Akfen Hospital an indirect subsidiary of Akfen Holding.
- The merger of Akınısı and Akfen Tourism under the umbrella of Akfen Tourism was completed on August 22, 2022.
- Akfen Holding issued a financial bond with a nominal value of TRY 300 million on October 17, 2022.
- Turkrating has affirmed Akfen Holding's Long Term Credit Rating as TR AAA, Short Term Rating as TR A1, and outlook as stable.
- Akfen Holding's company capital of TRY 700 million was increased by TRY 210 million bringing it to TRY 910 million.

# Key Developments in 2023

## Akfen Holding

- On January 13, 2023, the shares of Ayri Real Estate were transferred to Akfen Real Estate Portfolio Management Inc. First Real Estate Investment Fund. As a result, Ayri Real Estate was no longer included in the Group assets as of June 30, 2023.
- On January 2, 2023, Akfen Holding transferred 50% shares in BiZ Mining Inc., in which it previously owned all shares, to İl-bak Mining Industry and Trade Inc. and BiZ Mining became a joint venture as of June 30, 2023.
- On January 5, 2023, the Group completed the acquisition of 50% of TASK Water B.V.'s shares in Akfen Water and Akfen Water became a subsidiary as of June 30, 2023.
- On January 18, 2023, Akfen Holding acquired all shares of EBRD and IFC in Akfen

Renewable Energy, becoming the 100% owner of the company. As of June 30, 2023, Akfen Renewable Energy became a subsidiary.

- On March 2, 2023, the Capital Markets Board approved the public offering of Akfen Holding's Group B shares in Akfen Renewable Energy, with a nominal value of TRY 340,370,703. Between March 8, 2023, and March 10, 2023, shares with a total nominal value of TRY 340,370,703 (representing 33.5% of the capital) were offered to the public.
- As of June 30, 2023, Akfen Holding's share in Akfen Renewable Energy stood at 66.5%.
- On March 14, 2023, Kasım Investment and Aralık Investment were established.

## Affiliates

### MIP

- In December 2023, MIP repaid the USD 600 million bond, originally issued abroad in 2019, which had a maturity date of November 2024.
- The USD 600 million bond issued in November 2023 was rated 'B' by S&P and Fitch.

- The budget for the USD 30 million Gates Project, which aims to position Mersin Port and the city of Mersin to support increased global trade, was submitted on September 28, 2023.
- MIP became Türkiye's largest container port in 2023.

<b>Acacia Mining</b>	<ul style="list-style-type: none"> <li>On January 2, 2023, Acacia Mining transferred 50% of the shares of BİZ Mining Inc. to İlbak Mining Industry and Trade Inc. and BİZ Mining became a joint venture as of June 30, 2023.</li> </ul>	<ul style="list-style-type: none"> <li>In 2023, Acacia Mining added the Amasya Polymetal Exploration Licence, located near its existing facility to its assets.</li> </ul>
<b>Akfen Construction</b>	<ul style="list-style-type: none"> <li>On March 27, 2023, the tender for the 600-bed Iskenderun State Hospital, held by the Republic of Türkiye Ministry of Health, was won.</li> <li>On May 8, 2023, the tender for the 600-bed Amasya State Hospital, held by the Turkish Ministry of Health, was won.</li> </ul>	<ul style="list-style-type: none"> <li>On September 18, 2023, the tender for the Hatay Altınözü, Erzin, Payas Districts Emergency Hospitals, held by the Ministry of Health, was won.</li> </ul>
<b>Akfen Renewable Energy</b>	<ul style="list-style-type: none"> <li>On January 18, 2023, Akfen Holding acquired EBRD &amp; IFC's 33% shares in Akfen Renewable Energy, becoming the 100% owner of the company.</li> </ul>	<ul style="list-style-type: none"> <li>In March 2023, 33.5% of Akfen Renewable Energy's shares were offered to the public.</li> <li>In June 2023, the preliminary licence for 235 MW of the 285 MW capacity WPP and SPP generation facility was obtained.</li> </ul>
<b>Akfen REIT</b>	<ul style="list-style-type: none"> <li>On July 26, 2023, the subsidiary Akfen Karaköy was acquired by transferring 77.80% of its factory building and land to Akfen REIT. Akfen Karaköy has leased the factory building and land to Eraysan, the company operating within it.</li> <li>As of May 2023, Akfen REIT acquired 1.27% of Akfen Karaköy shares previously owned by Akfen Holding, making Akfen Karaköy a subsidiary of Akfen REIT.</li> </ul>	<ul style="list-style-type: none"> <li>The remaining 49% of shares in Fıratcan Construction Trade Tourism Inc. for the Söğütlüçeşme project were purchased for TRY equivalent of EUR 10 million.</li> <li>Akfen REIT's 200% paid capital increase was approved by CMB.</li> <li>JCR Eurasia Rating Inc. has upgraded Akfen REIT's long-term national corporate credit rating to AA- (very high credit quality) for 2023 from A- (high credit quality) last year, raising it to investment grade.</li> </ul>
<b>Akfen Environment and Water</b>	<ul style="list-style-type: none"> <li>On January 5, 2023, the Group completed the acquisition of 50% of TASK Water B.V.'s shares in Akfen Water, making Akfen Water a subsidiary as of June 30, 2023.</li> </ul>	

# Fields of Activity

Akfen Holding continues to generate added value in the infrastructure sector through its partnerships and thousands of employees.

## PORT MANAGEMENT

### Mersin International Port

In 2023, MIP's container volume exceeded 2 million TEUs, making it Türkiye's largest container port.

**PSA Akfen Liman İşl. ve Yön. Dan. A.Ş.**



Partners:  
**PSA, IFM Investors**

Turnover (million US\$)	<b>413</b>
EBITDA (million US\$)	<b>273</b>
Total Assets (million US\$)	<b>954</b>
No. of Employees	<b>2,212</b>

## MINING

### Acacia Mining Operations Inc.

Production at the Gökırmak Copper Mine project, located in the Hanönü District of Kastamonu, began in March 2019. In 2023, a total of 2.1 million tonnes of ore was processed, producing 159 thousand tonnes of copper concentrate.

**Gökırmak Bakır Maden İç ve Dış Tic. A.Ş.**



Partners:  
**İlbak Madencilik, BMA Madencilik**

Adjusted Turnover (million US\$)	<b>230</b>
Adjusted EBITDA (million US\$)	<b>107</b>
Total Assets (million US\$)	<b>392</b>
No. of Employees	<b>263</b>

\* As of November 24, 2023, Akfen Holding's share in Acacia Maden was 42.5%.

## CONSTRUCTION

### Akfen Construction

Three city hospitals in the Akfen Construction portfolio — Isparta, Eskişehir, and Tekirdağ — continued their operations in 2023.



Adjusted Turnover (million US\$)	<b>185</b>
Adjusted EBITDA (million US\$)	<b>97</b>
Total Assets (million US\$)	<b>1,155</b>
No. of Employees	<b>125</b>

## ENERGY

### Akfen Renewable Energy Inc.\*

With one of the largest renewable energy portfolios in Türkiye, Akfen Renewable Energy continued its activities in 2023, maintaining a total installed capacity of 699 MW across 12 HEPPs, 35 SPPs, and 6 WPPs.



**Free Float 33.5%**

Adjusted Turnover (million US\$)	<b>148</b>
Adjusted EBITDA (million US\$)	<b>96</b>
Total Assets (million US\$)	<b>1,175</b>
No. of Employees	<b>232</b>

\* On January 18, 2023, Akfen Holding acquired the shares of EBRD and IFC, becoming the 100% owner of Akfen Renewable Energy. In March 2023, 33.5% of the company was offered to the public, reducing Akfen Holding's share to 66.5%.

## MARITIME TRANSPORT

### İDO Sea Buses

In 2023, İDO transported 21 million passengers and 4.1 million vehicles.

#### Marmara Sea Buses Investment and Operation Inc.



Partner: **Tepe Construction**

Adjusted Turnover (million US\$)	<b>66</b>
Adjusted EBITDA (million US\$)	<b>0.3</b>
Total Assets (million US\$)	<b>203</b>
No. of Employees	<b>804</b>

## REAL ESTATE INVESTMENTS

### Akfen Real Estate Investment Trust

Akfen REIT's hotel portfolio, consisting of 19 hotels (3,342 rooms), benefited from the recovery in the tourism sector in 2023, with the average occupancy rate increasing by 2 points to 66%.



Partners:  
**Hamdi Akın, Akfen Tourism, Akfen International, Open to Public**

Adjusted Turnover (million US\$)	<b>37</b>
EBITDA (million US\$)	<b>33</b>
Total Assets (million US\$)	<b>794</b>
No. of Employees	<b>9</b>

## ENVIRONMENT & WATER CONCESSIONS

### Akfen Environment and Water

In 2023, the amount of waste collected by Akfen Environment and Water was 5.5 thousand tonnes.



Adjusted Turnover (million US\$)	<b>2</b>
Adjusted EBITDA (million US\$)	<b>-0.4</b>
Total Assets (million US\$)	<b>3</b>
No. of Employees	<b>5</b>

\* As of January 5, 2023, Akfen Holding's share in Akfen Environment and Water reached 100%.

## OTHERS

### Travelex

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



Partners: **Travelex, Sera, Tepe Construction**

Turnover (million US\$)	<b>48</b>
EBITDA (million US\$)	<b>3</b>
Total Assets (million US\$)	<b>7</b>
No. of Employees	<b>59</b>

### Akfen Tourism Investment and Operation Inc.

Established in 1997, Akfen Tourism coordinates the Group's potential tourism investments.



Turnover (million US\$)	<b>12</b>
EBITDA (million US\$)	<b>-0.5</b>
Total Assets (million US\$)	<b>9</b>
No. of Employees	<b>194</b>

Company financial data and employee numbers in this section are as of the end of 2023.

# Operation Maps



## CONSTRUCTION

### City Hospitals (Completed)

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

### City Hospitals

#### (Ongoing/Planned)

- İskenderun State Hospital
- Amasya State Hospital
- Hatay Emergency Hospitals

### Dormitory (Completed/ Akfen Cons. & Akfen REIT)

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

### Housing Projects

#### (Completed)

- İncek Loft / Ankara
- Bulvar Loft / Ankara

#### (Ongoing/Planned)

- İncek 5 Villas Project

### Other Projects

#### Akfen Cons. & Akfen REIT (Ongoing/Planned)

- Kıyıkışlacık Project / Muğla
- Yalıkavak Project / Muğla
- Söğütlüçeşme Project / Ist.

### Office/House (Completed)

- Levent Loft / İstanbul
- Loft Garden / İstanbul

## ENERGY

### HEPP Projects (In Operation)

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

### WPP Projects (In Operation)

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

### SPP Projects (In Operation)

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

## HOTEL INVESTMENTS

### Akfen REIT (Lessor)

- Novotel Zeytinburnu / İstanbul
- Novotel İst. 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 MANAGEMENT

### MIP (In Operation)

- Mersin International Port





## WATER AND WASTEWATER PROJECTS

### Akfen Water (In Operation)

- İDO Solid Waste Man. Ser./ Istanbul.
- MIP Solid Waste Man. Ser./ Mersin
- Eskişehir City Hospital Solid Waste Man.
- Isparta City Hospital Solid Waste Man.
- Tekirdağ City Hospital Solid Waste Man

## 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

## MINING

### Acacia Mining (In Operation)

- Gökırmak Copper Mine Project / Kastamonu

## EXITED INVESTMENTS

- TAV Construction
- TAV Airports
- TUVTURK 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 (Istanbul/Ankara/İzmir/Mersin)
- Çiçekli I-II / ArtvinTAV Cons.
- TAV Airports
- TUVTURK 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 (Istanbul/Ankara/İzmir/Mersin)
- Çiçekli I-II / Artvin

## OVERSEAS INVESTMENTS

### Akfen REIT (Lessor)

- Ibis Hotel Yaroslavl / Russia
- Ibis Hotel Samara / Russia
- Samara Office / Russia
- Ibis Hotel Moscow / Russia
- Ibis Hotel Kaliningrad / Russia
- Merit Park Hotel Kyrenia / TRNC\*

### Akfen Construction Investments (Ongoing)

- Sister's of Mercy Hospital / Croatia

\* On January 17, 2024, all shares of Akfen GT A.Ş., the owner of Merit Park hotel, were sold and Cyprus Kyrenia Merit Park was removed from the portfolio.



**Hamdi Akın**  
Chairman  
of the Board  
of Directors

## Dear Stakeholders,

Entering 2024, the world economy is sending mixed signals. Tensions arising from Russia-Ukraine and Israel-Palestine conflicts, the upcoming U.S. elections in November 2024, and concerns that the recovery in production in the EU will take longer than expected despite the FED's preparations for interest rate cuts are prolonging decision-making processes. The promises made by Republicans and Democrats have differing effects on the global economy, while their contrasting approaches to conflict zones make investors more cautious. Despite uncertainties in the developed West, capital flows to developing countries continue unabated. According to the IMF's July 2024 report, net capital inflows to developing countries (excluding China) reached \$110 billion, the highest level since 2018. Türkiye's recovering economy stands out as one of the centers of attraction in this process.

The completion of the local elections in March 2024 and the absence of elections

in the near future are seen as positive developments for Türkiye. The return of structural reforms to the agenda, along with monetary policy adjustments, is expected to accelerate the recovery in Türkiye's macroeconomic data.

2023 was a year marked by persistent uncertainties and a slowdown in economic activity due to elections. Akfen Group managed to increase its total assets by 42% in 2023 by focusing inward. Significant contributions came from investments in strategic areas such as energy, mining, tourism and ports. In 2024, we will focus on completing our existing investments. In addition to finalizing ongoing projects, Akfen, as a group specializing in Public-Private Partnership (PPP) projects, will pursue opportunities both in Türkiye and abroad. The funds raised from the public offering of Akfen Construction in 2024 will be used to complete PPP and other ongoing projects. Furthermore, storage investments will be added to hybrid and capacity expansion initiatives in renewable energy. Public



“ We have celebrated the 100<sup>th</sup> anniversary of our Republic. As Akfen Group, we are proud to have witnessed half a century of this young Republic's history. ”

offerings in mining and investment efforts in ports will continue. The two projects in Bodrum, and the Söğütlüçeşme Project will be finalized quickly and introduced to the economy.

As Akfen Group, we proudly celebrated the 100<sup>th</sup> anniversary of our Republic and are honored to have witnessed half a century of its development. Since 1976, the Akfen Family has contributed to Türkiye's sustainable growth through innovative investments in airports, infrastructure and superstructure projects, tourism, maritime transport, energy, mining, and both domestic and international partnerships. Akfen Group remains committed to enhancing Türkiye's human capital. As part of its corporate social responsibility efforts, Akfen Group has helped more than 20,000 young people build self-confidence and discover their potential through the International Youth Award Programme-Türkiye (IYA-Tr). Additionally, the Group supports both family and national economies by providing education on health, hygiene, and savings to people in the provinces where it invests.



The pride of contributing to the country's development is immeasurable.

**Selim Akın**  
Vice Chairman of  
the BoD

As Akfen Group, we celebrated Türkiye's 100<sup>th</sup> anniversary with great happiness and pride. The pride of contributing to the country's development is immeasurable. We move forward with the awareness that the capital and know-how we have accumulated over half a century must be carefully utilized as we enter the Republic's second century.

In 2023, we succeeded in growing our balance sheet by nearly 50% by focusing on our internal targets. In 2024, we will devote most of our energy to completing our existing investments. In this year, as we anticipate an increase in financing costs, reducing indebtedness will be one of our top priorities. At this stage, we will prioritize equity financing for new investments. The funds raised through the public offerings of Akfen Construction and Acacia Mining will be used to finance our ongoing projects.

At Akfen Renewable Energy, our target is to increase our current installed capacity of 699 MW to 1,200 MW through hybrid investments, capacity expansions, and storage investments. We are also continuing our research in green hydrogen.

As a company specializing in PPP projects, Akfen Construction will continue its activities both in Türkiye and neighboring countries. We will leverage our expertise in hospital renovation projects in countries such as Uzbekistan and Kazakhstan and aim to participate in school reconstruction projects in Saudi Arabia. The proceeds from the public offering of Akfen Construction in 2024 will be allocated to investments in PPP projects. With the ongoing Söğütlüçeşme Project in Kadıköy, Istanbul, we aim to create Europe's largest food and beverage area and entertainment center.

The public offering of Acacia Mining is also planned for 2024. By the end of 2023, Acacia Mining had become one of the largest exporters in the mining sector.

As Akfen Tourism, we continue to operate Bodrum Loft and will also undertake the operation of the Söğütlüçeşme Project, which is scheduled to open in the near future. However, our biggest investment in tourism is through Akfen REIT. The rental income from the 19 hotels we own allows us to closely follow and contribute to the sector.

At IDO, we plan to positively impact our assets by opening new routes to the Greek islands.

Sustainability has become an integral part of our corporate life. We are reducing our carbon footprint by minimizing the use of paper, water, and electricity, and we have also begun carbon sales. Our sustainability committees are actively working, and their results are transparently shared with the public.

We continue our corporate social responsibility activities through TİKAV. In Elazığ, identified as a pilot region, we provide various training programs for young people. Additionally, we support the local community by offering education on hygiene, health, digital literacy, and savings.



We will continue to strive for the development of well-equipped individuals who will drive societal transformation.

**Pelin Akın Özalp**  
Board Member

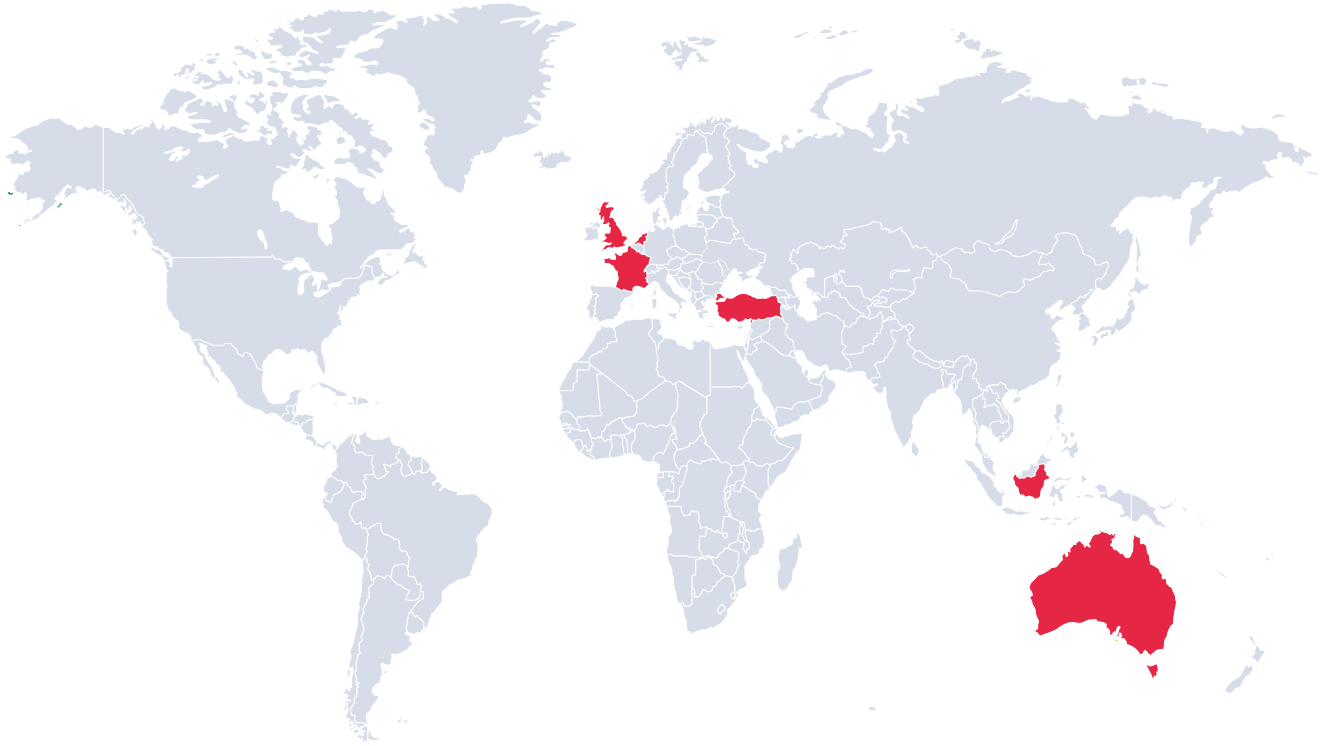
The scope of competition is expanding day by day and artificial intelligence is taking its place in this race. Young people need to be evaluated not only academically but also in terms of skill development. As Akfen and TİKAV, we have been working for over 22 years to support the personal development of young people. The International Youth Award - Türkiye (IYA-TR) is one of our most important projects in this field. Founded in 1956 by Prince Philip, Duke of Edinburgh and implemented in over 130 countries, this program helps young people aged 14-24 develop themselves in areas such as volunteer service, physical development, skill development, adventure and exploration. Since 2002, TİKAV has coordinated the program in Türkiye, reaching over 20,000 young people in 22 years. Today, the program continues with 147 active award centers across 34 provinces, more than 8,000 active participants, and over 1,000 volunteers.

The visit of Prince Edward, Duke of Edinburgh, to Istanbul in September 2023 to support the program has increased interest in the award. Engaging in activities that help young people better understand themselves—and earning internationally recognized bronze, silver, and gold certificates—gives them a significant advantage in opening up to the world. Prince Edward's question to young people during his speech at Kabataş Boys' High School in Istanbul, 'How many of you remember what you did at school? And how many of you remember your out-of-school activities?', highlighted the profound impact of the program on young lives. A particularly touching moment occurred when a young participant receiving his certificate in Elazığ, where the program was implemented with underprivileged children, said, 'I always took, but thanks to you, I saw that I could give something back.'

As TİKAV, we continue our mission to empower women, children, and youth, while improving the well-being of every segment of society. Through our Rural Regional Seminars, over 7,000 women in rural areas where our companies operate have received face-to-face training on various topics since 2017. Indirectly, these projects have reached over 28,000 people. Our goal for ongoing initiatives is to increase this number to 100,000.

At Akfen, our efforts to contribute to the development of human capital in Türkiye—now entering its second century—fill us with hope. We will continue working with the awareness that individuals who are better equipped for the competitive world of the future will also help transform society."

# Our Partners



## PSA



PSA, one of the world's largest port operators, was established in Singapore in 1972. Operating in 170 ports in 45 countries, PSA handled a total of 94.8 million TEU containers worldwide in 2023.

## ACCOR



Founded in 1967, the Accor Group, based in France, is a world-leading hospitality company, offering experiences in more than 110 countries across 5,500 properties, 10,000 food and beverage outlets as well as wellness facilities and flexible workspaces.

## IFM



For over 30 years, IFM Investors, a fund management company serving more than 665 institutional investors worldwide, has managed approximately USD 143 billion in assets.

## TEPE CONSTRUCTION



Tepe Construction was established in Ankara in 1969 by the Hacettepe University Foundation. The company completed its restructuring process in 1986 and has continued its activities as part of Bilkent Holding. Since its founding, Tepe İnşaat has built a strong reputation through its projects in housing, shopping centers, hospitals, educational buildings, industrial facilities, and infrastructure.

## İLBAK HOLDING



İlbaK Mining Companies were brought together under a holding structure in 2010. İlbaK Holding aims to become a prominent brand in mining with İlan Marble, TETE Albania, Kayın Mining, MMI and Acacia Mining under its umbrella. İlbaK Holding actively produces and exports minerals in Türkiye and Albania, particularly in Kastamonu and Konya provinces.

## TRAVELEX



Founded in 1976, Travelex is the world's leading specialist organisation in foreign exchange and related services. Operating in 20 countries, Travelex has built a global platform that redefines the movement of physical and digital money across borders. With 900 ATMs and 1,100 service points at airports and off-airport locations, as well as its continually evolving online and mobile foreign exchange platforms, Travelex ensures its customers remain one step ahead.

# Akfen Holding's Financial Results for 2023

The significant developments affecting Akfen Holding's financial results in 2023 and the key changes in its subsidiary portfolio are summarized as follows:

## Balance Sheet

### Consolidated Assets

Akfen Holding's consolidated total assets increased by 41% in 2023 compared to 2022, reaching TRY 94.5 billion. The primary drivers of this growth were increases in financial assets related to concession contracts, financial investments, property, plant and equipment, cash and cash equivalents, as well as investments accounted for using the equity method.

### Consolidated Equity

At the end of 2023, Akfen Holding's consolidated shareholders' equity increased by 22% compared to the previous year, reaching TRY 41.9 billion.

### Net Financial Debt

Akfen Holding's consolidated financial debt totalled TRY 37.6 billion in 2023, up from TRY 28 billion in 2022. Meanwhile, the Company's net financial debt, which was TRY 18.7 billion in 2022, increased to TRY 27.2 billion in 2023. (In this context, consolidated financial debt increased from USD 950 million to USD 1.3 billion and consolidated net financial debt increased from USD 633 million to USD 922 million).

Total Assets  
**94.5**  
billion TL

Revenues  
**7.1**  
billion TL

Profit  
for the Period  
**7.3**  
billion TL

Equity  
**41.9**  
billion TL

## Income Statement

### Revenues

Akfen Holding's 2023 revenue was realised as TRY 7.1 billion (2022: TRY 1.9 billion). The significant increase compared to 2022 was primarily driven by higher electricity sales revenues from Akfen Renewable Energy, which became a subsidiary in 2023, as well as increased hospital service revenues and construction project revenues from Akfen Construction.

### Operating Profitability

Gross profit was realised as TRY 2.2 billion in 2023 (2022: TRY-22.7 million). In 2023, Akfen Holding's operating profit amounted to 21.9 billion TL (2022: TRY 8.8 billion).

### Profit for the Period

Net profit for the period, which was -1.2 billion TL in 2022, was TRY 7.3 billion in 2023. In 2023, other developments that significantly affected net profit are summarised as follows:

- In 2023, net non-operating revenues increased by approximately TRY 17.9 billion (2022: TRY 9.7 billion) mainly due to the fair value calculation of the Service Concession Agreements of the city hospitals and a TRY 2 billion (2022: None) increase in the value of real assets in Akfen Renewable Energy.
- The share in the profit of investments accounted for using the equity method amounted to TRY 664 mn in 2023 (2022: TRY-825 mn).

# Financial Indicators Summary

Akfen Holding significantly increased its net profit, equity and total assets in 2023

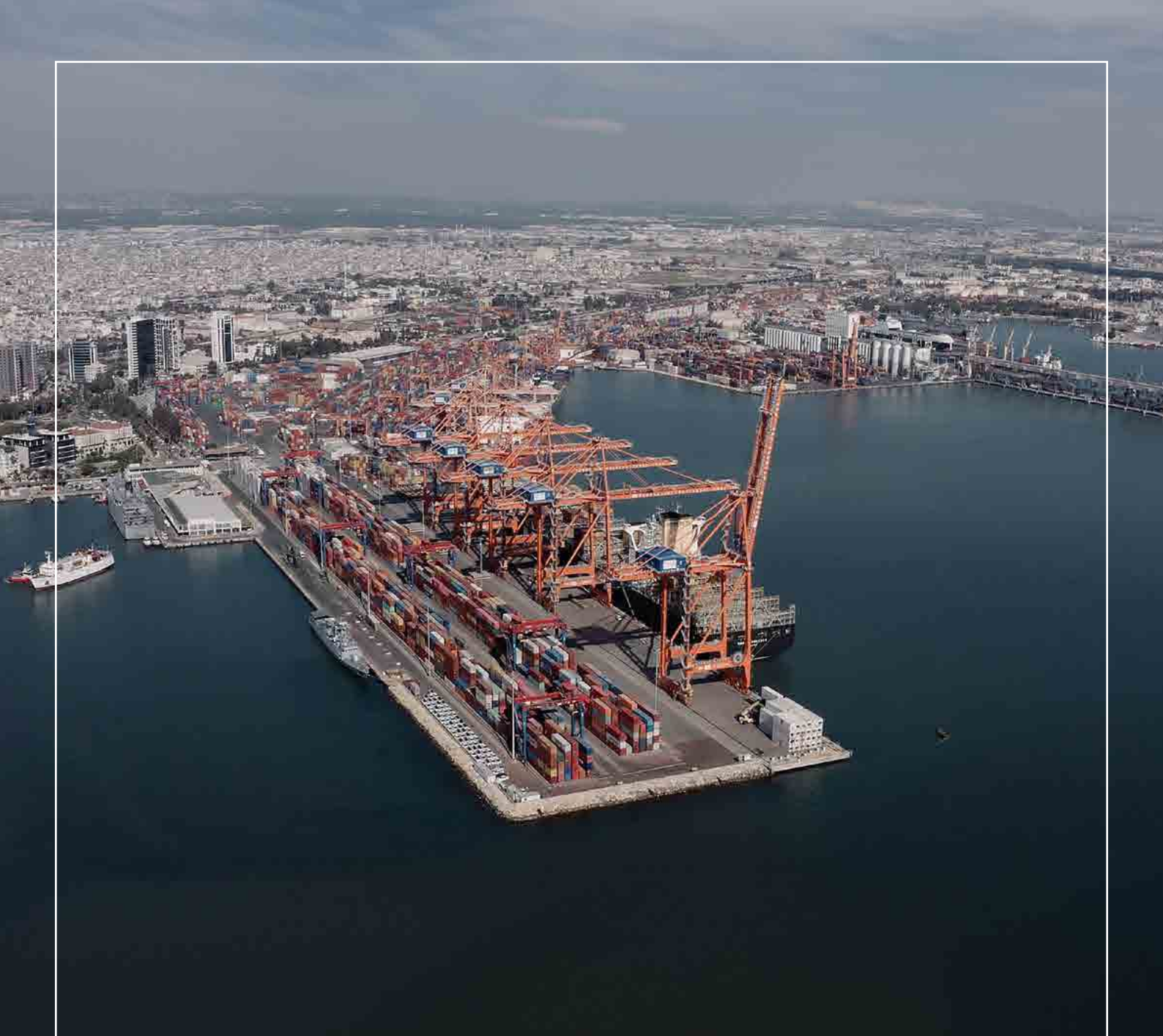
Summary Balance Sheet (million TRY)	31.12.2023	31.12.2022	Change
Cash and Cash Equivalents	6,550	5,257	24.6%
Financial Investments	2,012	1,191	68.9%
Financial Assets Related to Concession Agreements	2,993	2,998	-0.2%
Other Current Assets	99	39	153.8%
<b>Total Current Assets</b>	<b>13,624</b>	<b>10,398</b>	<b>31.0%</b>
Financial Investments	11,157	12,296	-9.3%
Other Receivables	440	752	-41.5%
Financial Assets Related to Concession Agreements	24,195	22,713	6.5%
Investments Accounting Using the Equity Method	6,286	12,562	-50.0%
Investments Properties	2,770	3,653	-24.2%
Deferred Tax Assets	2,180	2,870	-24.0%
Derivative Instruments	281	607	-53.7%
Other Non-Current Assets	89	142	-37.3%
<b>Total Fixed Assets</b>	<b>80,893</b>	<b>56,771</b>	<b>42.5%</b>
<b>TOTAL ASSETS</b>	<b>94,516</b>	<b>67,169</b>	<b>40.7%</b>
Financial Liabilities	37,866	28,068	34.9%
Other Liabilities	271	3,033	-91.1%
Other Short -Term Liabilities	113	67	68.7%
<b>Total Liabilities</b>	<b>45,768</b>	<b>32,923</b>	<b>39.0%</b>
<b>Equity</b>	<b>48,749</b>	<b>34,245</b>	<b>42.4%</b>
Equity Att, to Equity Holders of the Parent	41,867	34,219	22.4%
Non-controlling interests	6,881	26	26,365.4%
<b>TOTAL LIABILITIES</b>	<b>94,516</b>	<b>67,169</b>	<b>40.7%</b>
<b>Summary Income Statement (million TRY)</b>			
<b>Revenues</b>	<b>7,094</b>	<b>1,895</b>	<b>274.4%</b>
<b>Gross Profit</b>	<b>2,215</b>	<b>-23</b>	<b>a.d.</b>
Share of profit/(loss) from inv,accounted using the equity method	664	-825	a.d.
<b>Operating Profit</b>	<b>21,903</b>	<b>8,797</b>	<b>149.0%</b>
Income / Expenses from Investment, Activities, Net	1,575	-1,573	a.d.
Financial Expenses, Net	-13,441	-6,725	99.9%
Tax income/(expense)	44	1,061	-95.9%
<b>Net Profit for the Period</b>	<b>8,739</b>	<b>-1,163</b>	<b>-851.4%</b>
Non-Controlling Interests	1,410	5	28100.0%
Equity Holders of the Parent	7,330	-1,168	a.d.
<b>Summary Cash Flow Statement (million TRY)</b>			
(Loss)/profit for the period	8,739	-1,163	a.d.
Other adjustment for profit/(loss) reconciliation	-5,662	3,136	a.d.
Changes in working capital	-1,031	983	a.d.
Cash flows from/ (used in) operations	2,046	2,956	-30.8%
<b>Cash Flows from Operating Activities</b>	<b>5,067</b>	<b>6,180</b>	<b>-18.0%</b>
<b>Cash Flows (used in)/from Investment Operations</b>	<b>-756</b>	<b>-946</b>	<b>-20.1%</b>
<b>Cash Flows from/ (used in) Financing Activities</b>	<b>-4,142</b>	<b>-3,743</b>	<b>10.7%</b>
<b>Net decrease in cash and cash equivalents</b>	<b>247</b>	<b>-95</b>	<b>a.d.</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5,256</b>	<b>5,351</b>	<b>-1.8%</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5,502</b>	<b>5,256</b>	<b>4.7%</b>
<b>Financial Indicators</b>			
Current Ratio	1.21	2.14	-0.93
Liquidity Ratio	1.19	2.11	-0.92
Total Financial Debt / Equity	0.78	0.82	-0.04
Financial Leverage	0.88	0.91	-0.02





# Akfen Holding Group Companies





---

# ***PORT SECTOR***

---

REPUCLIC OF TÜRKİYE



# The Port Sector from the Foundation of the Republic to the Present

Ports that were leased to companies during the Ottoman period and left underdeveloped during wartime underwent rapid investment during the Republican era. The regulatory reforms began in April 1924 with the halving of taxes per tonne at Zonguldak Port, marking the first steps toward increasing maritime trade.

In April 1925, the state assumed responsibility for cleaning, expanding, and securing ports, with the first investments directed at Istanbul Haydarpaşa Port. That same year, domestic companies were established in Istanbul, Izmir, and Trabzon, followed by Mersin in 1926, initiating the operation and expansion of these ports.

## A Historic Regulation for Turkish Maritime: The Cabotage Law

The abolition of capitulations granted to foreign companies during the Ottoman period and the adoption of the Cabotage Law on July 1, 1926, which restricted maritime trade to Turkish citizens, stand out as pivotal milestones in the development of Türkiye's maritime sector.

In 1927, the State Railways and Ports Administration was established under the Ministry of Public Works to oversee investments in state-owned ports and railways. A significant legal reform followed in June 1934, granting the Ministry of Finance the authority to liquidate port companies in which 75% or more of the shares had been transferred to the Treasury. This regulation accelerated the operation of ports by the public sector, further advancing the maritime industry.

In 1936, the ports of Istanbul and Izmir came under state operation, followed by Trabzon and Ereğli in June 1937, Iskenderun in 1939, and Mersin in 1942.

In June 1939, the General Directorate of State Ports Management was established under the Ministry of Transport, marking a shift in the operation of ports, including loading, unloading, and transshipment, to state control.

Despite remaining neutral during the Second World War (1939-1945), the Republic of Türkiye continued its development investments.

During this period, expansion projects were undertaken at existing ports, funded through budget allocations.

## Accelerated Investments During the Multi-Party Era

During the multi-party period (beginning in 1950), budgetary allocations for port activities increased 2.5 times between 1951 and 1954 compared to the previous four years, leading to an acceleration in investments. These modernized ports contributed significantly to the rapid growth of maritime trade.

From the 1960s to the 2000s, Turkish ports continued to expand but struggled to keep pace with the rapidly growing trade volume. One key reason for this was that revenues generated from port operations were not reinvested into further development.

In 1997, privatization was introduced as a solution to modernize container ports under the Turkish Maritime Administration. This process gained momentum in 2004 with the privatization of TCDD (Turkish State Railways) ports.

## Two Turkish Ports Among the 15 Largest in Europe

Trade at Türkiye's privatized ports has grown significantly, with billions of dollars invested to transform them into key European trade routes in terms of container volume. According to Drewry reports, Istanbul Ambarlı and Mersin International Port rank among the 15 largest container-handling ports in Europe.

The investments initiated by the founding leaders of the Republic, who recognized the critical role of transportation in advancing the nation's trade, continue unabated into the second century. Today, Türkiye boasts approximately 180 ports, excluding marinas, along its 8,333-kilometer coastline.

With the increase in ship tonnage, Türkiye has emerged as a vital trade hub at the crossroads of Europe, Asia, and Africa. The growing interest of both domestic and foreign investors in the port sector is expected to continue, further enhancing Türkiye's position in global trade.

# Port Sector in the World and Türkiye

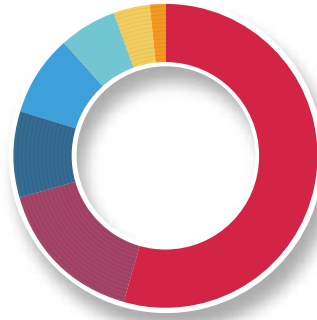
Despite global challenges such as wars, pandemics, and price fluctuations, international trade remained stable, ending the year with a slight increase. According to Drewry's 2023 Container Expectations Report, a key source illustrating trade developments, the volume of containers handled globally rose by 0.6% to 853 million TEU in 2022 and by 1.2% to 864 million TEU in 2023.

## Container transportation in Türkiye maintained 2022 levels

In Türkiye's port sector, container transportation remained steady compared to the previous year, while conventional cargo experienced a decline.

According to TURKLİM data, the volume of containers handled for import, export, and domestic transportation in 2023 remained unchanged at 8.7 million TEU (2022: 8.7 million TEU). However, transshipment cargo volume increased to 3.3 million TEU in 2023, up from 3.1 million TEU in 2022.

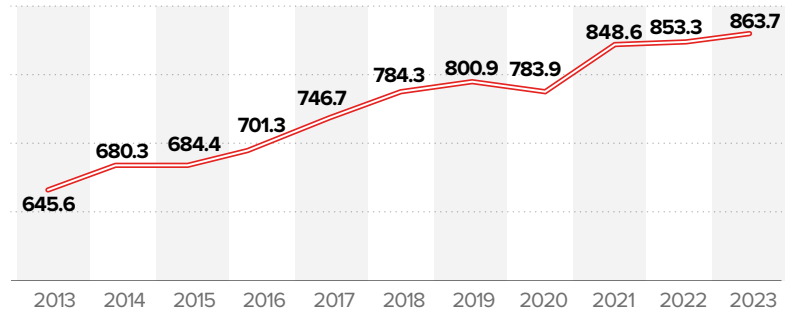
## World Container Volume Distribution by Region (2023-%)



Asia	55.7%
Europe	15.5%
North America	8.1%
Middle East/ South Asia	8.9%
Latin America	6.2%
Africa	3.9%
Oceania	1.6%
World	100%

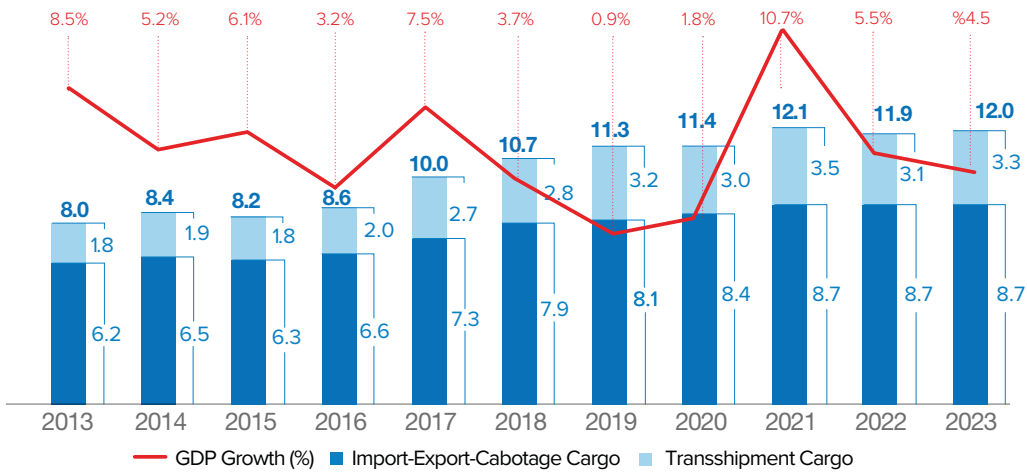
Source: Drewry Report 2023

## Development of World Container Volume (million TEU)



Source: Drewry Report 2023

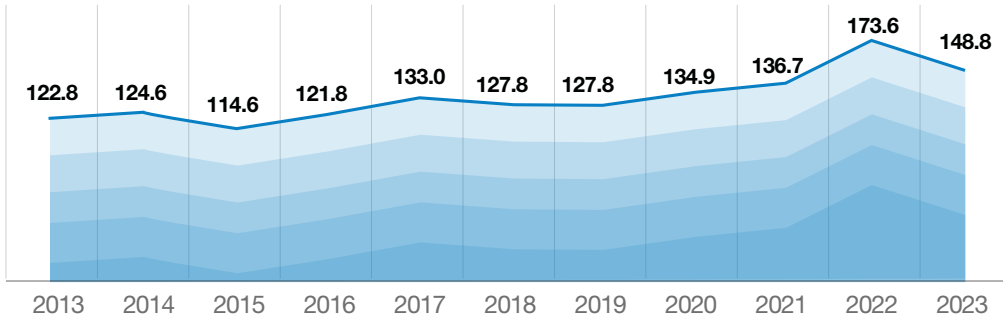
## The Development of Container Handling in Türkiye (million TEU)



Türkiye Container Volume (2023)

**12**  
million TEU

## The Development of Conventional Cargo in Türkiye (million tons)



Conventional Cargo Volume (2023)

**14.8**  
million tons

In 2023, the total amount of cargo handled in Türkiye increased to 12 million TEU (2022: 11.9 million TEU). However, the volume of conventional cargo was estimated at 149 million tonnes (2022: 174 million tonnes).

To summarize, in 2023, Türkiye's GDP grew by 4.5%, while the total foreign trade volume contracted by 0.1%. During this period, the volume of containers handled increased by 1.0%, while conventional cargo volume decreased by 14.3%.

Of the 12 million TEU of containers handled in Türkiye in 2023, MIP processed 2 million

TEU. Over the past 10 years, the average increase in Türkiye's GDP was 4.9%, and foreign trade grew by 4.4%. In the same period, container transportation in Türkiye grew at an average rate of 4.2%, while conventional cargo transportation grew by 1.9%.

The container port sector is influenced by developments in the global economy, as container volume and economic growth tend to move in tandem. The projected improvement in containerized trade flows is expected to drive further growth in the handling volumes of global container ports.



## MIP: From Stone Pier to Türkiye's largest container port



Mersin Port, now known as Mersin International Port, stands as one of the success stories of the Turkish Republic. Originally a modest pier from the Ottoman period that could dock only a few ships, it has grown into one of Türkiye's largest international ports and ranks among the top 15 in Europe.

#### **Pier Investments During the Ottoman Period**

In 1850, Mersin became a district, and in 1865, a township. Before the construction of the modern harbor, multiple piers were built sequentially. The first two stone piers were constructed in 1852, increasing to four by 1872 and six by 1894.

Two significant developments in Mersin led to these investments. The first was the increase in the number of ships following the opening of the Adana-Mersin railway in 1886.

#### **The American Civil War increased interest in Mersin**

The second and more significant development was the American Civil War (1861–1865). This conflict disrupted cotton production in the United States, the world's largest producer at the time. In response, England, the largest cotton importer of the period, began searching for new suppliers. This shift marked a historical turning point for Mersin, transforming the town into a burgeoning port city.

#### **Investments in the Republic Era**

Since the establishment of the Republic of Türkiye, ports have been recognized as a key driver of development, leading to significant investments in trade center ports such as Istanbul, Izmir, Trabzon, and Mersin.

In response to the rapid increase in maritime trade in Mersin, a dedicated port management entity was needed. On 29 August 1927, the municipalities of Mersin, Tarsus, Seyhan, and Ceyhan, along with the Mersin Chamber of Commerce, came together to establish the Mersin Port Company. However, due to World War II (1939–1945) and natural disasters, the company decided to liquidate in 1942. Following this, the government of the time took over the management of Mersin Port in May 1942.

The construction of Mersin Port as a modern and secure facility became feasible during the multi-party era. The governments of that period doubled budget allocations for ports and maritime trade while securing resources through international loans. In May 1954, the Royal Dutch Port Construction Co. was contracted for the construction of Mersin Port. The foundation was laid on 25 April 1954, the first pier of the modern port was inaugurated on 30 August 1958, and construction continued until 30 June 1961. The port, with all its facilities, was fully operational by 1962.

## **Liberal economic trends heightened the demand for investments in ports**

The liberal economic trends that emerged globally in the 1980s also transformed economic paradigms. The shift from an import substitution model to export-oriented growth accelerated international trade. A natural consequence of this policy was the increased ship traffic at ports.

Technological advancements led to a growth in the size and tonnage of container ships, creating a greater need for deepwater ports. However, during this period, the Turkish economy faced crises, resulting in decreased investments in maritime transport. Consequently, many ports struggled to meet growing demands.

The 1990s and 2000s marked a period of globalization, during which the public sector rapidly ceded its role in trade to the private sector. The privatization of Mersin Port occurred in 2007. On May 11, 2007, the Privatization Administration transferred the port,

previously owned by TCDD, to the PSA-Akfen Joint Venture Group for USD 755 million under a 36-year Transfer of Operating Rights (TOR) agreement. The PSA-Akfen Joint Venture Group subsequently established Mersin International Port (MIP) and promptly began investments.

To date, MIP has received investments totaling USD 1.2 billion, increasing its port capacity from 900,000 TEU before the TOR to 2.6 million TEU. In 2017, IFM, an Australian fund company, became a shareholder in MIP, providing the port with greater financial resources.

On the Republic of Türkiye's 100<sup>th</sup> anniversary, MIP was recognized for its significant investments by becoming the largest container port in the country. As it enters the second century of the Republic, MIP continues to expand its investments, further solidifying its position among Türkiye's and Europe's leading trade hubs.

# Mersin International Port (MIP)

MIP succeeded in completing 2023 as Türkiye's largest container port once again

MIP is Türkiye's largest multi-purpose export-import port with its land, air, railway connections and wide hinterland. It is also Türkiye's leading container port. MIP holds a 17.1% market share among Türkiye's container ports and a 22.1% market share in terms of import-export-transit container business volume, serving more than 10,000 customers worldwide.

Thanks to its strategic location, rapidly developing established ecosystem and diversified connection routes, MIP offers extensive combined transport options to Türkiye's industrial cities and neighbouring countries.

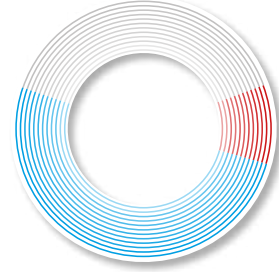
## Gateway to 190 countries

MIP is directly connected to the neighboring Mersin Free Zone, which spans a total area of 836,322 m<sup>2</sup>. With its high-quality infrastructure, experienced workforce, and strong relationships with customers and shipping companies, MIP ranks among the world's top 100 container ports. It serves as a critical gateway for Türkiye's bilateral trade with 190 countries.

## Transit Trade Link to Neighboring Countries

With Türkiye's industrialized cities such as Adana, Ankara, Gaziantep, Kayseri, Kahramanmaraş, and Konya located within its hinterland, MIP plays a pivotal role in regional trade and serves as a key transit trade connection point to neighboring countries.

Spanning an area of 124 hectares, MIP is Türkiye's largest multi-purpose port, offering container, conventional cargo, Ro-Ro, and maritime services to over 10,000 customers worldwide. Employing more than 3,000 people, MIP holds a 74.9% market share among



## Shareholding Structure

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

## Subsidiary Structure

Mersin Maritime Activities&Trade Inc.	100%
---------------------------------------	------

Eastern Mediterranean ports (MIP, Assan, and Limak), providing a total of 32 services.

MIP and Akfen Holding's collaboration began through the tender launched by the Privatisation Administration in 2007. The Akfen-PSA partnership won the transfer of operating rights for Mersin Port with a bid of USD 755 million. Subsequently, Akfen Holding sold 40% of its shares in MIP to Global Infra-Co SP NEUM SLU for USD 869 million. The sale agreement was signed on July 28, 2017, and the transaction was finalized on October 27, 2017.

## Investments exceeded USD 1.25 billion

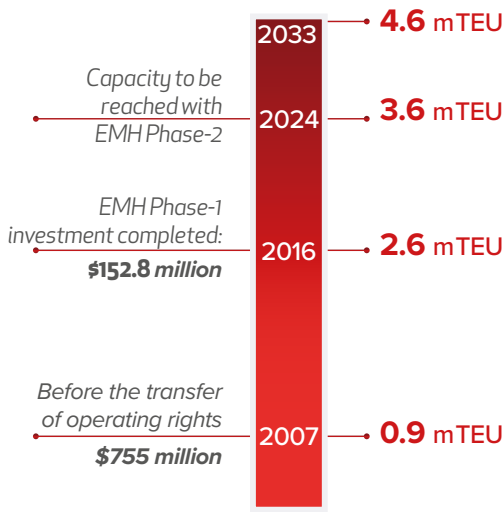
Pursuant to the concession agreement signed in 2007, a total investment of USD 493 million was made between 2007 and 2023, with USD 143 million allocated for operational efficiency and USD 350 million for capacity expansion. Including the USD 755 million paid for operating rights, the total investment exceeded USD 1.25 billion.

Dividend  
Payment (2023)

TRY **2,015**  
million



## Capacity Projection



MIP Capacity

# 2.6 million TEU

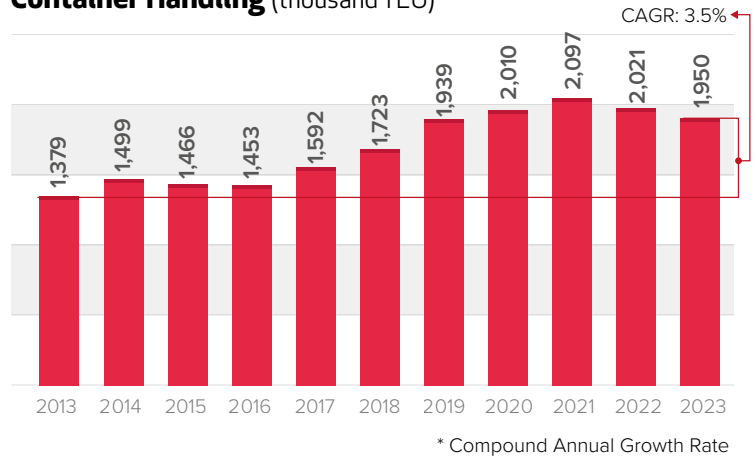
After the investments, the port capacity, which was 900 thousand TEU in 2007 before the transfer of the concession rights, has increased approximately threefold reaching 2.6 million TEU in 2016. The first phase of the EMH project, which enabled this capacity increase, started in 2014 and was completed on August 8, 2016.

### Phase One investments: USD 152.8 Million

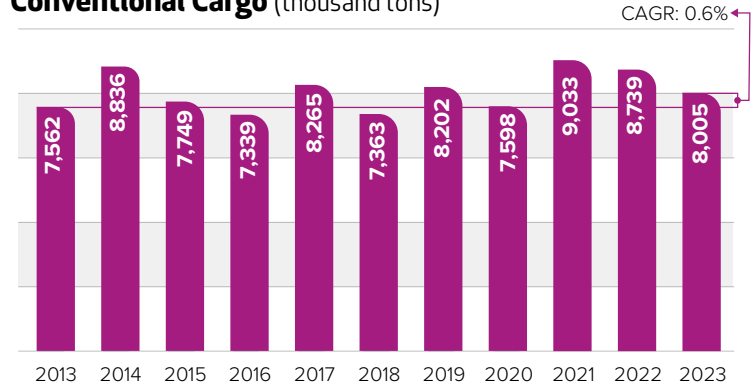
In the first phase of the EMH Project, a total investment of USD 152.8 million was made, comprising USD 52.5 million for equipment and USD 100.3 million for infrastructure. As a result of this investment, the port's berth capacity increased to 2.6 million TEU, while its theoretical capacity reached 2.3 million TEU. Additionally, the port now has a depth of 15.8 meters and can accommodate ships up to 387 meters in length.

As of the end of 2017, work on EMH Phase-2 has commenced. Upon completion, Phase-2 will increase the berth capacity to 3.6 million TEU, enabling the port to simultaneously serve two mega ships. The ultimate goal is to gradually enhance the port's handling capacity to 4.6 million TEU within the next 10 years.

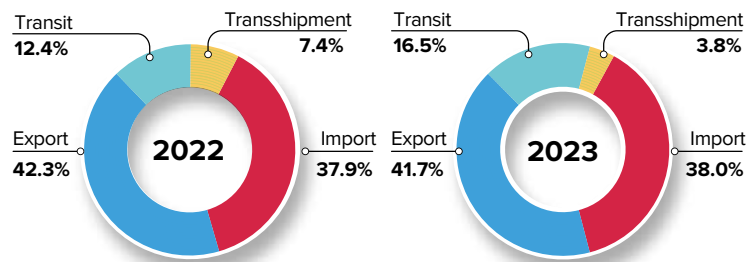
## Container Handling (thousand TEU)



## Conventional Cargo (thousand tons)



## Container Regime Breakdown



## MIP Port Development (2007-2023)

	2023	2007
Capacity (TEU)	2,600,000	900,000
Container	9	6 Allocated, 3 Multi Purpose
Max Ship Size (TEU)	18,000	5,000
Gantry Crane	12	5
Mobile Crane (MHC)	5+1 rent	1
Container Stacking Site	38.5 ha	20 ha
- RTG	0	7
- E-RTG	38	0
- Full Container Handling Machine	15+6 rent	10
- Empty Container Handling Machine	15	13
Number of Container Slots	13,460	7,000
Crane Efficiency (Movement/Hour)	27.8	18-20

# MIP's Position in the Mediterranean Basin Strengthened



MIP continues to increase its strength in the Mediterranean with investments in docks, environmentally friendly equipment, advanced technology and a substation that generates its own electricity

MIP continues to strengthen its position in the Mediterranean through investments in docks, environmentally friendly equipment, advanced technology, and a substation capable of generating its own electricity.

In addition to the EMH investments, MIP's presence in the Mediterranean basin has been further reinforced by its 500-meter-long dock, state-of-the-art technology, environmentally friendly equipment, a 15,500-volt substation to supply its electricity needs, and a 106,000 m<sup>2</sup> yard.

As a result of all these investments, MIP has become a port that handles 2.1 million TEU of containers annually, boasts a conventional cargo capacity of over 10 million tons, and achieves an annual throughput exceeding 30 million tons.

## USD 600 million bond issuance

MIP continues to enhance its port capacity while also strengthening its financial position. With the intermediation of international banks, MIP issued a new bond worth USD 600 million in November 2023 as part of the refinancing of the USD 600 million bond originally issued abroad in 2019. An early repayment of the 2019 bond was completed in December 2023.

The USD 600 million bond issued in November 2023 was rated B by S&P and Fitch. As of 31 December 2023, the bond's price stood at USD 99.99, with a yield of 8.251%.



# Significant Investments Made in 2023

## Equipment Investments (2023)

Equipment investments completed in 2023 are as follows:

- Various infrastructure renovation and new construction works in and outside the port areas
- Various IT infrastructure, equipment and licence purchases

- 1 X-Ray 'NUCTECH fast scanning system with back reflection technology'
- Miscellaneous other small equipment
- Various occupational health and safety equipment
- Miscellaneous safety equipment
- Miscellaneous equipment

## Other Investments (2023)

### EMH II Expansion Project

In addition to equipment investments, the environmental standards of the EMH II Expansion Project have been elevated to meet European standards. MIP has recently invested USD 250 million in capacity expansion, equipment, and infrastructure projects.

Work is currently underway on the USD 455 million EMH II Mersin Port Expansion Project, scheduled for 2024.

MIP must enhance its capability to serve the growing number of mega ships driven by expanding industries. With the completion of the EMH II Project, initiated to address this need, the port's total capacity will increase by 1 million TEU to 3.6 million TEU, enabling it to simultaneously accommodate two mega ships.

The expansion project will create direct employment opportunities for 500 people and indirect employment opportunities for 5,000 people, further solidifying MIP's position among the leading Mediterranean ports in Türkiye. Numerous environmental impact studies—such as social impact assessments, sound and biodiversity analyses, and air quality evaluations—have been conducted for the project. These studies, which are not legally required, demonstrate MIP's commitment to environmental awareness and sustainability. As a result, the project's environmental standards have been elevated to European levels. With a budget of USD 455 million, the project will be a permanent asset for Mersin.

EMH II  
Investment (2023)

**\$455**  
million



## Gates Project

The USD 30 million Gates Project, designed to position Mersin Port and the city of Mersin as key facilitators of growing global trade, was inaugurated on 28 September 2023. Access to Mersin Port primarily occurs via the Adana-D400 route through the Motorway-D400 connection.

As part of the project, the direct connection of the port's D400 gate to the motorway allows incoming trucks to enter the port directly.

This project has resolved the traffic congestion at the city entrance caused by trucks arriving at Mersin Port. Additionally, it will enable more efficient truck traffic management and expedite the cargo handling process, making the logistics chain more cost-effective.

The Gates Project, a milestone of historical significance for Mersin's future, not only diverted port traffic away from the city's D400 road but also supported the increasing capacity within the port by streamlining truck entries.

## Highlights of 2023

- Türkiye's largest container port, MIP, maintained its leading position in 2023 with a throughput of 1.95 million TEU in containers and 8 million tons of conventional cargo.
- The construction of the Gates Project, aimed at resolving Mersin's traffic congestion caused by port activity, was completed and inaugurated in 2023.
- MIP received 2 awards in 2023, increasing the total number of accolades since 2007 to 25.

## Awards

### 'The Port Handling the Most Cargo of the Year' Award

'The Port Handling the Most Cargo in 2023' award by the Republic of Türkiye Ministry of Transport and Infrastructure

### Atlas Logistics 'Port of the Year' Award

Having previously won the 'Port of the Year' award from the Atlas Logistics Awards consecutively from 2011 to 2022, MIP continued its streak in 2023, achieving this prestigious recognition for the 13<sup>th</sup> consecutive year.

### 92<sup>nd</sup> in the World on Lloyd's List

MIP was ranked 92<sup>nd</sup> on the 'World's 100 Largest Container Ports' list published by Lloyd's List magazine in 2023, reaffirming its position as a leading global port.



# 700 Container Capacity for Marble Exporters

The remarkable contributions of two major investments initiated at MIP, Türkiye's largest container port, continue to bolster regional trade and the national economy.

The EMH-2 (East Med Hub 2) Dock Expansion Project, with a budget of USD 455 million, addresses the specific needs of marble exporters, while the Gates Project accelerates regional trade and supports the national economy by effectively separating port traffic from city traffic.

The newly developed land terminal under MIP's EMH-2 Quay Expansion Project, capable of accommodating two Ultra Large Container Vessels (ULCVs) longer than 400 meters simultaneously, provides safe loading and storage conditions tailored to the marble industry, one of Türkiye's most significant export sectors.

Spanning 32 acres and equipped with cranes capable of lifting 3 to 45 tonnes, as well as DBA-certified scales, the terminal offers container filling services tailored to marble exporters. Additionally, MIP's other terminal, located 12 km north of the port with a capacity of 700 containers, provides inland container filling services for marble exporters.

With more than 40 container services calling regularly, MIP's new land terminal plays a crucial role in handling block, bundle, and crated marble cargoes. By meeting the needs of marble exporters through state-of-the-art

container filling services, on-site DBA-certified scales, and advanced storage solutions, MIP distinguishes itself as a port operator dedicated to enhancing customer satisfaction with its experienced team.

The Gates Project, implemented by MIP in collaboration with the Republic of Türkiye State Railways and the General Directorate of Highways, aims to resolve freight traffic issues at Mersin's entrance, boost Mersin's trade volume, and contribute to regional development.

This investment allows vehicles carrying container and conventional cargo to enter and exit the port directly from two connection points on the D400 Highway. Additionally, a new three-lane connection enables smoother access to the port. The railway overpass constructed as part of the project allows trucks to pass underneath with ease, improving traffic flow significantly.

MIP has established itself as the import and export gateway for Central Anatolia, the Mediterranean, and the Eastern and South-eastern Anatolia regions, in addition to contributing to Mersin's economy. As a transit hub for Middle Eastern countries, MIP facilitates logistics activities through its free zone, railway access, strong regional truck fleet, proximity to Adana Şakirpaşa Airport (69 km away), and its advanced human capital infrastructure.

## 'Carbon Neutral' plan at MIP until 2043

MIP is committed to reducing its carbon footprint and has set ambitious sustainability goals. The company plans to halve its carbon emissions by 2030 and achieve carbon neutrality by 2043. This will be accomplished through ongoing investments in electrically powered equipment and renewable energy sources.



# ***COPPER MINING SECTOR***

REPUBLIC OF TÜRKİYE



# Copper Mining from the İzmir Economic Congress to Today

Mining has been a cornerstone of Anatolia's history, a region rich in minerals. The Republic of Türkiye, inheriting this abundant legacy, has placed significant importance on mining since its foundation. Even before the proclamation of the Republic, the İzmir Economic Congress (held from 17 February to 4 March 1923) emphasized the need to regulate the disorganized mining sector to develop an economy capable of competing with Western countries. During this congress, which laid the foundation for a sector now celebrating a century of progress, decisions were made to operate mines in alignment with national interests, employ local engineers, and create comprehensive mining maps.

## **Mining: Growth Through the Public Sector in the Early Years of the Republic**

Following the 1929 economic crisis, countries worldwide adopted public-led growth models (Keynesian economics), a trend mirrored in the Republic of Türkiye. With the transition to statism in the early 1930s, Türkiye launched an industrialization drive, prioritizing the construction of railways and the development of mines under state control.

The Ergani Copper Mine, the first modern copper mining facility of the Republic era, became fully operational in 1939.

In 1935, under the guidance of Mustafa Kemal Atatürk, the Mineral Research and Exploration Institute (MTA) and Etibank were established. Etibank was created to evaluate and utilize underground resources, and both institutions have served as foundational pillars of Türkiye's mining sector to this day.

The Murgul Facility, a key milestone in copper mining, was transferred to MTA in 1935 and later to Etibank in 1937. It became fully operational in 1951. Similarly, the Küre Mining Area was transferred to MTA in 1939, while the Elâzığ-Ergani Copper Facility and Elâzığ-Guleman Chromium Facility were established in the same year. The Ergani Copper Facility continued operations until 1994.

The Kastamonu-Küre Copper Facility was subsequently established in 1959, further contributing to the development of Türkiye's mining industry.

## **The Changing Paradigm in the 1980s and the Privatisation Trend in Mining**

In the 1980s, Türkiye transitioned from import substitution policies to export-oriented policies, mirroring global economic trends. This shift paved the way for privatization and the entry of the private sector into mining. In 1983, the Council of Ministers authorized the establishment of Çayeli Copper Facilities Inc. in Rize, with Etibank—Türkiye's first and largest company with foreign capital participation—holding a 45% stake.

In 1998, Etibank was restructured, leading to the creation of Eti Holding and its subsidiaries. The abolition of the state monopoly on exploration activities in 2004 and the granting of permissions to multinational companies for mineral extraction further energized the mining sector. As part of privatization efforts, the Küre and Samsun facilities of Eti Copper Inc. were transferred to the private sector in 2004, followed by the Murgul plant in 2006 and the Halıköy plant in 2007.

In 2016, Akfen Holding became involved in the Gökırmak Copper Mine Project, initiated in 2007 in the Hanönü district of Kastamonu province. Additionally, studies conducted between the Afşin-Elbistan districts of Kahramanmaraş in 2013 uncovered a copper deposit with an estimated reserve of approximately 1 billion tonnes.

Türkiye, a nation rich in copper reserves, ranked 22<sup>nd</sup> globally in copper production according to 2021 data. With an annual production of 108,100 metric tonnes, Türkiye accounts for 0.5% of global output. While the copper mining sector was predominantly driven by public enterprises during the first century of the Republic, significant private sector investments are poised to strengthen its global standing in the second century.

# Copper Mining Sector

Copper Price (US\$/t)



Copper, known for its superior conductivity among metals, is widely used in the energy, communication, construction, transportation, and industrial machinery production sectors. Its extensive applications and growing consumption drive producers to explore new deposits.

According to data from the International Copper Study Group (ICSG), global copper mine production reached 22 million tonnes (copper metal content) in 2023, representing a 0.5% increase compared to the previous year. In 2022, refined copper production rose by 4.2% to 27 million tonnes, while consumption grew by 4.6%, also reaching 27 million tonnes.

The International Copper Study Group (ICSG) reported that the global copper market deficit decreased significantly in 2023, dropping from 424,000 tonnes to 75,000 tonnes compared to the previous year.

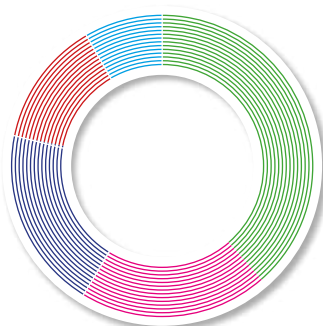
According to USGC data, an analysis of global metal copper refinery production by

country for 2023 (estimated) reveals that China leads by a wide margin with 12 million tonnes, followed by Chile with 2 million tonnes. The Republic of Congo ranks third with 1.9 million tonnes, followed by Japan with 1.5 million tonnes.

As per data published by the Austrian Ministry of Finance, Türkiye ranked 23<sup>rd</sup> in global metal copper production in 2022, with an output of 115,000 tonnes.

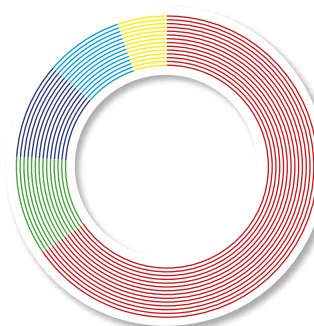
In the copper and copper alloys sector, Türkiye faces a notable trade imbalance, driven by the export of raw materials and the import of value-added intermediate products. This dynamic has resulted in a substantial gap between export and import values.

As reported by the Turkish Exporters Assembly (TEA), the sector registered a foreign trade deficit of USD 3.1 billion in 2023, underscoring the need for strategic initiatives to enhance domestic value addition and reduce dependency on imports.



Copper Mine Production\*

Chile	22.7%
Peru	11.8%
Congo	11.4%
China	7.7%
USA	5.0%



Copper Refined Production\*

China	44.4%
Chile	7.4%
Congo	7.0%
Japan	5.6%
Russia	3.7%

\* US Geological Survey Estimate

Source: USGS Mineral Commodity Summaries, 2024





## Copper Mining in Türkiye

Due to insufficient mineral resources and processing facilities, Türkiye's copper sector relies heavily on imported raw materials. While the sector sources materials from abroad and primarily serves the domestic market, it operates with a current account deficit on the surface. However, this overlooks the fact that the sector provides value-added products for domestic consumption.

If the copper sector did not supply domestically manufactured products, the entire demand would need to be met through imports, increasing Türkiye's current account deficit. Thus, the sector plays a vital role in reducing the country's deficit by contributing value-added solutions locally.

According to the Top 1,000 Exporters Report (TEA 1,000) published by the Turkish Exporters Assembly (TEA) for 2023, Acacia ranked 112<sup>th</sup> overall, 2<sup>nd</sup> in the mining sector, and 1<sup>st</sup> in copper mine exports, achieving an export volume of USD 234 million through its subsidiary,

Gökırmak Mining.

In 2023, Acacia became the largest company in its sector, according to the ISO 500 rankings, which evaluate Türkiye's 500 largest companies. Meanwhile, Acacia secured 257<sup>th</sup> place in the general rankings and ranked among the top 100 companies in profitability metrics.

According to Trademap data, Türkiye's copper ore exports in 2022 grew by 27.8% in quantity and 15.0% in value compared to the previous year, reaching 401,000 tonnes and generating USD 523 million.

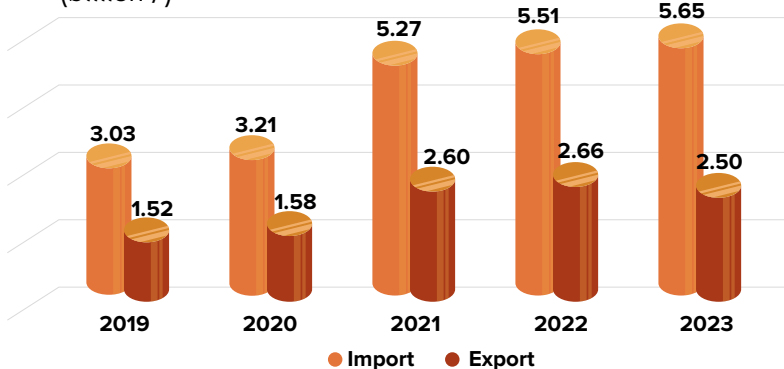
Bulgaria was the leading destination for Türkiye's copper ore exports, accounting for USD 315 million, followed by the People's Republic of China with USD 151 million, Georgia with USD 14.6 million, and other markets such as Germany, Malaysia, and Canada.

On the import side, Türkiye's copper ore and concentrate imports increased by 19.5% in 2022 compared to the prior year, totaling USD 102.6 million.

Türkiye's copper ore exports (2023)

**\$523**  
million

### Copper and copper alloy imports-exports in Türkiye (billion ₺)



Source: Türkiye Exporters Assembly

Acacia Mining, through its subsidiary Gökırmak Mining, achieved exports totaling USD 234 million in 2023. According to the Turkish Exporters Assembly (TEA) ranking of the Top 1,000 Exporters, Acacia ranked as the second-largest exporter in the mining sector and secured the position of the largest exporter in the copper ore sector.



# Acacia Mining

In 2023, Acacia increased its ore production capacity by 21%, processing approximately 2.1 million tonnes of copper ore.

Acacia Mining Operations Inc. ('Acacia'), a partnership between Akfen Holding, İlbak Mining, and BMA Mining, operates the Gökırmak Copper Mine, located in the Hanönü district of Kastamonu province. Akfen Group became a shareholder in 2016, acquiring a 30% stake in the company.

Acacia produces copper concentrate, an intermediate product in the metallic copper production process, through a flotation plant. By the end of 2023, the company had invested a total of USD 409 million in the establishment of this facility.

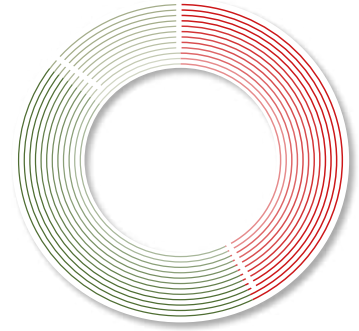
## USD 850 Million in Export Revenues

To date, Acacia has produced and exported approximately 550,000 tonnes of copper concentrate, with a copper metal content of around 115,000 tonnes, generating export revenues of approximately USD 850 million, including revenues from copper derivative contract sales.

On December 28, 2023, the company successfully refinanced its existing loan by signing a loan agreement with Yapı ve Kredi Bank Inc. for USD 38.5 million, extending the loan period until December 31, 2026.

## Expansion of Licences and Exploration Activities

In addition to its current mining license, Acacia holds five additional operating licenses in the same region. Furthermore, in 2023,



## Shareholding Structure

⊙ Akfen Holding	42.5%
⊙ İlbak Madencilik	42.5%
⊙ BMA Madencilik	15.0%

## Subsidiary Structure

Gökırmak Maden İç ve Dış Ticaret A.Ş.	100%
---------------------------------------	------

the company added the Amasya Polymetal Exploration License, located near its existing facility, to its asset portfolio.

Under the royalty agreement signed with Koza Gold Processing Facilities Inc. on December 18, 2023, Acacia will commence exploration and operations in the licensed area within the Hanönü region, which holds a total reserve of 4.5 million tonnes, according to MTA reports. As of the end of 2023, Acacia employs a total of 965 people.





## Key Features of the Gökırmak Copper Mine

### Annual Production and Processing Capacity

The Gökırmak Copper Mine produces and processes approximately 2.4 million tonnes of copper ore annually. Following an investment to enhance filter capacity, the plant increased its annual ore processing capacity from approximately 2.1 million tonnes to 2.4 million tonnes.

### Added Value Across Multiple Sectors

The project generates significant socio-economic impacts, creating value in various areas. It supports local industry by driving material supply and engineering services, while also fostering employment opportunities in the region. Additionally, the mine stimulates growth in transport

and construction through local contracting activities. The project contributes to local communities by initiating scholarship programs and supporting regional development. It also makes broader economic contributions through electricity consumption, tax payments, other mineral exploration efforts, project investments, and exports.

### Commitment to Sustainability with Renewable Energy

In line with its sustainable mining approach, Acacia is advancing plans to construct a 65 MW solar power plant. This initiative will enable the company to generate its own electricity from renewable sources, further underscoring its commitment to sustainability.

Processed Copper Ore (2023)

**~2.1**  
million tonnes

Acacia Mining	2023	2022	Change
Processed Copper Ore (tons)	2,074,582	1,718,096	20.7%
Copper Concentrate Production (dry tons)	158,803	130,895	21.3%
Produced Copper Metal (tons)	31,941	26,566	20.2%

---

# **CONSTRUCTION SECTOR**

---

REPUBLIC OF TÜRKİYE



# Development of the Construction Sector from the Republic Era to Today



Court of Accounts Building /Ankara (1935)



Keban Dam / Istanbul (1965-74)



Atatürk Cultural Center /Istanbul (1969)



Taksim Square /Istanbul (1940s)



Bosphorus Bridge (15 July Martyrs B.) /Ist. (1973)

In the aftermath of war, the newly established Republic of Türkiye initiated a comprehensive effort to rebuild the nation. In the year of its founding, it was recorded that 115,000 buildings were destroyed by fire and 12,000 structures were severely damaged. Of the country's population of approximately 13 million, 75% resided in villages, while only 25% lived in urban areas. At the time, only two provinces had populations exceeding 100,000 inhabitants.

The construction sector faced significant challenges, including a reliance on imported building materials and limited access to electricity, which was available only in a handful of cities. In 1923, the year the Republic was founded, the construction sector accounted for approximately 2% of Türkiye's GDP.

## Reconstruction Began in Ankara

Faced with challenging conditions, the founders of the Republic of Türkiye began the nation's reconstruction efforts in Ankara. Alongside the establishment of institutions, a nationwide mobilization focused on infrastructure investments in key areas such as transportation and energy. The state approached these initiatives with the understanding that the expansion of trade across the country was fundamental to achieving sustainable development.

From the early years of the Republic until the 1950s, the rural-to-urban population ratio of

75%-25% remained unchanged. As a result, urban construction challenges were minimal outside of the capital, Ankara. However, the establishment of new institutions and the growing number of bureaucrats in Ankara led to a significant increase in demand for rental housing in the city before 1950.

During this period, the construction sector played a critical role in delivering large-scale public infrastructure projects. The establishment of sugar, iron-steel, textile, aircraft, and ammunition factories not only facilitated the domestic production of essential goods but also helped reduce the country's foreign trade deficit.

## The Engine of Growth: The Evolution of Türkiye's Construction Sector

In the post-1950 period, urbanization accelerated, driving migration to major cities. This trend led to a surge in housing construction, particularly in Ankara, Istanbul, and Izmir. However, the lack of adequate planning during this time resulted in unplanned urbanization.

One of the key indicators of urbanization in Türkiye is the share of construction within total investments. In 1950, construction investments accounted for 67.5% of total investments. In 1958, the establishment of the Ministry of Housing and Settlement marked a

## Turkish contractors abroad projects they undertake

Years	No.of Projects	Projects Amount	Cumulative Amount
1972-79	29	990	-
1980-89	284	10,833	-
1990-99	1,628	29,378	-
2000-09	4,115	129,354	-
2010	632	23,296	193,899
2020	371	16,235	424,058
2021	445	30,766	455,175
2022	494	19,113	475,062
2023	185	12,899	503,105

Source: Turkish Contractors Association (TCA)



significant step toward addressing the nation's housing challenges at the ministerial level.

By the 1960s, significant progress had been made in infrastructure investments. Dams constructed by the State Hydraulic Works (SHW) supported industrial growth by providing energy, while transportation investments led by the General Directorate of Highways integrated remote regions into the national economy, fostering greater economic participation across the country.

The 1970s were a pivotal period marked by the transition of skilled labor from the public to the private sector. This shift facilitated the construction of multi-story buildings required by industrial facilities and expanding urban areas. It also marked the beginning of mass housing projects aimed at addressing growing urban housing needs.

The 1980s saw a sharp increase in urbanization and a corresponding intensification of housing challenges. During this decade, unplanned construction and mass housing projects built through cooperatives became defining features of the construction sector. Institutions such as Emlak Bank and the Housing Development Administration played a critical role in enabling the expansion of cities that had previously been constrained to their urban cores.

### Turkish Contractors on the Global Stage

The construction sector has played a pivotal role in the capital accumulation of Türkiye's business landscape, giving rise to major con-

tractor companies. Since the second half of the 1970s, Turkish contracting firms have achieved a significant breakthrough by leveraging their expertise in the international arena.

Turkish contractors, who first gained prominence in Libya in 1972, have gradually expanded their operations worldwide. According to data from the Turkish Contractors Association, as of the end of 2023, Turkish contractors have undertaken 12,899 projects across 135 countries, with a total value of USD 503 billion.

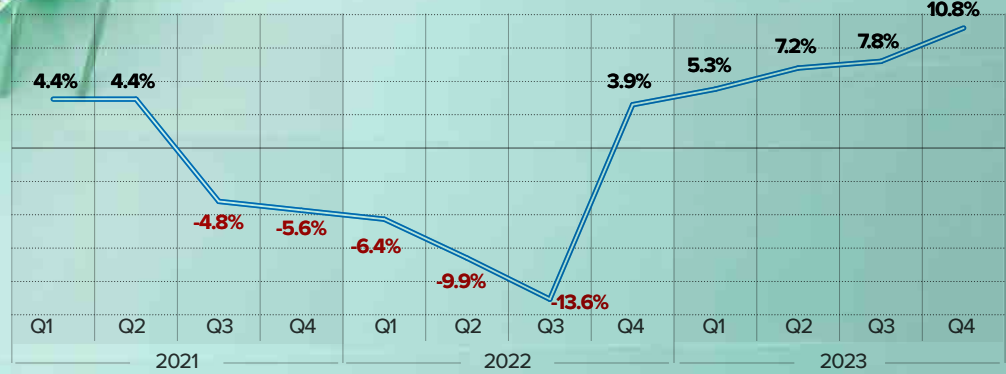
### The Rise of Mega Housing Projects

After the 2000s, the construction sector entered a new phase of rapid growth. This momentum intensified following the 2008 global economic crisis, with Türkiye emerging as a key destination for global capital flows. During this period, large-scale energy projects and mega housing developments were constructed, further solidifying the sector's role as a driving force in the national economy.

The construction industry, which operates beyond residential projects, has excelled in delivering infrastructure and engineering-intensive projects, including bridges, dams, industrial facilities, airports, subways, skyscrapers, oil platforms, and giant industrial complexes. Since the foundation of the Republic, the construction sector has served as a cornerstone of economic growth and employment.

Türkiye, a nation rebuilt from the ground up during the Republic's early years, has now emerged as the world's second-largest exporter of contracting services, trailing only China.

## Growth Rate of the Construction Sector (Year-on-Year)



Source: TurkStat

# Construction Sector

The construction sector, which has experienced a contraction in recent years, continues to face challenges driven by rising construction material costs and increasing financing expenses. These cost pressures have reduced the profitability of projects and created uncertainty regarding the initiation of new developments.

In 2023, the earthquakes significantly impacted sectoral growth, leading to below-expected performance in the first half of the year. However, the acceleration of urban transformation projects and the growing demand for new housing in the second half of the year resulted in a positive growth trend for the sector.

The growth observed in the second half contributed positively to Gross Domestic Product (GDP) data, while also supporting an upward trend in employment within the sector. Despite this improvement, the continuity of investments remains inconsistent, raising concerns about sectoral confidence.

The rapid increase in interest rates, combined with high land costs and rising prices of construction materials, is expected to pose ongoing challenges in 2024. These factors may continue to pressure resource availability and the cost structure of construction projects.

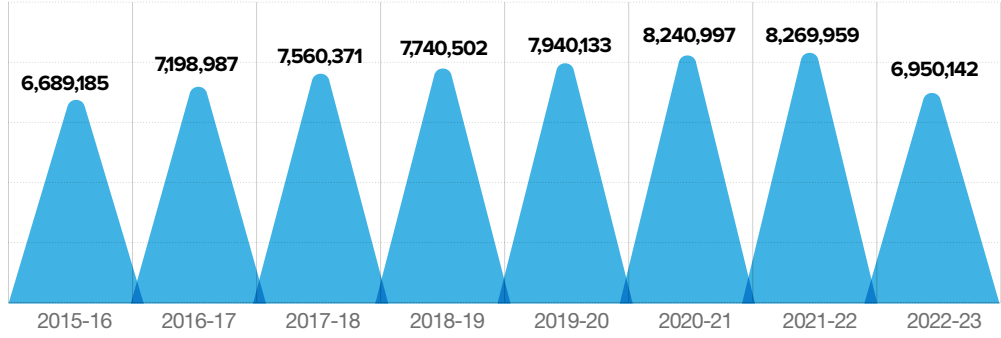
According to TURKSTAT data, the number of workers employed in the construction sector increased by 151,000 in 2023 compared to the previous year, reaching 1.997 million, the highest level in the past five years. By the last quarter of 2023, employment in the sector had further risen to 2.147 million, reflecting the sector's recovery momentum.

The construction sector's increasing growth rate significantly boosted its contribution to Gross Domestic Product (GDP) in 2023. The sector grew by 10.8% on a chained volume index basis and 7.8% on an annualized basis, playing a crucial role in the 4.5% year-on-year increase in GDP. The sector's share of GDP rose to 4.88% in 2023, compared to 4.73% in 2022.



# Dormitory Sector

## Total Number of Students



Source: Higher Education Information Management System

Despite the sector's growth, housing sales in 2023 declined by 17.5% year-on-year, totaling approximately 1.22 million units. This decline was primarily driven by rising housing prices and high interest rates. Sales to foreign buyers amounted to 35,268 units, representing 2.89% of total sales.

The increase in housing prices, which peaked at 189.1% year-on-year in September 2022, slowed significantly, reaching 75.5% by December 2023. The rising number of university students in Türkiye has underscored the growing need for student dormitories, positioning this as a notable area for construction sector growth. As the university-age population continues to increase,

the total number of students in public and private universities reached 6.95 million in the 2022-2023 academic year.

According to statistics from the Ministry of National Education, the number of private dormitories in Türkiye decreased by 2.2% in 2022-2023, totaling 4,588 dormitories. Of these, 685 are located in Istanbul and 313 in Ankara. Private dormitories had a total bed capacity of 445,812 during the academic year. Meanwhile, the Credit and Dormitories Institution operated 785 student dormitories with a combined capacity of 876,942 beds.





# Akfen Construction

For over 35 years, Akfen Construction has successfully completed projects totaling \$3.5bn across various sectors, including superstructures, infrastructure, and airport construction.

Founded in 1986, Akfen Construction is one of the most established subsidiaries of Akfen Holding, specializing in a diverse range of projects within the construction sector. Headquartered in Ankara, the company directly employs 70 people at its main office and has provided employment opportunities for more than 4,000 people through its completed projects.

Initially established to offer feasibility and engineering services for industrial plants, Akfen Construction quickly expanded its expertise to include the construction, installation, and assembly of facilities. By leveraging technical expertise, decades of experience, and a commitment to quality, speed, and high technology, the company has consistently delivered projects ahead of schedule.

## Expertise in PPP Projects

Akfen Construction has gained significant experience in delivering city hospital projects under the Public-Private Partnership (PPP) model, with hospitals being a key focus area. The company successfully completed Isparta City Hospital in March 2017, in just 1 year and 7 months, followed by Eskişehir City Hospital, completed in 1 year and 10 months. The Tekirdağ City Hospital project was finished within 2 years and launched in 2020. In all projects, Akfen Construction demonstrated its capability to meet stringent deadlines, delivering each project on time and contrib-

uting to the development of Türkiye's health-care infrastructure.

Akfen Construction's fields of activity are as follows:

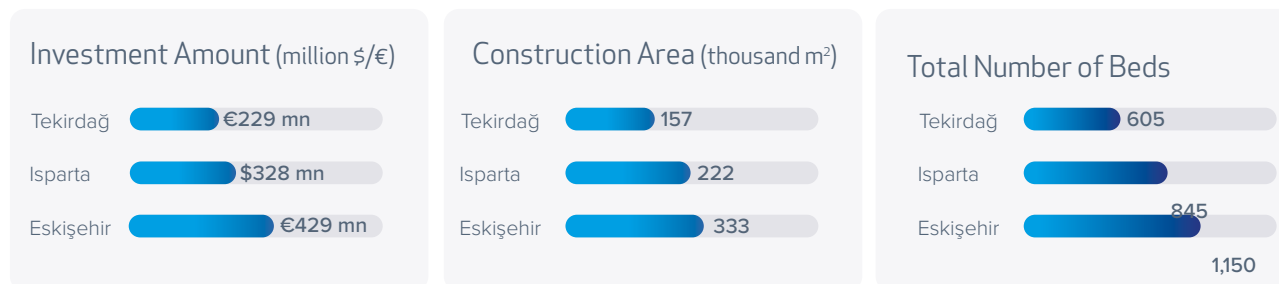
- **PPP Hospital Projects:** Isparta City Hospital, Eskişehir City H., Tekirdağ City H.
- **Student Dormitories:** Hacettepe Dormitory and Guest House.
- **Real Estate Projects:** İncek Loft and residential projects in Romania.
- **Ongoing Contracting Projects:** Yalıkavak Loft, Kıyıkışlacık (Loft İlasos) Project, The Sisters of Mercy Hospital, İskenderun State Hospital, Amasya State Hospital, Emergency Hospitals.

Over the past 35 years, Akfen Construction has delivered projects totaling USD 3.5 billion across diverse fields, including superstructures, infrastructure, environmental protection, and airport construction. In recent years, the company has made significant contributions to Türkiye's development, particularly in emerging areas such as city hospitals and student dormitories.

With a focus on sustainability and innovation, Akfen Construction remains committed to delivering projects that address the evolving needs of society while prioritizing environmental sensitivity. The company continues to play a pivotal role in shaping the infrastructure landscape of Türkiye.

# Public Private Partnership (PPP) Projects

The system in the city hospitals project: 1-2 years for preparation and design, 2-3 years for investment and 25 years for operation, covering a total period of 28-29 years



Akfen Construction has successfully undertaken the construction and operation of three city hospitals in Isparta, Eskişehir, and Tekirdağ. The Tekirdağ City Hospital was completed in 2020, with all projects delivered to the Ministry of Health for operation.

As part of the restructuring of Türkiye's health sector, Akfen Construction has played a key role in the development of city hospitals built under the Public-Private Partnership (PPP) model. The company secured the tenders for the construction and operation of city hospitals in Isparta, Eskişehir, and Tekirdağ, among the 18 health complexes approved by the state. Akfen Construction has committed to a total investment of approximately USD 1.1 billion for these projects.

Isparta City Hospital, the first of the three city hospitals, was issued a Certificate of Actual Completion by the Ministry of Health on March 1, 2017, and became operational, accepting patients, on March 17, 2017.

Eskişehir City Hospital received its Certifi-

cate of Actual Completion from the Ministry of Health on October 27, 2018, and subsequently became operational, accepting its first patients shortly thereafter.

Tekirdağ City Hospital was issued its Certificate of Actual Completion by the Ministry of Health on November 30, 2020, began accepting patients on January 5, 2021, and became fully operational.

## Hospitals Equipped with State-of-the-Art Medical Technology

Spanning a total construction area of 712,000 m<sup>2</sup>, the hospitals are equipped with state-of-the-art medical devices, representing the latest advancements in modern medicine. The Ministry of Health has recognized Isparta City Hospital as a benchmark for many ongoing hospital investments, particularly regarding construction quality and medical equipment standards.

The total investment in these hospitals, undertaken by Akfen Construction, amounts to approximately EUR 658 mn and USD 328 mn.

Total number of beds in hospitals constructed by Akfen Construction

# 2,600

	ISPARTA C.H.	ESKİŞEHİR C.H.	TEKİRDAĞ C.H.
Total Area (thousand m <sup>2</sup> )	179	189	114
Construction Area (thousand m <sup>2</sup> )	222	333	157
Total Investment (million US\$/€)	\$328	€429	€229
Opening Date	2017	2018	2020
Operation Duration (years)	24 years 3 months	28 years	24 years 3 months
Total Number of Beds	845	1,150	605
Polyclinic	167	254	142
Operating Room	20	37	18



## Isparta City Hospital

Isparta City Hospital, the first city hospital constructed by Akfen Group, spans an area of 179,000 m<sup>2</sup> and has a total capacity of 845 beds. The hospital received its Certificate of Actual Completion from the Ministry of Health on March 1, 2017, and began admitting patients on March 17, 2017.

### Comprehensive Facilities with a Capacity of 845 Beds

Built on a total construction area of 222,000 m<sup>2</sup>, Isparta City Hospital offers a capacity of 845 beds, distributed across various specialties. These include 250 beds for internal medicine, 220 for surgical wards, 34 for obstetrics and gynecology, 64 for pediatrics, 16 for cardiovascular diseases, 17 for psychiatry, 38 for neurology, and 18 for oncology. The hospital also includes 188 intensive care beds, comprising 50 pediatric intensive care beds and 138 adult intensive care beds.

This state-of-the-art facility stands as a testament to Akfen Group's commitment to advancing healthcare infrastructure in Türkiye.

## Eskişehir City Hospital

The Eskişehir City Hospital, the second city hospital constructed by Akfen Group, spans 189,000 m<sup>2</sup> and offers a total bed capacity of 1,150. The hospital was officially put into service on October 27, 2018, and boasts a total construction area of 333,000 m<sup>2</sup>.

The hospital includes a 544-bed general hospital, a 203-bed diagnostic and treatment center, a 78-bed obstetrics ward, an 82-bed pediatric ward, a 16-bed cardiovascular diseases ward, a 40-bed psychiatry ward, a 25-bed neurology ward, a 62-bed oncology ward, and a 100-bed high-security forensic psychiatry unit.

Meeting a critical healthcare need in the region, Eskişehir City Hospital maintains a high occupancy rate, reflecting its importance and the demand for its services.

### Medical Equipment at World-Class Standards

The hospital is equipped with specialized units such as a burn center, obesity center, sleep center, chronic wound care center, epilepsy pacemaker surgery unit, and an ozone therapy unit within the traditional complementary medicine department. It also provides extensive services in critical areas such as oncology and cardiovascular care, resulting in higher occupancy rates compared to neighboring hospitals.

With 254 outpatient clinics and advanced medical technology, the hospital stands out as one of the leading healthcare facilities in the region. Its 37 operating theaters enable it to serve not only Eskişehir but also patients from nearby provinces, solidifying its reputation as a key healthcare provider in the area.





## Tekirdağ City Hospital

The Tekirdağ City Hospital, the third project undertaken by Akfen Group, was officially put into service in 2020, becoming the largest healthcare center in the Thrace Region. With a total capacity of 605 beds, it is recognized as the region's most significant medical facility. The hospital was built on a 114,000 m<sup>2</sup> area, and the contract for its construction was signed with the Ministry of Health on August 12, 2016.

With an investment of EUR 229 million, Tekirdağ City Hospital has been designed as a smart hospital, similar to Akfen Group's other healthcare projects. To enhance earthquake resistance, seismic isolators were incorporated into the construction—an innovative technology that had not been widely used in hospitals prior to this. This same technology was also employed in the Isparta and Eskişehir City Hospitals, reflecting Akfen Group's commitment to safety and innovation.

The hospital features an indoor parking area spanning 45,000 m<sup>2</sup>, accommodating 1,054 vehicles indoors and 297 vehicles outdoors. With the completion of Tekirdağ City Hospital, the total capacity across the three hospitals constructed by Akfen Group increased to 2,600 beds, 75 operating theaters, and 563 polyclinics.

### State-of-the-Art Medical Services

Tekirdağ City Hospital offers 142 outpatient clinics, 18 operating theaters, a 119-bed intensive care unit, and a 22-bed dialysis unit. Additional facilities include a newborn intensive care unit, 8 beds in the detention ward, 2 burn units, and a delivery room, ensuring comprehensive medical services for the region.

# Akfen Construction Real Estate Portfolio

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

Akfen Construction has established itself as a key player in superstructure investments, complementing its extensive infrastructure portfolio. The company specializes in the development, engineering, and construction of diverse projects, including mass housing, luxury residential properties, hotels, shopping centers, hospitals, schools, libraries, lodgings, and military facilities. Notable projects include the Levent Loft in Istanbul, designed with a contemporary loft concept, as well as two prominent residential developments successfully delivered in Ankara.

In 2016, Akfen Construction completed its first investment in the rapidly expanding İncek region of Ankara, often referred to as the "Golden Triangle." The İncek Loft project, strategically located near educational and healthcare hubs, achieved an impressive 80% sales rate shortly after its launch.

Building on this success, the company launched its second project, Bulvar Loft, featuring 822 residential units, which was

completed in late 2018. Through these two projects, Akfen Construction has contributed over 2,000 modern and premium apartments to Ankara's housing market.

## Approximately half a million squaremeters of construction

With a construction footprint nearing 500,000 square meters across 145,000 square meters of land, Akfen Construction integrates sustainability into its housing developments. Mirroring its commitment to renewable energy in other sectors, the company incorporates 70% landscaped areas and social facilities in its residential projects, providing environmentally friendly, healthy living spaces for urban residents.

In addition to offering serene living environments, Akfen Construction's housing projects have proven to be attractive investment opportunities. Despite economic volatility in recent years, these developments have consistently delivered strong returns for investors, particularly over the last two to three years.



İncek Loft



## Incek Loft

Number of Houses

**1,199**

Social Facilities and  
Landscape Area

**170k**m<sup>2</sup>

Opening Date

**2016** April

Number of  
Commercial Area

**43**

The foundations of Incek Loft, Akfen Construction's first real estate project in Ankara's 'Golden Triangle', were laid in 2014. Widely regarded as one of Ankara's most outstanding developments, Incek Loft stands out for its architectural elegance and strategic design.

The project offers exceptional opportunities for real estate investors through its superior price-performance ratio, high-quality materials, and visually striking aesthetics. Collaborating with the renowned Tabanlıoğlu Architects, the creative force behind Istanbul's iconic Levent Loft and Loft Bahçe, Akfen Construction developed buildings in Incek Loft designed to meet diverse lifestyle and investment needs.

One of the project's defining features is its commitment to urban values and natural resource conservation, with 68% of the area dedicated to landscaping and social amenities. The design ensures all residential units benefit from optimal natural light and views, incorporating gardens and terraces into the architectural plan.

### Commercial Spaces

Incek Loft includes a dynamic retail area called 'Loft Avenue', designed as an open, semi-open, and closed shopping district at street level, providing access to both residents and visitors. Spanning 8,027 square meters, the project features 43 commercial units, tailored to enhance the lifestyle experience of its community.

To manage the commercial spaces, Akfen Tourism was established, ensuring professional operation and sustained value for the development.

# Dormitory and Guesthouse



## Hacettepe Guest House

Initially planned as a seven-block development on a 68,000 m<sup>2</sup> site with a total capacity of 7,300 beds, the Hacettepe Guest House Project has the potential to expand its capacity to 15,000 people over time. Currently, it operates with a capacity of 2,264 beds, providing high-quality accommodation services.

The Hacettepe Guest House Project, located within Hacettepe University's Beytepe Campus in Ankara, commenced on May 15, 2014, following a share transfer agreement. On this date, Akfen Construction acquired a 45% stake in Hacettepe Teknokent Eğitim ve Klinik Araştırma Merkezi Sağlık Ar-Ge Danışmanlık Proje A.Ş., assuming responsibility for the project.

In 2020, Akfen Construction acquired an additional 25% stake, increasing its ownership in the company to 70%. By June 2022, Akfen Construction further increased its shareholding to 99.76%, solid-

ifying its position as the project's primary stakeholder.

Initially designed as a seven-block development spanning a 68,000 m<sup>2</sup> site, the project offers a total capacity of 7,300 beds, with plans to expand its capacity to accommodate 15,000 people over time. Financing for the project has been secured through an agreement with TSKB (Industrial Development Bank of Türkiye).

As of the first quarter of 2016, two buildings were completed and operational, while the remaining five buildings are currently in the development phase.

Construction Area (1 <sup>st</sup> Stage-2 Block)	27,450 m <sup>2</sup>
No. of Beds (1 <sup>st</sup> Stage)	2,264
Construction Area (2 <sup>nd</sup> Stage-5 Block)	83,600 m <sup>2</sup>
No. of Beds (2 <sup>nd</sup> Stage)	5,036
Start Date	2014 Q2
Allocating Institution	Hacettepe University



# Contracting Projects



## Yalıkavak Loft Project

On September 15, 2022, Akfen Construction acquired a 22,197 m<sup>2</sup> plot in Bodrum Yalıkavak to develop a luxury villa project, with sales planned upon completion. This project, representing an investment of approximately \$39 million, aims to deliver 29 exclusive villas situated in a prime location overlooking the marina in Yalıkavak.

Designed by the renowned Tabanlıoğlu Architects, the project is scheduled for completion by 2025, offering a blend of architectural excellence and premium living in one of Türkiye's most sought-after destinations.

Project Area	22,197 m <sup>2</sup>
Closed (Gross) Area	5,655 m <sup>2</sup>
No. of Villas	29
Total Investment	\$38.757.331
Cost of Land	\$20,800,000
Construction Start Date	December 2022



## Kiyıkışlacık Project

On January 2, 2024, Akfen İnşaat Turizm ve Tic. A.Ş. entered into an agreement with Gökliman Yatırım İnşaat Turizm ve Jeotermal Tic. A.Ş., under which Akfen İnşaat Turizm ve Tic. A.Ş. will oversee the construction of the project.

The project is located in Muğla Province, Milas District, Kiyıkışlacık Area, Parcel 310, Lot 1, on a 52,025 m<sup>2</sup> site. It is planned to include a total gross construction area of approximately 54,797 m<sup>2</sup>, comprising 37 blocks of tourism facility units and swimming pool-equipped day-use areas. Soil studies for the project have been completed, and design work is ongoing in parallel. The development includes an apart-hotel construction area of 43,055.50 m<sup>2</sup>, 4,980 m<sup>2</sup> of shelter and technical facilities, and 4,262 m<sup>2</sup> of social amenity spaces. This includes a 1,300 m<sup>2</sup> technical building and 1,200 m<sup>2</sup> of social spaces, designed as basement levels. The total gross construction area of the project is planned to be 54,797 m<sup>2</sup>.

The project will feature 464 apart-hotel units, consisting of 47 units of 3+1, 79 units of 2+1, 238 units of 1+1, and 65 units of 1+0. Additionally, a 35-room apart-hotel is planned as part of the project.



Project Area	52,025 m <sup>2</sup>
Construction Area	54,797 m <sup>2</sup>



## Croatia Project

In 2022, the Sister of Mercy Project in Zagreb, Croatia was tendered for construction. The bid was successfully awarded to a joint venture comprising Akfen İnşaat Turizm ve Ticaret A.Ş. (60%) and Dost İnşaat ve Proje Yönetimi A.Ş. (40%), with a VAT-exclusive offer of EUR 44.9 million.

The contract was signed in November 2022, and project design activities commenced shortly thereafter. The project was initially funded by the EU Solidarity Fund until June 2023. Currently, funding is provided by the National Recovery and Resilience Plan, along with the National Budget of the Croatian Ministry of Health.

### Seismic reinforcement will be carried out in six buildings

The Sisters of Mercy Hospital Project encompasses the design and execution of seismic reinforcement for six buildings within the hospital complex. According to the project plan, the design and reinforcement work for the designated buildings will be completed within the first six months following site handover. The remaining construction timeline will focus on completing other hospital-related works.

Of the six buildings included in the project, four masonry-type structures will be reinforced by integrating a reinforced concrete structural system consisting of shear walls, columns, and beams. For the remaining two buildings, the cost of reinforcement was determined to be equivalent to the cost of reconstruction. Therefore, at the request of the client, these buildings will be redesigned and completely rebuilt.

The seismic reinforcement of walls and floors within the Sisters of Mercy Hospital has been designed in accordance with Level 4 reinforcement standards, ensuring that the hospital can continue all operational activities during and after potential seismic events.

### Demolition of two buildings is completed and construction is ongoing in one building

Since the contract was signed in November 2022, the demolition of the two new buildings has been completed, and the shell construction of one building is ongoing at the ground floor level. For the other building, demolition works have been completed, and the completion of the excavation and earthworks design phase is awaited before proceeding with the excavation.

#### Technical Specifications

Total Project Area	116,806 m <sup>2</sup>
Total Construction Area	26,728 m <sup>2</sup>
Total Number of Beds	256 beds
Total Intensive Care Beds	34
Total Operating Room	14

#### Building 1:

Construction Area	2,425 m <sup>2</sup>
Floors	Basement+Ground+2 Floors

#### Building 2:

Construction Area	2,577 m <sup>2</sup>
No. of Floors	Basement+Ground+3 Floors
Number of Beds	19
Number of Patient Beds	12
Intensive Care Beds	7

#### Building 3:

Construction Area	2,159 m <sup>2</sup>
No. of Floors	Basement+Ground+2 Floors

#### Building 4:

Construction Area	7,632 m <sup>2</sup>
No. of Floors	Basement+Ground+5 Floors
Number of Beds	54
Number of Patient Beds	54
Number of Polyclinics	34
Operating Room	6

#### Building 7:

Construction Area	8,354 m <sup>2</sup>
No. of Floors	Basement+Ground+5 Floors
Number of Beds	123
Number of Patient Beds	96
Intensive Care Beds	27
Operating Room	8

#### Building 9:

Construction Area	3,581 m <sup>2</sup>
No. of Floors	Basement+Ground+3 Floors
Total Number of Beds	60
Number of Patient Beds	60

# İskenderun State Hospital

Following the tender held on March 27, 2023, for the construction of İskenderun State Hospital, the Akfen İnşaat-Dost İnşaat Joint Venture was awarded the contract after submitting the lowest bid of TRY 2,289,966,419. The current partnership structure is 99.99% Akfen İnşaat and 0.01% Dost İnşaat. A unit price contract was signed with the Ministry of Health of the Republic of Turkey on April 6, 2023, in the presence of a notary.

The project site spans 129,580 m<sup>2</sup>, with a total construction area of 132,396 m<sup>2</sup>. The site handover occurred on April 14, 2023, and the project timeline is set at 550 days, with an estimated construction cost of TRY 2,289,966,419 (excluding VAT). Construction preparation works have already commenced.

The İskenderun State Hospital will feature a wide range of advanced medical units, including a Cardiovascular Center, angiography, burn center, hyperbaric oxygen therapy unit, sleep laboratory, interventional endoscopy, transfusion center, microbiology, biochemistry, pathology, hematology laboratories, and a diabetes center.

To ensure resilience against seismic events, seismic isolators have been placed under each column of the hospital. These isolators are designed to withstand earthquake data from the past 2,475 years of recorded seismic activity in the region. The primary purpose of these isolators is to dissipate the maximum amount of seismic energy and ensure the hospital's operational continuity during and after an earthquake.

## Technical Specifications

Project Land Area	129,580 m <sup>2</sup>
Project Construction Area	132,396 m <sup>2</sup>
Project Landscape Area	25,600 m <sup>2</sup>
No. of Floors	2 Basement+ Upper and Lower Ground+5 Floors
Number of Parking Lots	1,600
Total Isolator	444
Total No. of Beds	600
Number of Patient Beds	468
Intensive Care Beds	132
Number of Polyclinics	200
Number of Operating Rooms	27
Birth Room	11 + 1 Water birth
Number of X-rays	12
Number of Tomographies	2
Number of MRI	1
Number of Chemotherapy Seats	15
Number of Dialysis Seats	30
Number of FTR Boxes	40

# Amasya State Hospital

The tender for the construction of Amasya State Hospital, held on May 8, 2023, was awarded to the Akfen İnşaat-Dost İnşaat Joint Venture, which submitted the lowest bid of TRY 2,730,000,000. The current partnership structure is 99.99% Akfen İnşaat and 0.01% Dost İnşaat. A contract was signed with the Ministry of Health on June 20, 2023, in the presence of a notary.

The project site spans 103,130 m<sup>2</sup>, with a total construction area of 156,366 m<sup>2</sup>. The site handover occurred on June 26, 2023, and the project timeline is set at 1,000 days, with an estimated construction cost of TRY 2,730,000,000 (excluding VAT). Preliminary works for the project are currently underway.

Amasya State Hospital will feature a range of advanced medical units, including a Cardiovascular Center, perinatal center, angiography, burn unit, hyperbaric oxygen therapy unit, assisted reproductive technology center, interventional endoscopy, transfusion center, microbiology laboratory, biochemistry laboratory, advanced pathology laboratory, hematology laboratory, and a diabetes center. To enhance seismic resilience, seismic isolators have been placed under each column of the hospital. These isolators are designed to withstand earthquake data based on 2,475 years of recorded seismic activity in the region. The purpose of the isolators is to dissipate seismic energy to its maximum extent, ensuring that the hospital's operational functionality remains uninterrupted during and after an earthquake.

## Technical Specifications

Project Land Area	103,130 m <sup>2</sup>
Project Construction Area	156,366 m <sup>2</sup>
Project Landscape Area	41,715 m <sup>2</sup>
No. of Floors	Basement+Ground+6 Floors
Number of Parking Lots	1,600
Total Isolator	384
Total No. of Beds	600
Number of Patient Beds	472
Intensive Care Beds	128
Number of Polyclinics	205
Number of Operating Rooms	26
Birth Room	8+ 1 Water birth
Number of X-rays	8
Number of Tomographies	2
Number of MRI	1
Number of Chemotherapy Seats	14
Number of Dialysis Seats	22
Number of FTR Boxes	18



## Hatay Emergency Hospitals (Erzin, Payas, Altınözü)

As a result of the tender held on September 18, 2023, the Akfen İnşaat-Dost İnşaat Joint Venture was awarded the contract for the construction of the Emergency Hospitals in Altınözü, Erzin, and Payas Districts of Hatay Province. The current partnership structure is 99.99% Akfen İnşaat and 0.01% Dost İnşaat.

The construction area for the three hospitals in the Hatay Emergency Hospitals project totals 40,850 m<sup>2</sup>. The site hand-over took place on October 11, 2023, and the project timeline is set at 150 days, with an estimated construction cost of TRY 1,814,000,000 (excluding VAT).

The project consists of three separate hospital buildings, each designed as a standardized model for rapid construction using steel construction methods. Each hospital will include modern facilities in line with current healthcare standards, such as sterilization units, laboratories, home healthcare services, endoscopy, imaging centers, and dialysis units.

### Technical Specifications

Construction Area (3 hospitals)	40,850 m <sup>2</sup>
Construction Area (1 hospital)	13,600 m <sup>2</sup>
Landscape Area (3 hospitals)	61,300 m <sup>2</sup>
No. of Floors	Basement + 1 Floor
Number of Parking Lots	150
Total No. of Beds	70
Number of Patient Beds	50
Intensive Care Beds	20
Number of Polyclinics	20
Number of Operating Rooms	4
Number of X-rays	2
Number of Tomographies	1
Number of Dialysis Seats	8

---

# ***ENERGY SECTOR***

---

REPUBLIC OF TURKEY



# 100-Year Energy Journey



In the first year of the Republic, installed capacity was 33 MW, and today it has surpassed 106,000 MW. Energy investments, initially driven by hydraulic, thermal, and natural gas power plants, diversified in the 2000s with the inclusion of wind and solar energy. Having completed a century, the Turkish economy has caught up with global advancements in clean energy, ranking 12<sup>th</sup> globally and 5<sup>th</sup> in Europe in renewable energy

2023  
Installed Capacity  
(2023)  
**106.7**  
thousand MW

The Anatolian lands, which had fought for independence, had not yet been introduced to electricity by the time the Republic was declared in 1923. In its first year of establishment, 33 megawatts (MW) of installed capacity was largely provided by the Silahtaraba Electric Factory in Istanbul. As the Republic of Turkey aimed to crown its independence with economic development, investments in the energy sector accelerated, particularly with the establishment of Etibank and the Electricity Works Survey Administration (EİEİ) in 1935, which boosted electricity production.

By the late 1930s, the lighting concessions granted to foreign companies in city centers during the Ottoman era were rapidly nationalized, and electricity production and distribution began to be managed by the state. The 1950s marked the beginning of gradual private sector involvement in the industry. Power plants, supported by technical expertise from American companies, were brought online one by one.

In 1953, the Çatalağzı Thermal Power Plant was established alongside the formation of the State Hydraulic Works (DSİ), enabling the launch of hydroelectric power plant investments. The construction of the Seyhan Dam (Adana) in 1956 with foreign engineering support marked the start of hydroelectric power plants (HEPs), and by 1960, electricity production had increased to 1,272 MW.

## Energy crisis negatively affected the world

The Keban Dam (Elazığ), completed between

1965 and 1971 after a 10-year construction period, stands as a significant achievement of Turkish engineers. When it was first commissioned, the Keban Dam alone met 20% of Turkey's electricity needs.

However, starting in the mid-1970s, the global energy crisis also had a detrimental effect on Turkey's development. The wave of privatization that began after 1980 also impacted the energy sector, leading to its restructuring.

The first steps of this restructuring included the introduction of Build-Operate-Transfer (BOT) and Build-Operate (BO) models for the operation of hydroelectric power plants (HEPs). In 1993, the Turkey Electricity Authority (TEK) was split into two entities: Turkey Electricity Distribution Inc. and Turkey Electricity Inc. Subsequently, power plants were established under the Operating Rights Transfer (ORT) and Build-Operate models.

## Years of Restructuring in the Energy Sector

The first significant investment in renewable energy also became operational during this period. The initial wind power plants established in the Çeşme district of Izmir emerged as pioneering investments for a new era in Turkey's energy landscape. By this time, the installed capacity of power plants in Turkey had exceeded 20,000 MW.

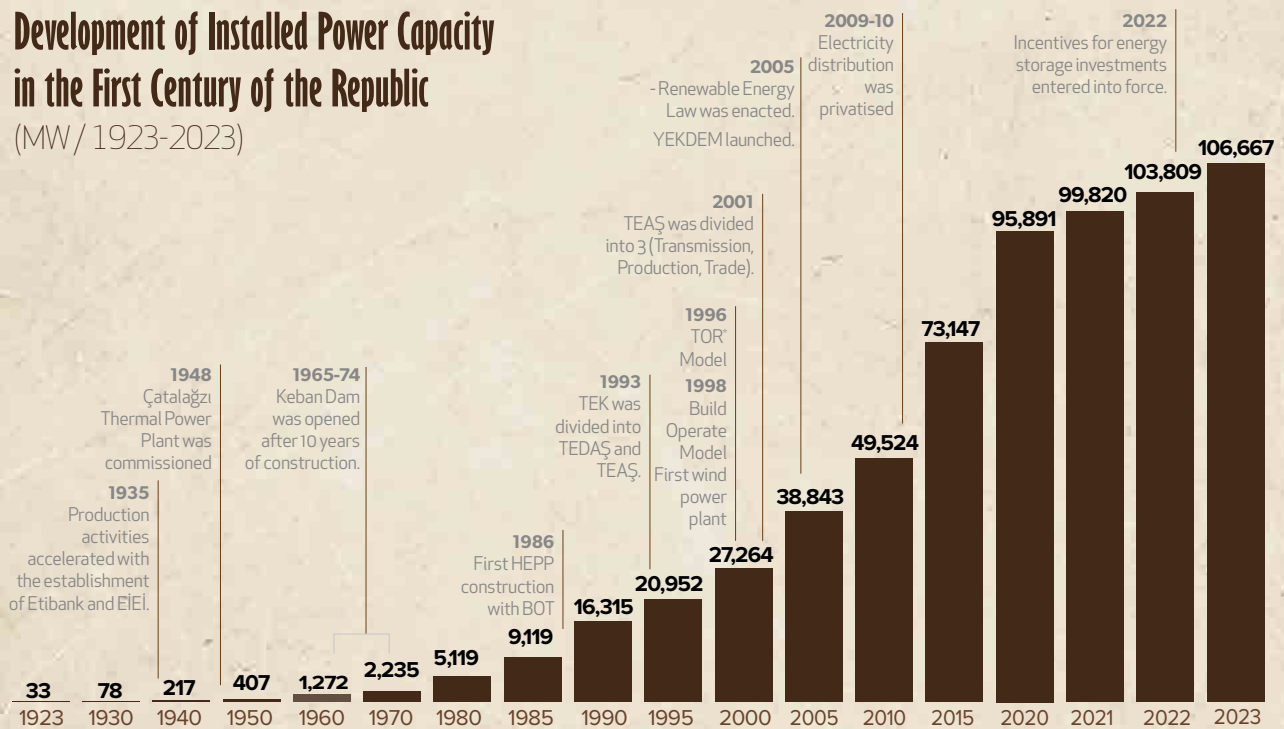
The restructuring of the energy sector continued in 2001 when TEAŞ was split into three entities: transmission, generation, and trade. A key step in this restructuring was the enact-

The installed capacity of the energy sector in Türkiye has increased 3,232-fold in 100 years.



## Development of Installed Power Capacity in the First Century of the Republic

(MW / 1923-2023)



Source: TEİAŞ Electricity Production and Transmission Statistics 2022 (<https://www.teias.gov.tr/turkiye-elektrik-uretim-iletim-istatistikleri>)

ment of the Renewable Energy Law in 2005, marking one of the crucial milestones in the transition to clean energy. In 2011, the first tenders for wind power plants were held, attracting significant interest from the private sector. Since then, the country's electricity generation capacity has rapidly expanded. By 2015, Turkey's installed power capacity exceeded 73,000 MW, and in just five years, it reached 96,000 MW, driven by the surge in renewable energy investments.

According to the 2022 budget speech from the Ministry of Energy, Turkey holds the 12th largest renewable energy portfolio in the world and the 5<sup>th</sup> largest in Europe. As per TEİAŞ data, the share of renewable energy in installed capacity, which was 38.6% in 2012, increased to 55.17% in 2023.

The share of renewable energy in electricity generation has risen sharply over the last decade. In 2012, 27% of Turkey's electricity was generated from renewable sources. By 2023, this figure rose to 42%, as announced by Energy Minister Alparslan Bayraktar. The combined share of renewable energy plants —comprising geothermal, wind, and solar—was only 2.8% in 2012, but surpassed 22.6% in 2023.

In summary, the installed capacity, which stood at just 33 MW when the war-weary Republic was founded, has increased 3,232-fold to 106,667 MW by the end of the century, marking an unprecedented development. Moreover, the share of clean energy in this growth, aligned with the founding principles of the Republic, is rapidly increasing, setting a global example.

Share of renewable energy in installed capacity (2023)

# 55%



## Energy Sector

The increasing energy consumption parallel to the growing global population has contributed to the rapid growth rates in the energy sector. Developments in energy over the last decade, including shale gas, oil restrictions, opposition to nuclear energy, regional wars, inter-country tensions, electric vehicles, and the Russia-Ukraine war, have accelerated the search for alternative energy sources among sector players.

When the Republic was established, Turkey's installed capacity was 33 MW, and today it has surpassed 106,000 MW, reflecting a noticeable focus on the search for alternative energy sources.

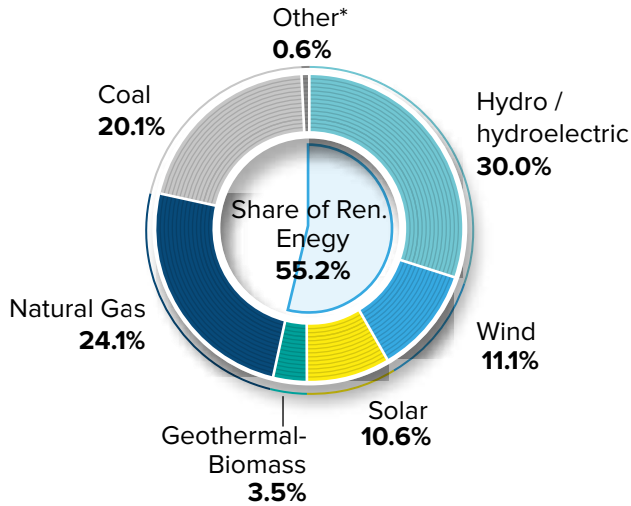
In light of potential natural gas supply issues caused by the Russia-Ukraine war, both the public and private sectors in Turkey have taken steps to accelerate investments in renewable energy. By 2023, following the start of the war in February 2022, Turkey had received 34,977 MW in pre-licensing ap-

plications. Nearly all of these applications (99.93%) were for renewable energy sources, including solar, hydroelectric, wind, biomass, and geothermal.

A significant increase in solar energy plants was reported by the Energy Market Regulatory Authority (EPDK) in its 2023 Annual Report. According to EPDK data, Turkey's licensed installed capacity reached 96,308 MW in 2023, a 1.2% increase compared to 2022. Including unlicensed production, the total installed capacity is calculated at 106,668 MW. The share of renewable energy in installed capacity has risen to 55.17% (from 53.94% in 2022). The largest share is held by dam-based hydroelectric power plants (HEPs), at 29.97%. The share of wind power is 11.07%, while the most notable growth occurred in solar energy. According to EPDK data, the share of solar power plants reached 10.61% in 2023, up from 9.1% in 2022, with a growth rate of 20.1% compared to the previous year.



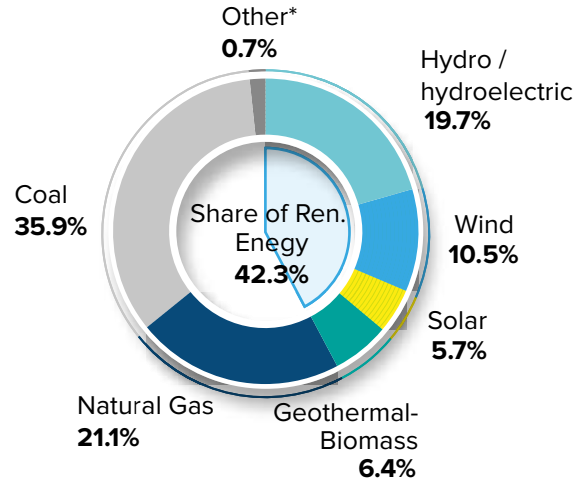
## Development of Installed Capacity by Sources (2023-MW)



Source	Installed Cap, (MW)	Share (%)
Hydro / hydroelectric	31,964.15	29.97
Wind	11,803.35	11.07
Solar	11,315.64	10.61
Biomass	2,076.59	1.95
Geothermal	1,691.34	1.59
<b>RENEWABLE</b>	<b>58,851.07</b>	<b>55.17</b>
Natural Gas	25,735.09	24.13
Imported Coal	10,373.80	9.73
Lignite	10,193.96	9.56
Stone Coal	840.77	0.79
Asphaltite	405.00	0.38
Fuel Oil	260.13	0.24
Naphtha, LNG, Diesel	7.73	0
<b>THERMIC</b>	<b>47,816.47</b>	<b>44.83</b>
<b>TOTAL</b>	<b>106,667.54</b>	<b>100</b>

Source: EPDK 2023 Annual Report

## Share of Renewable Energy in Total Generation (2023-MWh)



Source	Generation (MWh)	Share (%)
Hydro / hydroelectric	63,854,222.03	19.66
Wind	34,069,727.56	10.49
Solar	18,606,600.61	5.73
Biomass	9,706,500.32	2.99
Geothermal	10,997,593.06	3.39
<b>RENEWABLE</b>	<b>137,234,643.58</b>	<b>42.25</b>
Natural Gas	68,562,811.54	21.11
Imported Coal	72,123,040.56	22.21
Lignite	40,929,632.45	12.60
Stone Coal	3,650,625.09	1.12
Asphaltite	1,588,317.06	0.49
Fuel Oil	702,473.79	0.22
Naphtha, LNG, Diesel	2,307.18	0
<b>THERMIC</b>	<b>187,559,207.68</b>	<b>57.75</b>
<b>TOTAL</b>	<b>324,793,851.25</b>	<b>100</b>

Source: EPDK 2023 Annual Report

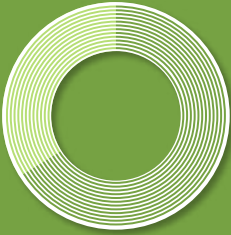
As of 2023, electricity production has reached 323.8 million MWh. The share of renewable energy in total production is calculated at 137.2 million MWh(s) (42.2%).

Although renewable energy sources account for 55% of installed capacity, fossil fuels continue to dominate in electricity generation. According to EPDK data, in 2023, 57.75% of Turkey's gross electricity production came from coal, natural gas, and other fossil fuels. The share of geothermal, solar, wind, and hydropower was 42.25%.

The electricity produced from wind, solar, geothermal, and biomass energy sources, amounting to 22.59%, surpassed the electricity generated from hydropower (19.7%) in both 2023 and 2022.

In 2023, actual electricity consumption increased by 0.2% compared to the previous year, reaching 328.8 TWh. The number of consumers increased by an average of 1.2 million annually between 2020 and 2023, surpassing 49.7 million subscribers by the end of 2023.

# Akfen Renewable Energy



## Shareholding Structure

Akfen H.	66.5%
Free Float	33.5%

Akfen Group took its first step into the sector in 2007 with HEPP investments in order to meet Türkiye's increasing energy demand and thus make a significant contribution to reducing the current account deficit. In 2009, Sırma HEPP was the first HEPP project to become operational. To date, Akfen has realised all of the 18 HEPP projects it has undertaken in the field of renewable energy resources, sold 6 of them, and still operates 12 of them.

The development of SPP projects started in 2013 and the development of WPP projects started in 2014 by starting wind measurements.

### Energy Consolidated Under One Roof

In December 2015, Akfen Holding restructured its renewable energy subsidiaries—Akfenhes, Akfenres, Akfen Toptan, and Karine GES—by consolidating them under one umbrella, establishing Akfen Renewable Energy Inc. (Akfen Yenilenebilir Enerji A.Ş.). In 2016, Akfen Renewable Energy formed a strategic partnership with the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC). This partnership marked the largest equity investment ever made in Turkey's energy sector, positioning Akfen Renewable Energy as a leading player in the renewable energy industry.

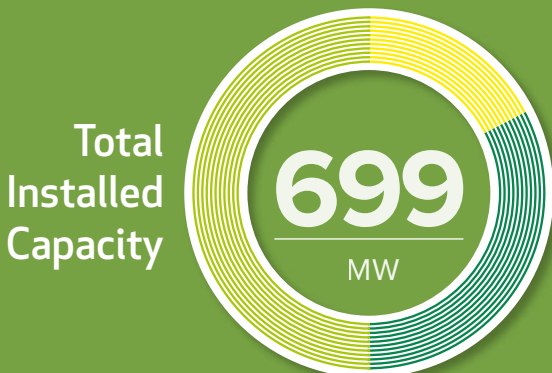
Out of its paid-in capital of TRY 1.016 billion, the company successfully sold a 33.5%

stake (TRY 340.4 million). On March 16, Akfen Renewable Energy began trading on the Borsa Istanbul (BIST). The company's operational portfolio, comprising solar power plants (SPPs), wind power plants (WPPs), and hydroelectric power plants (HEPPs), currently has an installed capacity of 699 MW.

Akfen Renewable Energy has become a key player in the sector with its robust electricity generation portfolio, powered entirely by renewable sources. These facilities employ advanced technologies and are strategically located in resource-efficient areas. By diversifying its technologies and project locations, Akfen Renewable Energy has created a platform enriched with alternative renewable energy sources that can adapt to various scenarios.

The company continues to expand rapidly as a driving force in clean energy in Turkey. Its operations currently generate revenue from energy production using renewable resources and the sale of carbon credits. Moving forward, Akfen Renewable Energy aims to grow its portfolio through key projects such as hybrid solar power plant investments, capacity expansions for wind power plants, and the establishment of standalone energy storage facilities.

Committed to maintaining one of Turkey's largest renewable energy portfolios, Akfen Renewable Energy continues its efforts to strengthen its leadership in the sector.

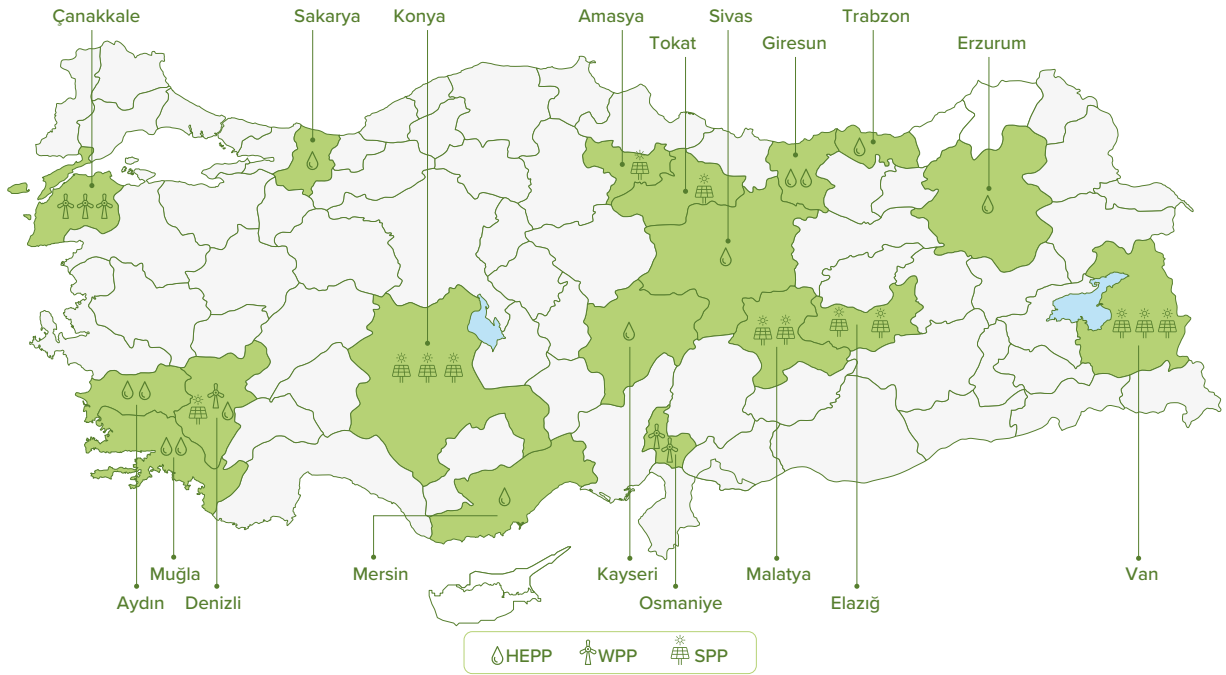


## Installed Capacity Distribution

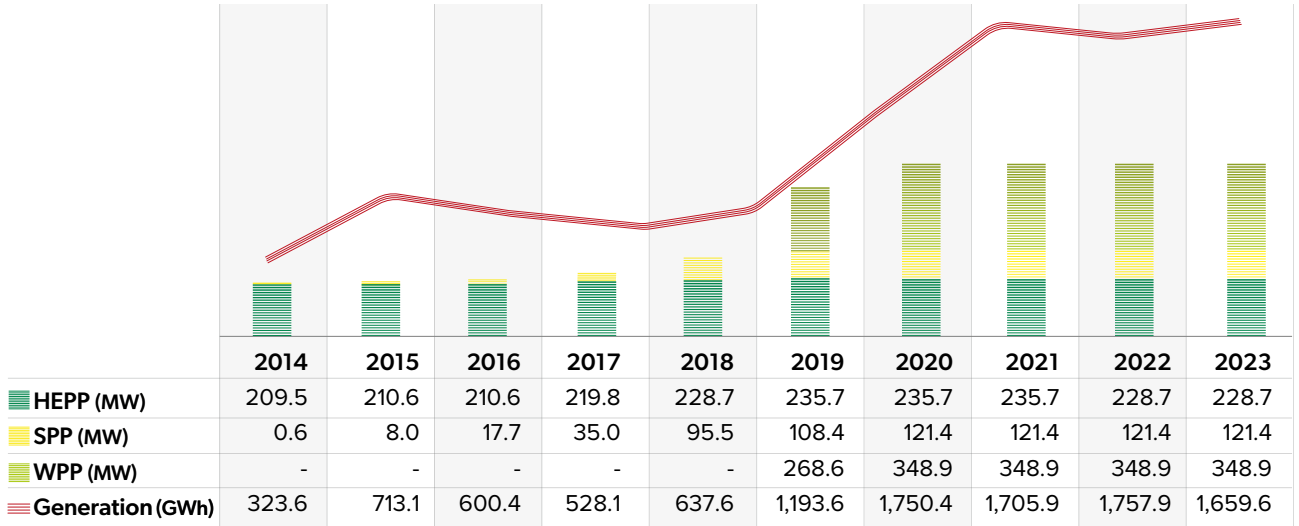


Akfen Renewable Energy's annual electricity generation of 1,659 GWh, eligible for sale, exceeds the total electricity consumption of 30 provinces in Turkey in 2023.

## Akfen Renewable Energy Plants



## Development of Installed Capacity and Production



In 2023, all operational power plants, except for Sırma, Otluca, Çamlıca 3, Saraçbendi, and Demirciler HEPPs, were included in the Renewable Energy Support Mechanism (YEKDEM).

In 2024, all operational power plants, except for Sırma, Otluca, Çamlıca 3, Saraçbendi, Demirciler, Yağmur, Gelinkaya, and Kavakçalı HEPPs, are being evaluated under the YEKDEM framework.

For all HEPPs included in YEKDEM in 2023, the YEK price was 7.3 US cents/kWh, and this price will remain the same in 2024. For all licensed SPPs, the price, including the local content incentive, was 13.74 US cents/kWh in 2023, except for Solentegre SPP, where the price was 13.3 US cents/kWh due to the expiration of its local content incentive.

In 2024, the local content incentive for all licensed solar power plants (SPPs) will have expired, and the YEKDEM price will be 13.3 US cents/kWh.

In 2023, under YEKDEM, Hasanoba WPP, Üçpınar WPP, Kocalar WPP, and Denizli WPP projects benefitted from a price of 7.9 US cents/kWh, including the local content incentive. For Sarıtepe and Demirciler WPPs, where the local content incentive had expired, the price was 7.3 US cents/kWh.

In 2024, the same pricing will apply under YEKDEM: 7.9 US cents/kWh, including the local content incentive, for Hasanoba WPP, Üçpınar WPP, Kocalar WPP, and Denizli WPP, and 7.3 US cents/kWh for Sarıtepe and Demirciler WPP, where the local content incentive has expired.



## USD Based Purchase Guarantee

Renewable energy plants that have obtained a Renewable Energy Resources Certificate (YEK Certificate) and completed their investments by June 30, 2021, are entitled to benefit from a purchase guarantee for a period of 10 years from their commissioning date. This guarantee is offered at minimum rates of 7.3 US cents/kWh for hydroelectric power plants (HEPPs), 7.3 US cents/kWh for solar power plants (SPPs), and 13.3 US cents/kWh for wind power plants (WPPs), excluding local content contributions.

Under the support mechanism, wind power plants in the portfolio that completed investments by June 30, 2021, are eligible for a purchase guarantee of at least 7.3 US cents/kWh, while the solar power plant portfolio

benefits from a minimum purchase guarantee of 13.3 US cents/kWh.

For renewable energy plants with a YEK Certificate that commence operation between July 1, 2021, and December 31, 2025, the guaranteed tariffs effective as of May 2023 and updated monthly have been published in the Official Gazette. According to these tariffs, the guaranteed prices are 135 TRY/kWh for river-type HEPPs, 106 TRY/kWh for WPPs, 202 TRY/kWh for geothermal power plants, and 106 TRY/kWh for SPPs. Additionally, if locally manufactured equipment is used in the construction of the renewable energy plant, an additional incentive of 28.80 TRY/kWh is provided for the first five years after the plant becomes operational.



# Projects Under Development

Akfen Renewable Energy continues its efforts in the following areas with the goal of becoming one of the largest renewable energy producers in Turkey

## 1. Hybrid SPP Investments

Applied  
Hybrid SPP  
**7** units  
Capacity Increase  
**94.8**  
MWe

Provisions allowing applications for combined renewable electricity generation facilities at the license and pre-license stages were added to the Electricity Market License Regulation and published in the Official Gazette on March 8, 2020.

As Akfen Renewable Energy, applications for auxiliary sources (hybrid solar power plants) were submitted for six wind power plants (Denizli WPP, Kocalar WPP, Hasanoba WPP, Üçpınar WPP, Saritepe WPP, and Demirciler WPP) and one hydroelectric

power plant (Doğançay HEPP). The total planned capacity for these hybrid solar power plants is 94.8 MW.

Our applications were approved by TEİAŞ (Turkish Electricity Transmission Corporation) and EMRA (Energy Market Regulatory Authority), and the requested capacities were incorporated into our licenses. Construction activities for hybrid solar power plant projects with a total installed capacity of 86 MW began in 2024.

## 2. WPP Capacity Increase

Applied WPP  
**5** units  
Capacity increase  
**92.4**  
MWe

Provisions enabling capacity increases for renewable energy sources were added to the Electricity Market License Regulation and published in the Official Gazette on August 23, 2019.

As Akfen Renewable Energy, applications were submitted for electrical and mechanical capacity increases at licensed power plants, covering five wind power plants (Denizli WPP, Kocalar WPP, Hasanoba WPP,

Üçpınar WPP, and Saritepe WPP). The applications encompassed a total of 19 turbine points and a capacity increase of 92.4 MW.

Production licenses for the capacity increases were obtained from EMRA (Energy Market Regulatory Authority). As of the reporting date, the energy analysis for the wind capacity increase projects has reached its final stage, and tender negotiations with turbine manufacturers have commenced.



### 3. Energy Storage Investments

Akfen Renewable Energy has utilized the regulatory changes made in 2021 and 2022 in the electricity market legislation to encourage renewable energy investments and has submitted the necessary applications to EMRA (Energy Market Regulatory Authority). As part of its standalone electricity storage facility applications, the company received approval from EMRA for a total of 375 MW of standalone storage facility applications.

Under Article 17 of the Electricity Market License Regulation, which grants rights to storage facilities, pre-license applications for a total of 285 MW of solar power plants (SPPs) and wind power plants (WPPs) were submitted. Within this scope, pre-licenses for a total of 285 MW of storage and 285 MW of production capacity across six locations were issued by EMRA.

The pre-license processes for all applications for storage-integrated production facilities have been completed.

Location	Storage	Generation
Çanakkale Üçpınar generation plant with storage	50 MWe	50 MW (WPP)
Erzurum generation plant with storage	30 MWe	30 MW (SPP)
Amasya generation plant with storage	30 MWe	30 MW (WPP)
Aydın generation plant with storage	30 MWe	30 MW (WPP)
Osmaniye Sarıtepe generation plant with storage	95 MWe	95 MW (WPP)
Van generation plant with storage	50 MWe	50 MW (SPP)
<b>Total</b>	<b>285 MWe</b>	<b>285 MW</b>

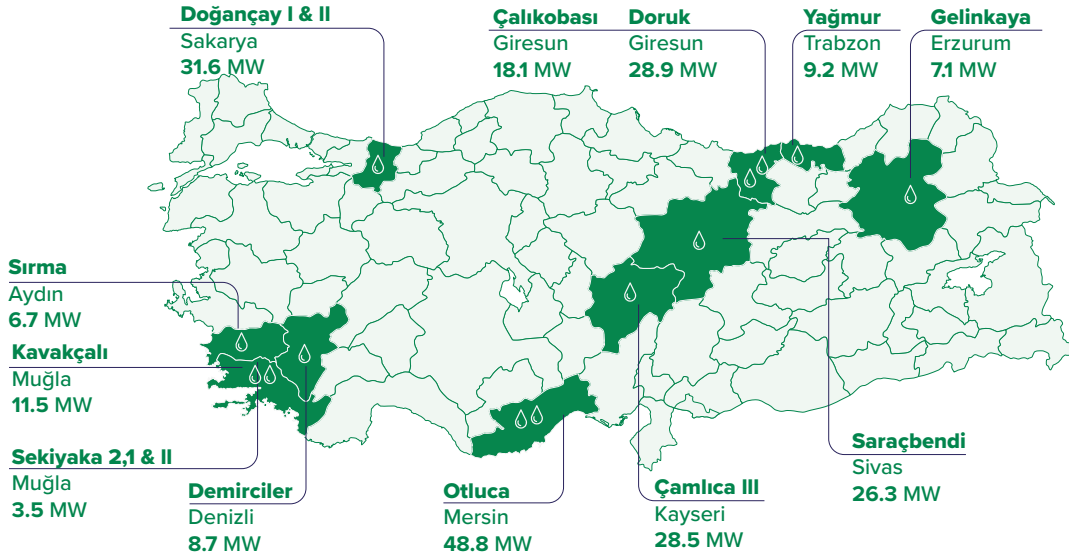
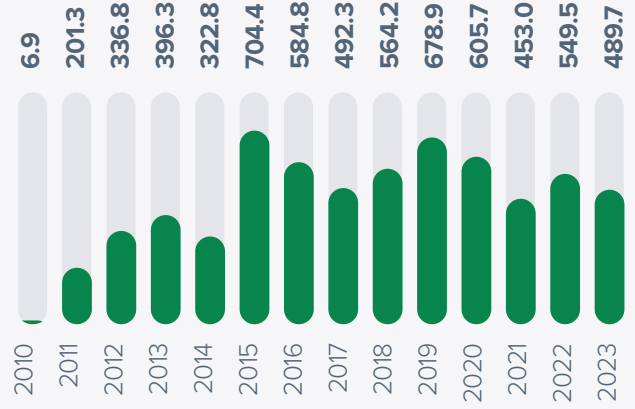
Pre-licenses obtained for storage facilities

**6** facilities  
**285** MW

# HEPP Group

As of December 31, 2023, Akfen Renewable Energy operates 12 hydroelectric power plants (HEPPs) with a total installed capacity of 228.7 MW. These plants have an annual energy production capacity of 894.9 GWh. In 2023, total HEPP production amounted to 490 GWh, representing an 11% decrease compared to 2022.

## HEPP Generation (GWh)

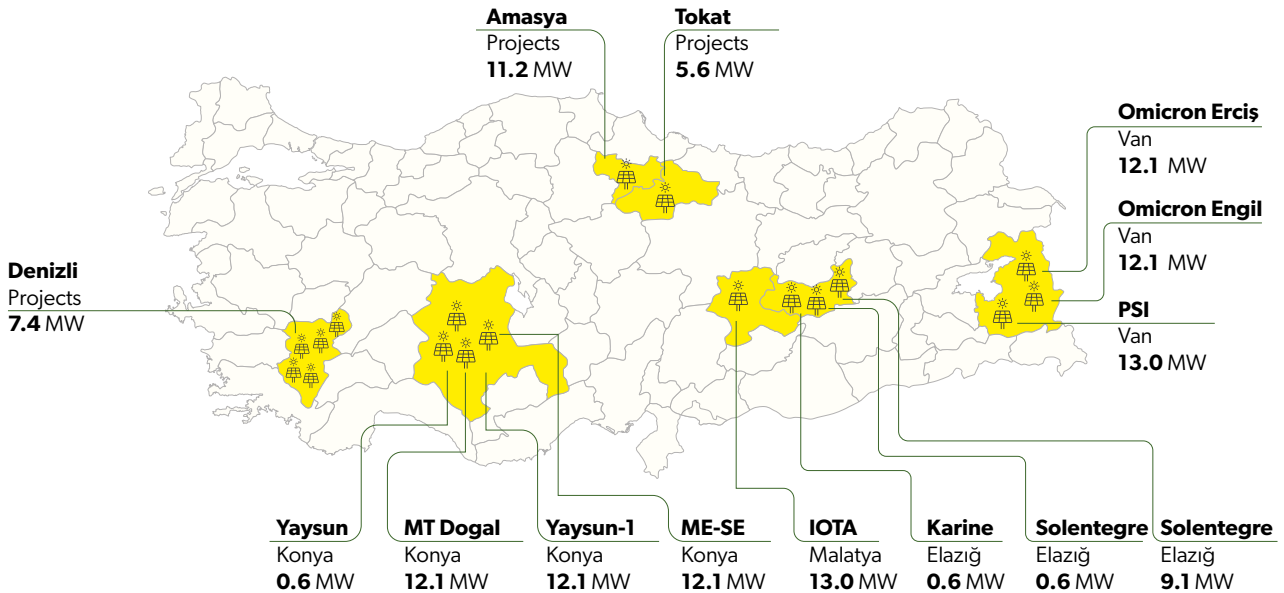


Company	HEPP	Installed Cap. (MW)	Location	Commercial Operation Date	Realized Generation Output(GWh)	
					2023	2022
Elen	Otluca	48.8	Mersin	April 2011	103.3	164.5
	Sırma	6.7	Aydın	May 2009	6.1	13.8
	Sekiyaka II HEPP	3.5	Muğla	January 2014	11.6	12.6
	Çamlıca III	28.5	Kayseri	April 2011	24.9	36.2
	Saraçbendi	26.3	Sivas	May 2011	57.0	42.6
	Demirciler	8.7	Denizli	August 2012	15.7	21.2
	Kavakçalı	11.4	Muğla	March 2013	22.6	33.0
	Gelinkaya	7.1	Erzurum	June 2013	12.6	9.9
	Doğançay	31.6	Sakarya	August 2014	103.1	96.0
BT Bordo	Yağmur	9.2	Trabzon	November 2012	19.3	24.1
Yenidoruk	Doruk	28.9	Giresun	September 2014	81.2	69.3
H.H.K. Energy	Çalıkobası	18.1	Giresun	June 2017	32.3	26.2
<b>TOTAL HEPP PORTFOLIO</b>		<b>228.7</b>			<b>489.7</b>	<b>549.5</b>

# SPP Group

The solar energy group's energy production in 2023 increased by 2% compared to the previous year, reaching 196 GWh. As of the end of 2023, the total installed capacity of the solar power plant (SPP) portfolio is 121.4 MW.

## SPP Generation (GWh)

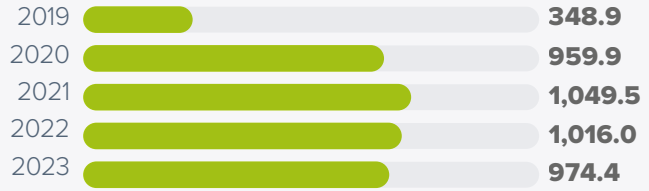


SPP	Type	Installed Cap.(MW)	Location	Commercial Operation Date	Realized Generation Output(GWh)	
					2023	2022
Yaysun	Unlicensed	0.6	Konya	February 2014	0.6	0.6
Denizli Projects	Unlicensed	7.4	Denizli	May 2015	11.6	12.1
Solentegre	Licensed	9.1	Elazığ	October 2016	13.7	13.7
Solentegre	Unlicensed	0.6	Elazığ	February 2017	0.8	0.9
Amasya Projects	Unlicensed	11.2	Amasya	August 2017	16.3	16.1
Karine	Unlicensed	0.6	Elazığ	August 2017	0.9	0.9
Tokat Projects	Unlicensed	5.6	Tokat	October 2017	8.3	7.9
Omicron Engil	Licensed	12.1	Van	September 2018	20.8	20.5
Omicron Erciş	Licensed	12.1	Van	September 2018	20.8	20.4
Yaysun	Licensed	12.1	Konya	September 2018	19.5	18.9
ME-SE	Licensed	12.1	Konya	September 2018	19.0	18.5
MT Doğal	Licensed	12.1	Konya	September 2018	20.0	19.1
PSI	Licensed	13.0	Van	July 2019	22.9	22.7
IOTA	Licensed	13.0	Malatya	August 2020	20.2	20.1
<b>Total</b>		<b>121.4</b>			<b>195.5</b>	<b>192.4</b>



# WPP Group

## WPP Generation (GWh)



As of the end of 2023, Akfen Renewable Energy's wind power plant (WPP) portfolio has an installed capacity of 348.9 MW. The WPP group's energy production in 2023 decreased by 4% compared to the previous year, totaling 974 GWh.

In December 2019, Akfen Renewable Energy signed a share purchase agreement

for the 80.3 MW projects of Zorlu Wind Energy Electricity Generation Inc., located in Osmaniye. With the addition of the Saritepe-Demirciler WPP, which stood out as the largest acquisition agreement of 2019, Akfen Renewable Energy's operational wind installed capacity reached 348.9 MW as of the end of 2023.

### Üçpınar

Çanakkale  
112.2 MW

### Kocalar

Çanakkale  
30.6 MW

### Hasanoba

Çanakkale  
51 MW

### Denizli

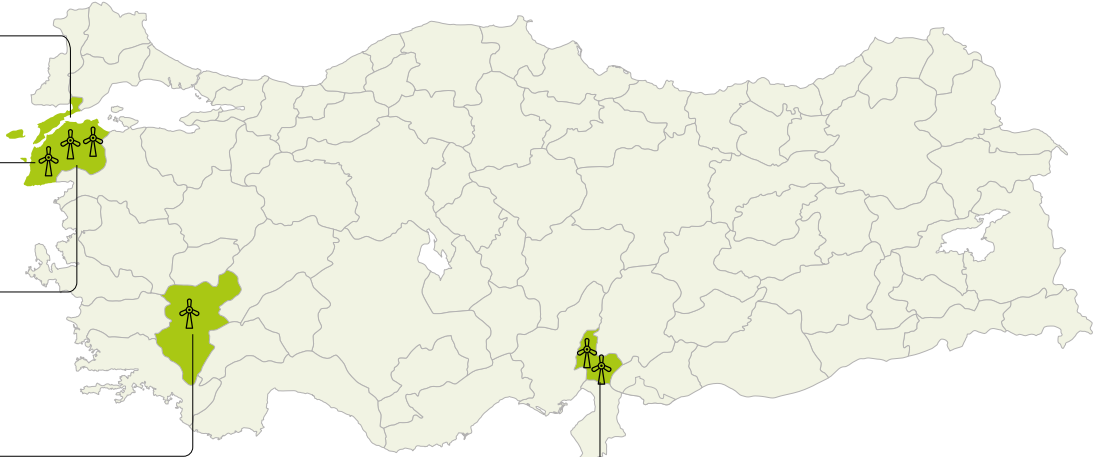
Denizli  
74.8 MW

### Saritepe

Osmaniye  
57.0 MW

### Demirciler

Osmaniye  
23.3 MW



Company	Project Name	Installed Cap.(MW)	Location	Commercial Operation Date	Realized Generation Output(GWh)	
					2023	2022
Isider Energy	Kocalar	30.6	Çanakkale	March 2019	112.3	114.5
Derbent Energy	Üçpınar	112.2	Çanakkale	May 2019	339.3	354.4
Kovancı Energy	Hasanoba	51.0	Çanakkale	August 2019	128.6	138.3
Korda Energy	Denizli	74.8	Denizli	September 2019	195.3	200.1
İmbat Energy	Saritepe	57.0	Osmaniye	June 2016	145.9	152.3
İmbat Energy	Demirciler	23.3	Osmaniye	July 2016	52.8	56.2
<b>Total</b>		<b>348.9</b>			<b>974.4</b>	<b>1,016.0</b>

# MARITIME TRANSPORT SECTOR



REPUBLIC OF TÜRKİYE



# The success story that started with Şirket-i Hayriye



Istanbul, the meeting point of three continents, has been a central hub throughout history. One of the city's most unique features is its proximity to the sea. Located on a peninsula surrounded by the Sea of Marmara, the Bosphorus, and the Golden Horn, the sea is a source of happiness and freedom for residents and tourists alike.

Beyond the bridges connecting the two sides of the city, one of the most widely used transportation methods in Istanbul has been sea routes. Dating back to the establishment of Şirket-i Hayriye in 1851, Istanbul's sea transportation needs have been significantly met by maritime services, including fast ferries.

## From Şirket-i Hayriye to Şehir Hatları...

Şirket-i Hayriye, notable as the first joint-stock company in Turkish business history, continued to serve Istanbul's residents until 1945, easing daily life. In 1945, the company was nationalized, and all its assets were transferred to Türkiye Denizcilik İşletmeleri (Turkish Maritime Enterprises), continuing operations under the name Şehir Hatları İşletmesi Müdürlüğü (City Lines Operations Directorate).

## The Establishment of İDO

In 1987, Istanbul Metropolitan Municipality decided to expand sea transportation as a solution to the city's growing traffic problems and established İstanbul Ulaşım ve Ticaret A.Ş. One year later, the company was renamed İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. (İDO).

With Istanbul's expansion and the spread of industry across the Marmara Region, İDO began providing both inner-city passenger and car ferry services and high-speed ferry services across the Sea of Marmara. By adding new piers and ferries, İDO grew steadily and, by the early 2000s, focused on achieving excellence, obtaining quality certifications to improve its services further.

## İDO became the sole authority in maritime transport

In 2005, Istanbul Metropolitan Municipality signed a protocol with the Privatization High Council and took over Şehir Hatları İşletmesi. This acquisition made İDO the sole authority responsible for sea transportation in Istanbul. As the leading operator of maritime transportation in the Marmara Region, İDO was privatized in 2011. The June 2011 tender was won by the TASS (Tepe, Akfen, Souter, Seral) Joint Venture Group.

By continually adding new routes and expanding its fleet, İDO surpassed 20 million passengers and 4 million vehicles by the end of 2023. As of 2023, İDO operates a modern fleet of 48 vessels, including 24 sea buses, 18 car ferries, 5 high-speed ferries, and 1 service ship. As Turkey celebrates its 100<sup>th</sup> Republic Anniversary, İDO continues to serve with excellence befitting the Turkish nation. With a vision to enhance passenger satisfaction, consistently increase passenger numbers, and add value, İDO remains committed to being a leading organization in the second century of the Republic.

# Maritime Transport

In Turkey, the number of passengers transported via maritime routes declined by 5.3%, while the number of vehicles transported decreased by 14.8% in 2023 compared to the previous year.

Maritime transportation holds significant potential for passenger and cargo transport in Turkey, a country surrounded by seas on three sides. Despite being fast, safe, cost-effective, and environmentally friendly, it accounts for the smallest share among passenger transportation modes.

Passenger and vehicle transportation along cabotage lines is primarily conducted using passenger ships and ferries operated by Türkiye Denizcilik İşletmeleri (Turkish Maritime Enterprises) and ferries and sea buses operated by İDO (Istanbul Sea Buses). Additionally, private boat operators also provide services for urban sea transportation.

However, developments such as highways, bridges, high-speed train services, and increasingly affordable airfares have adversely affected maritime transporta-

tion. Infrastructure projects like the Os-mangazi Bridge (operational since 2016), Yavuz Sultan Selim Bridge, and the Eurasia Tunnel have further reduced interest in sea transport.

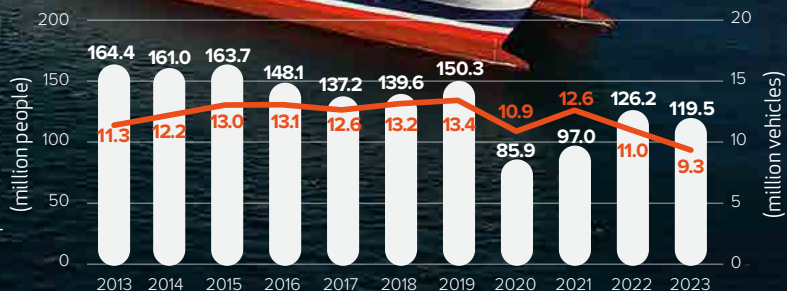
According to data from the General Directorate of Maritime Affairs, the number of passengers transported on Turkey's cabotage lines decreased by 5.3% in 2023 compared to 2022, falling to 119.5 million. Meanwhile, the number of vehicles transported declined by 14.8%, reaching 9.33 million.

Furthermore, the average annual number of passengers transported during the five-year period from 2014 to 2018 was 149.9 million, but this figure dropped by 22.8% to 115.8 million during the 2019–2023 period. Over the same periods, the number of vehicles transported decreased by 10.7%.



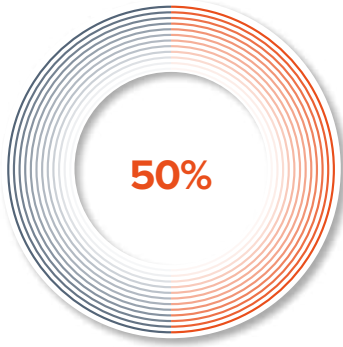
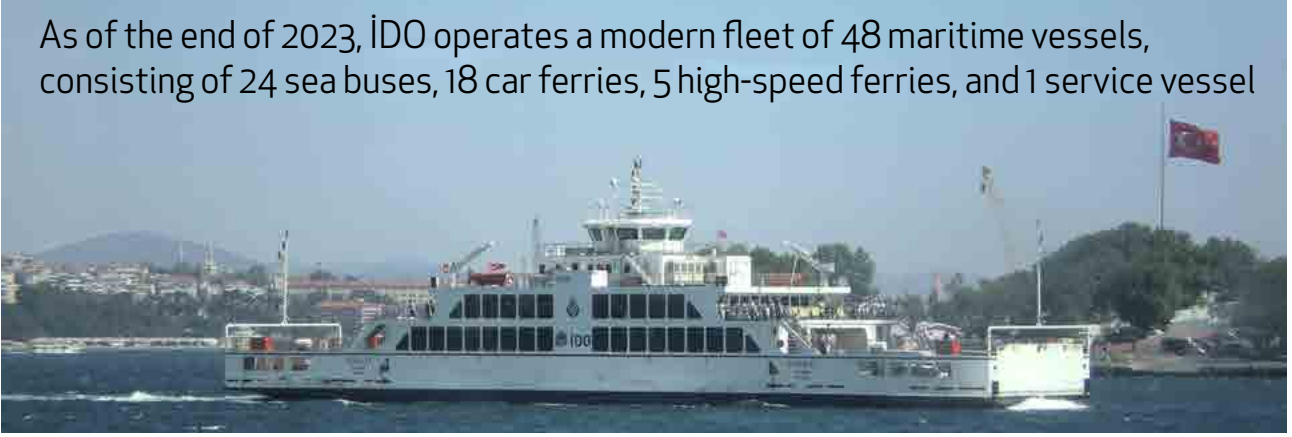
**Number of Passengers and Vehicles Transported by Sea**  
(million people-million vehicles)

● No. of Passengers — No. of Vehicles



# Istanbul Sea Buses (İDO)

As of the end of 2023, İDO operates a modern fleet of 48 maritime vessels, consisting of 24 sea buses, 18 car ferries, 5 high-speed ferries, and 1 service vessel



## Shareholding Structure

© Marmara Sea Buses\* 100%

\* With the restructuring completed on July 8, 2021, Akfen Holding and Tepe Construction transferred their shares in İDO to Marmara Sea Buses Investment and Operation Inc. which has the same shareholding structure with İDO, and Marmara Sea Buses became 100% owner of İDO. Akfen Holding holds a 50% stake in Marmara Deniz Otobüsleri.

## Subsidiary Structure (Direct and Indirect)

Zeytinburnu Port Management  
Industry and Trade Inc. 20%

With its extensive fleet and high capacity for passenger and vehicle transportation, İDO is one of the largest maritime transportation companies in the world. Operating 48 vessels across 10 routes, İDO is committed to providing economic, comfortable, fast, and safe travel.

## Contribution to the Environment and Economy

In 2011, the privatization tender for İDO, which was established by the Istanbul Metropolitan Municipality in 1987, was won by the Akfen Holding, Tepe, Souter, and Sera Joint Venture Group for \$861 million through a block sale. In 2020, İDO underwent a change in its ownership structure, with the departure of one foreign and one local partner, resulting in a 50% ownership by Akfen Holding and 50% by Tepe İnşaat.

İDO operates 48 vessels across 21 piers and 10 routes, facilitating crossings in the Bosphorus, the Sea of Marmara, and the Gulf in minimal time. By saving time and fuel for passengers, İDO contributes significantly to both the economy and environmental sustainability.

## Modern Fleet of 48 Vessels

As of the end of 2023, İDO operates a modern fleet of 48 maritime vessels, including 24 sea buses, 18 car ferries, 5 high-speed ferries, and 1 service vessel. It operates across 10 routes with a seasonal capacity of 31,377 passengers and 1,964 vehicles during the summer, and 25,898 passengers and 1,964 vehicles during the winter, serving the Sea of Marmara region.

As of December 31, 2023, İDO employed 804 personnel. The most recent collective labor agreement with the Turkish Maritime Workers' Union expired on December 31, 2023, and negotiations for the new term are set to begin.

In 2023, İDO achieved fuel savings of 711,117 liters, reducing carbon dioxide emissions by 1,877 tons, contributing positively to environmental sustainability.



10 lines

5	24	18	1	48 ship
Fast Ferries	Sea Buses	Ferryboats	Service Ship	
<b>31,377</b> Passenger cap. summer season	<b>25,898</b> Passenger cap. winter season	<b>1,964</b> Vehicle capacity all period		

## Number of Passengers and Vehicles

	2023	2022	Değişim
<b>Total No. of Passengers</b>	<b>20,890,879</b>	<b>27,011,921</b>	<b>-22.7%</b>
Fast Ferry	4,194,882	5,094,407	-17.7%
Sea Buses	1,385,361	1,938,101	-28.5%
Conventional Ferry <sup>(*)</sup>	15,310,636	19,979,413	-23.4%
<b>Total No. of Vehicle</b>	<b>4,082,065</b>	<b>5,289,447</b>	<b>-22.8%</b>
Fast Ferry <sup>(*)</sup>	877,099	1,085,925	-19.2%
Conventional Ferry	3,204,966	4,203,522	-23.8%

<sup>(\*)</sup> 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

<sup>(\*)</sup> 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		



# ***REIT & TOURISM SECTOR***





Atatürk at the opening of the Turkish Aeronautical Society (1925)



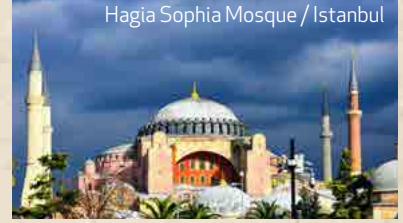
Ephesus Ancient City / Izmir



Atatürk hitting the First digging that started Sivas Railway (September 1924)



Cappadocia / Nevşehir



Hagia Sophia Mosque / Istanbul



Kaputas Beach (Kaş/Muğla)



Gobeklitepe / Şanlıurfa

# A Century in the Tourism Sector

Tourism in Turkey was first included in the state's economic program in 1930, during the early years of the Republic. In 1933, a "Tourism Group" was established within the Turkish Grand National Assembly (TBMM) to promote the development of tourism nationwide.

## Infrastructure for Tourism

Efforts to improve transportation infrastructure, driven not only by tourism but also by industrialization initiatives, enabled faster and more comfortable travel for visitors within the country. In the early years of the Republic, alongside infrastructure investments, institutions like the Turkish Maritime Enterprises, Turkish Airlines (THY), and Turkish State Railways (TCDD) were established, signaling a structured and institutional approach to tourism. The expansion of railway networks and the construction of asphalt roads were among the key factors facilitating increased travel in and out of the country.

Founded on November 6, 1923, under the patronage of Mustafa Kemal Atatürk, the Türk Seyyahin Cemiyeti (later known in the 1930s as the Turkish Touring Club and today as the Turkish Touring and Automobile Association - TTOK) played a significant role in promoting tourism. The organization was instrumental in adding destinations like Izmir and Istanbul to cruise ship itineraries, organizing large-scale trips, and showcasing historical monuments in cities like Istanbul and Bursa.

## Establishing Tourism Promotion Offices

In 1944 and the following years, Turkey opened tourism promotion offices in major global cities, including Bern, London, Washington, Moscow, Rome, Bonn, San Francisco, Cairo, New York, Paris, Delhi, Baghdad, and Beirut. However, the tourism sector experienced a stagnation during World War II. In the early 1950s, during Turkey's transition to a multi-party political system, the first tourism incentive law was enacted, introducing tax exemptions of up to 10 years. In 1963, with the introduction of the first five-year development plans, the Ministry of Tourism and Promotion was established.

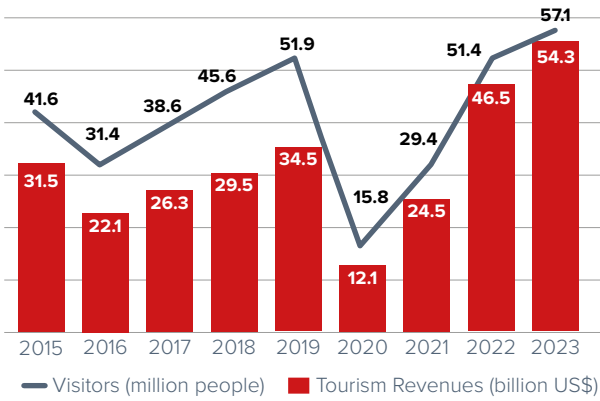
## Growth through the Incentive Law

Until the 1980s, tourism activities focused on promotion and bilateral agreements with other countries. The Tourism Incentive Law enacted in 1982 began yielding significant results in the latter half of the decade. Increased aircraft capacities accelerated travel, and improvements in the quality and capacity of hotels spurred growth. The number of tourists, which ranged between 1.5 and 2 million in the early 1980s, quickly rose to 5 million. Tourist arrivals surpassed 10 million in 2000, 20 million in 2005, and 30 million in 2011. By the 2020s, the no. of tourists exceeded 50 million annually. In 2023, as Turkey celebrated the 100<sup>th</sup> anniversary of the Republic, the country achieved a historic milestone with 57 million tourist arrivals, marking the highest figure in its history.

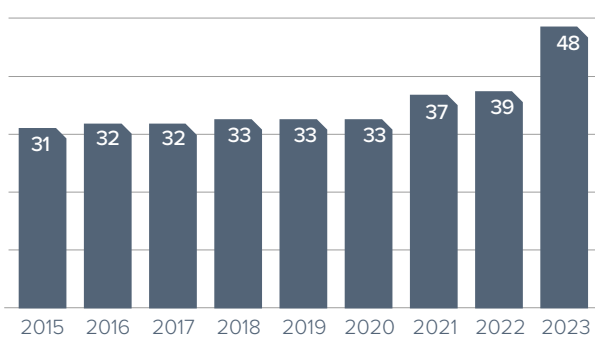


# REIT and Tourism Sector

## Number of Visitors and Tourism Revenues (million people/ billion US\$)



## Number of REITs Traded in BIST



## Tourism Revenues Exceed \$54 Billion

Although the pandemic disrupted tourism revenues globally, including in Turkey, the performance of the past two years indicates a strong recovery. According to data, Turkey's tourism revenue increased by 16.9% in 2023 compared to the previous year, reaching \$54.3 billion. Of this, \$41.06 billion came from personal expenditures, while \$13.25 billion was generated from package tour expenditures.

## Per Capita Tourism Spending

For the first time, the average per capita tourism spending surpassed \$1,000 annually in 2021, reaching \$1,028 despite the rapid depreciation of the Turkish Lira (TL). This increase was largely driven by the surge in travel demand following the pandemic. However, in 2022, the ongoing erosion of the TL, the global energy crisis, and inflation fueled by the Russia-Ukraine war negatively impacted consumption spending worldwide. Although tourist numbers rose sharply, spending patterns slowed.

In 2023, despite the rapid increase in tourist numbers, the depreciation of the TL against the Euro caused per capita tourist spending to remain below the \$1,000 threshold.

## Record-Breaking Visitor Numbers

The number of visitors to Turkey in 2022 reached levels comparable to the pre-pandemic peak of 2019. In 2023, visitor numbers increased further, setting a new record. While 51.4 million visitors were recorded in 2022, this figure exceeded 57.1 million in 2023, the highest in the country's history.

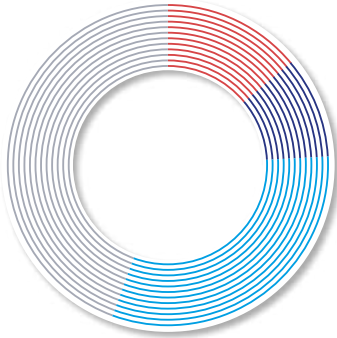
## 48 REITs Listed on the Stock Exchange

The real estate investment trust (REIT) sector in Turkey was introduced in 1995, with companies beginning to trade on the stock exchange in 1997. The number of REITs increased from 11 in 2009 to 21 in 2010 after the public floatation requirement was reduced from 49% to 25%.

By the end of 2022, 39 REITs were publicly traded, and this number rose to 48 by the end of 2023. The impact of exchange rate increases on the market valuation of publicly traded REITs was evident. While their dollar-based market capitalization remained steady at around \$7 billion over the past three years, TL-based valuations surged significantly, doubling to over \$13 billion by the end of 2022.

Due to the rapid rise in TL-based valuations, the market value of REIT companies has seen significant growth over the past three years. According to data compiled by GYODER from the Central Securities Depository, the market capitalization of REITs exceeded 343 billion TL by the end of 2023, reflecting a 40% increase compared to the previous year.

# Akfen Real Estate Investment Trust



## Shareholding Structure

○ Akfen Holding	13.9%
○ Hamdi Akın	10.2%
○ Akfen International	31.3%
○ Other	44.6% <sup>(*)</sup>

\* Free Float Ratio

## Subsidiary Structure (Direct and Indirect)

Akfen Real Estate Trade Inc. (Akfen GT) <sup>(1)</sup>	100%
Akfen Karaköy Investment and Construction Inc. <sup>(2)</sup>	21.2%
Akfen Kuzey Real Estate Management Inc. <sup>(1)(2)</sup>	100%
• YaroslavlOtelInvest Ltd.	97.8%
• Samstroykom Ltd.	97.8%
• Volgastrokom Ltd.	96.2%
• KaliningradInvest Ltd.	97.8%
• Severnyi Avtovokzal Ltd.	100%
Fıratcan Cons. Trade & Tourism Inc.	100%
Gökliman Yatırım İnşaat Turizm ve Jeotermal Tic. A.Ş.	100%
Akfen Güney Real Estate Man. Inc.	100%

Established in 1997 as Aksel Tourism Investments and Management Inc., the company transformed into a real estate investment trust (REIT) in 2006. In 2007, Akfen REIT launched its groundbreaking "Contemporary City Hotels" project, leading to the creation of a portfolio comprising 19 hotels, 1 resort, 2 dormitory complexes, 1 office building, and 1 factory over 16 years.

Akfen REIT shares were listed on Borsa Istanbul on May 11, 2011, following its IPO. As of the end of 2023, Akfen REIT had a free float rate of 44.49%, with its shares closing the year at TRY 1.97. This represents a market capitalization of TRY 7.68 billion (€215 million). The company currently trades on the BIST Star Market and was included in the BIST All 100, BIST Sustainability Index, and the Capital Markets Board's Group 1 Companies during 2023.

## Capital Increase Through Rights Offering

Akfen REIT conducted a significant capital increase in 2023 within its authorized capital ceiling of TRY 6.5 billion. The issued capital was increased from TRY 1.3 billion to TRY 3.9 billion through a cash rights offering, representing a 200% increase. Shareholders were offered the opportunity to exercise their rights for the newly issued TRY 2.6 billion in nominal value shares between December 14 and December 28, 2023.

Following the subscription period, the remaining TRY 9,296,716.21 nominal value shares were sold on Borsa Istanbul's Primary Market over two trading days, January 2 and 3, 2024. The capital increase process was successfully completed on January 3, 2024.

As a result of this increase, Article 8 of Akfen REIT's Articles of Association, titled "Capital and Shares," was amended to reflect the new issued capital of TRY 3.9 billion within the authorized ceiling of TRY 6.5 billion. The amendment received approval from the Capital Markets Board on January 26, 2024, under reference number E-12233903-340.05.05-48659.

<sup>(1)</sup> All shares of Akfen Real Estate Trade Inc. ("Akfen RET") were sold and transferred to Merit Cyprus Tourism Ltd. on January 17, 2024. Prior to the sale, Akfen RET underwent a corporate division and was restructured into Akfen Kuzey Real Estate Management Inc. ("Akfen Kuzey") and Akfen Güney Real Estate Management Inc. ("Akfen Güney"). Following this restructuring, Akfen Kuzey became the new owner of 97.8% of YaroslavlInvest Limited, Samstroykom Ltd., and Kaliningrad Invest Ltd., which hold hotel investments in Russia; 96.17% of Volgastrokom Ltd., which owns office investments in Russia; and 100% of Severnyi Avtovokzal Ltd., which owns a hotel investment in Moscow.

The primary activities of these companies involve the development and management of hotel and office projects in Russia.

<sup>(2)</sup> 21.2% of Akfen Karaköy Inv. and Cons. Inc.'s capital is owned by Akfen REIT Inc., while 78.8% is owned by Akfen RET Inc.

<sup>(3)</sup> Akfen REIT Inc. holds a total ownership stake of 100% in Akfen Karaköy, both directly and indirectly.



# From Hotel Investments to Portfolio Diversification

Akfen REIT has developed Novotel and Ibis Hotel-branded projects in Turkey and Russia, leasing a total of 19 hotels—15 in Turkey and 4 in Russia—to Accor Group, one of the world's leading hotel operators. Akfen REIT's portfolio also includes Bodrum Loft, a 5-star holiday resort in Bodrum. As of December 31, 2023, the 19 hotels owned by Akfen REIT comprise a total of 3,342 rooms.

Beyond its hotel portfolio, Akfen REIT owns an office building in Russia, two dormitory complexes consisting of 13 blocks, a factory investment in Turkey, and three ongoing projects: a commercial project in Istanbul Söğütlüçeşme, a villa project in Bodrum Yalıkavak, and a tourism project in Milas Kıyıkışlacık. As of the end of 2023, the total value of Akfen REIT's portfolio reached approximately €597.3 million.

On January 17, 2024, all shares of Akfen RET Inc., which owned the Merit Park Hotel, were sold. Consequently, the Cyprus Kyrenia Merit Park portfolio, valued at approximately €68 million, exited Akfen REIT's portfolio.

## Strategic Partnership with Accor

Akfen REIT entered into a strategic partnership with Accor, one of the world's leading hotel chains, in 2005. Under this partnership, long-term lease agreements were signed for 19 hotels in Turkey and Russia, providing Akfen REIT with consistent and predictable rental income.

The lease agreements with Accor include a minimum guarantee clause for Akfen REIT's rental income. Rental income is determined as the higher of either a fixed percentage of turnover or adjusted hotel gross profit. This structure allows Akfen REIT to benefit from both guaranteed minimum income and potential upside from increased hotel performance.

In addition to the hotels leased to Accor, Akfen REIT's Bodrum Loft Holiday Village is operated by Akfen Tourism, while its dormitory complexes are managed by the Credit and Dormitories Institution.

## Financial Strengthening

Akfen REIT has been focused on reducing debt and strengthening its financial structure since 2022. Supported by a 13% increase in hotel rental income, which exceeded €32 million in 2023 (€28.9 million in 2022), the company has continued to pay down its loan obligations.

By the end of 2023, the total value of properties in Akfen REIT's portfolio, bolstered by new project investments planned for 2024 following its capital increase through a rights issue, amounted to approximately €597.3 million.

As of December 31, 2023, Akfen REIT and its subsidiaries employed 43 people, up from 37 as of December 31, 2022.

Net Asset Value  
(2023)

**€518.7**  
million

Total Real Estate  
Assets (2023)

**€597.3**  
million

## Akfen REIT Portfolio

TR HOTELS	Opening Date	No. of Rooms
Zeytinburnu Ibis	2007	228
Zeytinburnu Novotel	2007	208
Eskişehir Ibis	2007	108
Trabzon Novotel	2008	200
Gaziantep Ibis	2010	177
Gaziantep Novotel	2010	92
Kayseri Ibis	2010	160
Kayseri Novotel	2010	96
Bursa Ibis	2010	200
Adana Ibis	2012	165
Esenyurt Ibis	2013	156
Ibis Alsancak	2013	140
Ibis Ankara Airport	2014	147
Novotel Karaköy	2016	200
Tuzla Ibis	2017	200
<b>ABROAD HOTELS</b>		
Yaroslavl Ibis/Russia	2011	177
Samara Ibis/Russia	2012	204
Kaliningrad Ibis/Russia	2013	167
Moscow Ibis/Russia	2015	317
<b>Total</b>		<b>3,342</b>

OFFICE	Opening Date	Capacity
Samara Office	2012	4,637 m <sup>2</sup>
<b>Total</b>		
<b>DORMITORIES</b>		<b>No. of Beds</b>
Isparta Dormitory	2018	4,032
Kütahya Dormitory	2019	3,808
<b>Total</b>		<b>7,840</b>
<b>RESORT</b>		<b>No. of Rooms</b>
Bodrum Loft	2020	92
<b>Total</b>		<b>92</b>
<b>OTHERS</b>		<b>Capacity</b>
Söğütlüçeşme Project	Pld. 2024	~18,250 m <sup>2</sup>
Yalıkavak Land	Pld. 2025	~22,197 m <sup>2</sup>
Kıyıkışlacık Land		~83,625 m <sup>2</sup>
Hadımköy Factory		- ~7,027 m <sup>2</sup>
<b>Total</b>		

Total: 19 Hotel (3,342 rooms), 1 resort (36 villas), 2 dormitories (7,840 beds), 1 office (4,637 m<sup>2</sup>), 124,072 m<sup>2</sup> land and factory building with 16,119 m<sup>2</sup> closed area on 7,207 m<sup>2</sup> land



## Operational Performance of Hotels

Hotels	No. of Rooms <sup>*</sup>	Occupancy Rate		Average Room Price (EUR) <sup>**</sup>		All Inc. Revenue per Room for Hotels (EUR) <sup>***</sup>	
		2023	2022	2023	2022	2023	2022
Türkiye Total	2,477	67.5%	68.2%	44.6	36.0	55.1	44.1
Russia Total	865	62.8%	54.4%	32.0	30.3	40.5	39.3
<b>Grand Total</b>	<b>3,342</b>	<b>66.3%</b>	<b>64.6%</b>	<b>41.3</b>	<b>34.5</b>	<b>51.4</b>	<b>42.8</b>

\* Merit Park Hotel in TRNC with 286 rooms is not included.

\*\* Revenue per Room = Average Room Charge x Occupancy Rate

\*\*\* Total revenue per room includes room revenues as well as other revenues (food&beverage, congress, banqueting revenues).

## Highlights of 2023

### Closure of Forward Interest Rate Swap Transaction

On February 16, 2023, Akfen REIT closed the remaining balance of EUR 74 million on the Interest Rate Swap (IRS) transaction conducted with its creditor, Credit Europe Bank NV, on November 10, 2021. This transaction resulted in a net profit of EUR 8.5 million from IRS activities.

### Signing of Merit Park Hotel Transfer Agreement

On April 13, 2023, Akfen REIT signed a transfer agreement with Merit Kibris Tourism Ltd. for the sale of the Merit Park Hotel & Casino in the Turkish Republic of Northern Cyprus (TRNC). The agreed sale price is USD 70,000,000, plus a variable share price, contingent upon several conditions outlined in the agreement. These include ensuring that no activities or assets other than the hotel remain, obtaining all necessary legal permissions, and completing a valuation in compliance with CMB regulations.

Proceeds from the transaction will be allocated to a loan prepayment of approximately EUR 30 million, with the remaining funds directed toward ongoing and new investments.

### Credit Rating Upgrade

In 2023, JCR Eurasia Rating Inc. upgraded Akfen REIT's long-term national corporate credit rating to AA- (very high credit quality) from A- (high credit quality), placing it in the investment-grade category.

### Share Buyback Programme Initiated

On April 24, 2023, Akfen REIT's Board of Directors initiated a share buyback programme to protect shareholder interests, given that the share price was undervalued relative to the company's net asset value (TRY 6.25 per share as of December 31, 2022) and the market.

The buyback programme is set to last one year, with a maximum allocation of TRY 200,000,000 and a cap of 65,000,000 shares (5% of the Company's issued capital).

### Half-Year Property Appraisal

As of June 30, 2023, the properties within the portfolios of Akfen REIT and its subsidiaries were revalued. The total value of the portfolio increased by 22% in euro terms to EUR 597.3 million, up from EUR 488.2 million as of December 31, 2022.

### Factory Investment

On May 5, 2023, Akfen Karaköy, a subsidiary of Akfen REIT, exercised its pre-emption right to acquire 77.80% of the Eraysan factory building and land, with the remaining portion owned by TCDD. The transaction was finalized on July 26, 2023, transferring ownership to Akfen Karaköy.

The factory building and land were subsequently leased to Eraysan, the company operating the facility. The annual lease value is EUR 314,000 (equivalent in TRY). Additionally, the seller retains a three-year repurchase right at the original transfer price.



### Takeover of Uludağ Hotel

The decision was made to acquire Uludağ Hotel, which is part of Akfen Tourism's assets, upon the completion of all necessary permits.

### Acquisition of Remaining Shares in Fıratcan Construction

The remaining 49% shares of Fıratcan Construction Trade and Tourism Inc., whose 51% shares were acquired on March 31, 2021, were purchased for the TL equivalent of EUR 10 million. The purchase price represents an 8% discount compared to the valuation report dated July 17, 2023, prepared in compliance with Capital Markets Board (CMB) regulations.

Fıratcan Construction is responsible for the Söğütlüçeşme High-Speed Train Station Project in Kadıköy, Istanbul, which includes a 2-year permit and license period, a 2-year construction phase, and a lease for operation until 2052. The project is expected to be completed in 2024, with the commercial areas to be operated until 2052.

### Sale of Repurchased Shares

On August 8, 2023, Akfen REIT sold 30,000,000 repurchased shares, equivalent to 2.31% of its capital, at prices ranging from 5.25 TL to 5.33 TL (average price: 5.2534 TL). Following this transaction, Akfen REIT no longer holds any repurchased shares.

### Inclusion in the BIST Sustainability Index

As of the fourth quarter of 2023 (October 1 to December 31, 2023), Akfen REIT (AKFGY) shares were included in the BIST Sustainability Index.

### Completion of Paid-In Capital Increase

Within its registered capital ceiling of TRY 6.5 billion,, Akfen REIT increased its issued capital from TRY 1.3 billion to TRY 3.9 billion through a 200% rights issue, raising TRY 2.6 billion in cash. The issuance of shares with a nominal value of TRY 2.6 billion was completed under the conditions specified in the prospectus, and the proceeds were fully paid in cash.

Due to the increase in issued capital from TRY 1.3 billion to TRY 3.9 billion within the authorized capital ceiling of TRY 6.5 billion, Article 8, titled "Capital and Shares", of Akfen REIT's Articles of Association was amended. The new version of this article was approved by the Capital Markets Board on January 26, 2024, via correspondence numbered E-12233903-340.05.05-48659.

# Details of Ongoing Projects in 2023



PROJECT  
**1**

## Söğütlüçeşme Project



The remaining 49% shares of Firatcan Construction Trade and Tourism Inc., which owns the lease rights for the Söğütlüçeşme High-Speed Train Station Project in Kadıköy, Istanbul, were acquired for the TL equivalent of EUR 10 million. This price reflects an 8% discount compared to the valuation determined in the report dated July 17, 2023, prepared in compliance with Capital Markets Board (CMB) regulations. The initial 51% of the company's shares had been purchased on March 31, 2021.

The project, under Firatcan Construction's commitment, involves a 2-year permit and licensing period, a 2-year construction phase, and a lease for operation until 2052. The Söğütlüçeşme High-Speed Train Station Project, which will span 41,700 square meters, is scheduled for completion in 2024, with commercial areas to remain operational until 2052.

The project will feature a versatile event space for concerts, theater performances, and corporate meetings; a dining area offering gourmet cuisine; a marketplace showcasing regional and natural products; and complementary retail stores for shopping. The project aims to commence operations by October 29, 2024.

## Söğütlüçeşme Project in Numbers

Construction Area	21,000 m <sup>2</sup>
Gross Rentable Area	16,000 m <sup>2</sup>
Concession Period	28 years (2052)
Investment Amount	€37.3 m <sup>(*)</sup>
Projected Rental Income	€8.0 m
Opening Day	October 2024
Akfen Group's Share in Firatcan Inc.	100%
The Value of Firatcan Inc.	€28.8 m <sup>(**)</sup>

<sup>(\*)</sup> VAT Included

<sup>(\*\*)</sup> Shows the company value as of 31.12.2023.



PROJECT  
**2**

## Kiyıkışlacık Project

The Kiyıkışlacık Project, located in the Gökusu area of Kiyıkışlacık in the Milas district of Muğla, is situated within a natural harbor. The project is just a 15-minute sea journey from Bodrum, with transportation planned to be provided via tugboats. The adjacent parcel, designated as a marina, aims to offer a significant opportunity for boat enthusiasts and yacht owners.

### Project in Numbers

Land Area	83,000 m <sup>2</sup>
No. of Units (Apart Hotel)	464
Planned Investment Amount <sup>(*)</sup>	€119 m
Realized Investment <sup>(*)</sup>	€24.5 m
Company Value	€28.6 m <sup>(**)</sup>
Projected Start of Construction	Oct. 2024
Planned Completion Date	2027

<sup>(\*)</sup> VAT Included

<sup>(\*\*)</sup> Shows the company value as of 31.12.2023.

PROJECT  
**3**

## Yalıkavak Project

On September 15, 2022, Akfen REIT acquired a 22,197 m<sup>2</sup> plot of land in Bodrum Yalıkavak, with all permits and licenses already in place. The plan is to develop and construct a villa project on the land, with the completed villas intended for sale.

### Project in Numbers

Construction	Akfen Construction
Number of Villas	29
Project Area	22,197 m <sup>2</sup>
Construction Area	14,780 m <sup>2</sup>
Planned Investment	€61m <sup>(*)</sup> <sup>(**)</sup>
Realized Investment	€35.3m <sup>(*)</sup>
Estimated Sales Revenue	€95.0m
Construction Start Date	Dec. 2022
Planned Completion Date	Dec. 2025

<sup>(\*)</sup> VAT Included

<sup>(\*\*)</sup> The planned investment includes €20.4 million for the land acquisition.



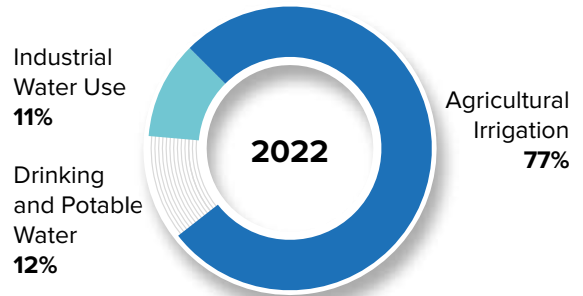
# **WASTEWATER AND SOLID WASTE SECTOR**

REPUBLIC OF TÜRKİYE



# Water, Wastewater, and Solid Waste Sectors

## Sectoral Water Use in Türkiye



Source: TurkStat

Considering Turkey's population in 2022, the annual water availability per capita was 1,313 m<sup>3</sup>. According to the widely used Falkenmark Index for determining water stress, countries with per capita water availability between 1,100-1,700 m<sup>3</sup> are classified as water-stressed, while those below 1,000 m<sup>3</sup> are considered water-scarce. With a growing population, the annual per capita water availability in Turkey is projected to decrease to 1,200 m<sup>3</sup> by 2030.

Projections related to climate change suggest that Turkey's water resources could decrease by up to 25%, highlighting the risks of drought and water scarcity. These risks necessitate investments to improve water use efficiency in urban, agricultural, and industrial sectors.

However, inadequate incentives and regulatory frameworks for water efficiency investments pose barriers to private sector engagement. Despite this, the introduction of the "Water Efficiency Strategy Document and Action Plan (2023-2033) for Adaptation to Changing Climate", which outlines public goals and strategies for water and wastewater treatment, is a significant step toward fostering increased collaboration between the public and private sectors.

According to DSI's (State Hydraulic Works) 2022 data, Turkey's total water consumption amounted to 57 billion m<sup>3</sup>, with 44 billion m<sup>3</sup> (77%) used for agricultural irrigation, 7 billion m<sup>3</sup> (12%) for domestic and municipal use, and 6 billion m<sup>3</sup> (11%) for industrial purposes. Providing incentives and developing the legal and technical infrastructure for advanced treatment and water reuse could encourage greater private sector investment in this field.

### The Growing Importance of Seawater Desalination

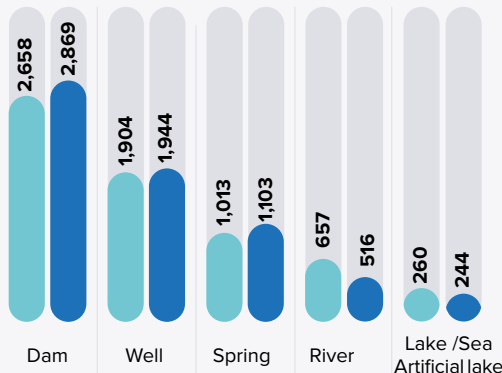
Seawater desalination, a significant topic at COP28, is increasingly viewed as an effective solution to water scarcity. In regions with limited water resources, such as the Middle East and the Mediterranean, desalination is becoming a necessity. In Turkey, efforts in seawater desalination have also gained momentum, particularly through collaborations between the private sector and municipalities.

The Water Efficiency Strategy Document and Action Plan highlights the creation of new incentive mechanisms for alternative water sources, including seawater, rainwater, greywater, and brackish water. These objectives suggest that investments in this field are likely to increase in the coming years.

### Water Volumes Supplied to Municipal Drinking and Utility Water Networks by Source

● 2020 ● 2022

Source: TurkStat



### Per Capita Water Withdrawal in Municipalities

According to 2022 data from TÜİK (Turkish Statistical Institute), the daily per capita water withdrawal for municipal drinking and utility water networks was calculated at an average of 229 liters. In the three largest cities, the average daily per capita water withdrawal was 190 liters for Istanbul, 242 liters for Ankara, and 210 liters for Izmir.



# Incentive Opportunity for Waste Incineration and Energy Generation

According to 2022 data from TÜİK (Turkish Statistical Institute), a total of 133.2 million tons of waste was processed at waste disposal and recovery facilities in Turkey. Of this amount, 81 million tons were disposed of in sanitary landfills, while 52 million tons were processed at recovery facilities. Waste processed at co-incineration plants accounted for only 2.5% of the total, with 3.2 million tons of waste incinerated for energy recovery.

In developed countries, waste incineration plants have long been utilized for the disposal of solid waste. With modern emission standards and advanced technologies, these facilities play a critical role in reducing the volume of waste sent to landfills,

improving energy efficiency, and supporting the development of climate-resilient, sustainable cities.

The Ministry of Environment, Urbanization, and Climate Change has initiated the revision of the National Waste Management and Action Plan (2023-2035) to identify the investment needs for waste management and establish targets for waste recovery and energy generation within the framework of circular economy principles.

This initiative aims to create the necessary legal framework and introduce new incentive mechanisms, offering significant opportunities to expand waste incineration facilities in Turkey.

## Waste disposal and recovery facilities

	2020		2022	
	Number of Facilities	Amount of Waste Processed (tons)	Number of Facilities	Amount of Waste Processed (tons)
<b>Waste disposal and recovery facilities</b>	<b>2,752</b>	<b>127,401,232</b>	<b>3,136</b>	<b>133,183,175</b>
Waste disposal facilities	184	78,333,403	200	81,446,031
Sanitary Landfill	174	77,762,423	191	80,996,500
Incineration plant	10	570,980	9	449,532
Waste recovery facilities	2,568	49,067,829	2,936	51,737,143
Compost facility	9	127,046	11	120,096
Co-incineration plant	50	1,298,579	59	3,154,270
Other recovery facilities <sup>(1)</sup>	2,590	47,642,204	2,866	48,462,778

Facilities include waste from abroad.

<sup>(1)</sup> Includes facilities recycling metal, plastic, paper, mineral, etc. wastes.

# Akfen Environment and Water



The construction of water and wastewater networks



The design and construction of facilities requiring high technology and advanced engineering expertise



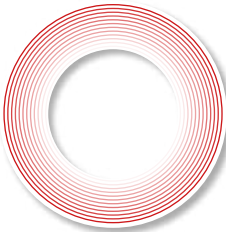
The design and construction of wastewater, clean water, and seawater treatment systems



The development of sustainable solid waste management systems



The distribution of underground and surface drinking water, along with reservoir improvements



## Shareholding Structure

Akfen H.	100%
----------	------

Operating under Build-Operate-Transfer, Concession, Turnkey Construction, and Operation & Maintenance contract models, Akfen Environment and Water (Akfen Water) develops projects in the design, financing, construction, and operation of water and sewage networks, distribution of drinking water from underground and surface water reserves, treatment plants, desalination facilities, and integrated waste management facilities.

Akfen Environment and Water also offers services through models such as Public-Private Partnerships (PPP), EPC, and EPCf. It provides reliable and competitive solutions to public and private sector clients, prioritizing quality and operational efficiency in project management, detailed engineering, construction, mechanical, and electrical works. As of December 31, 2023, Akfen Water employs 5 people.

### BUSKİ Mustafakemalpaşa Pumping Stations Construction Contract Awarded

On November 1, 2023, Akfen Environment and Water submitted the best bid for the Mustafakemalpaşa Pumping Stations Construction Project in Bursa and was awarded the contract. On December 5, 2023, a contract was signed between Bursa Water and Sewerage Administration (BUSKİ) and Akfen Water.

The handover of the site took place on December 19, 2023, marking the start of the project,

which has a construction timeline of 480 days according to the contract. The project, spanning four different locations in Mustafakemalpaşa district, is notable for being the first contract won by Akfen Environment and Water through the EKAP (Electronic Public Procurement Platform).

Upon completion and commissioning of the pumping stations, the previously constructed wastewater treatment plant in Mustafakemalpaşa will become more functional, significantly enhancing the district's wastewater treatment infrastructure.

This project, which will contribute to the protection of natural resources in the region, is a key initiative reflecting Akfen's commitment to sustainability and preserving resources for future generations.

### A Leader in Waste Management

Akfen Water continues to successfully provide services under the Waste and Environmental Management Agreement signed with İDO in 2012. Since August 2016, the company has also been delivering "Hazardous and Non-Hazardous Waste Disposal and Recycling" services for Mersin International Port (MIP).

In 2023, Akfen Environment and Water facilitated the recycling and disposal of a total of 823 tons of waste, consisting of 299 tons of non-hazardous waste and 524 tons of hazard-

The Amount of Waste Serviced (2023)

**5,510**  
tons

## Waste Management and Water Solutions

Mersin International Port Waste Management

Eskişehir City Hospital Waste Management

Acacia Mining Industrial Wastewater Treatment Plant

İDO Waste and Environment Management P.

Isparta City Hospital Waste Management

Tekirdağ City Hospital Waste Management

BUSKİ Mustafakemalpaşa Cons. of Lift Stations

ous waste from İDO and MIP.

As the first company to provide integrated waste management services to City Hospitals in Turkey under the PPP model, Akfen Water designed and implemented waste management systems for Turkey's first city hospital, starting operations in 2017 under the supervision and approval of public authorities. Since 2017, the company has established and managed integrated waste management systems for six city hospitals with a total capacity of 7,987 beds. Through this work, Akfen has set industry-leading standards for waste management methods and service quality in city hospitals, establishing itself as a pioneer and leader in the sector.

In 2023, Akfen Water continued to provide services to three city hospitals: the Isparta City Hospital (845-bed capacity, operational since March 2017), the Eskişehir City Hospital (1,150-bed capacity, operational since October 2018), and the Tekirdağ City Hospital (605-bed capacity, operational since December 2020). Focused on achieving sustainable development through investments in water and waste management, Akfen Environment and Water aims to implement exemplary services, practices, and strategies. The company

provides 24/7 waste management services, including the segregation, recycling, and disposal of medical, hazardous, packaging, and domestic waste at the source.

In 2023, Akfen ensured the disposal and recycling of 460 tons of waste per month, including 100 tons of medical waste and 360 tons of other waste, using advanced processes and technologies designed to minimize environmental impact.

### **A Leading Company in Waste Management Services for City Hospitals**

In 2023, Akfen Water undertook waste management services for three city hospitals with a total bed capacity of 2,600, solidifying its position as a prominent and qualified player in this field.

As the first company to design and implement integrated waste management services for city hospitals, Akfen Water closely monitors integrated waste management projects for upcoming healthcare facilities under city hospital projects, as well as industrial facilities in various sectors. The company aims to expand its presence and drive growth in the sector.



*Acacia Mining Wastewater Treatment and Recovery Plant*

### **Acacia Mining Wastewater Treatment and Recycling Facility Project**

In 2022, Akfen Water successfully completed the design, planning, construction, and three-month operation of a 9,600 m<sup>3</sup>/day capacity treatment plant for the wastewater generated at the 5 million m<sup>3</sup> capacity Waste Storage Facility (ADT-1). This facility stores waste from the copper mine and ore enrichment facilities operated by Acacia Mining in the Hanönü district of Kastamonu province. The treatment plant employs state-of-the-art integrated treatment systems utilizing the latest available technologies.

To enhance the efficiency of the facility, Akfen Water signed a new consultancy agreement with the client this year. Optimization works to be implemented under this agreement will ensure the more effective use of the upcoming ADT-2 facility, which is set to be operational in the new year, providing significant benefits to the mining operation.



BUSKİ  
Mustafakemalpaşa  
Pumping Stations

## Highlights of 2023

### **BUSKİ Mustafakemalpaşa Pumping Stations Construction Tender**

The contract for the BUSKİ Mustafakemalpaşa Pumping Stations Construction project, which holds significance as the first tender submitted via the EKAP platform, was signed on December 5, 2023. This project, critically important for the infrastructure development of Mustafakemalpaşa district in Bursa province, is scheduled to be completed within 480 days. Upon completion, operational support will also be provided to the municipality, ensuring seamless functionality. The project aims to contribute to a sustainable future for Mustafakemalpaşa, and the company's management is committed to pursuing investments in additional infrastructure projects in the coming year.

### **Turkey's First Copper Mine Wastewater Treatment and Recycling Facility**

The 9,600 m<sup>3</sup>/day capacity Copper Mine Wastewater Treatment and Recycling Facility EPC project was completed last year. In 2023, a consultancy agreement was signed to provide operational guidance and enhance the facility's performance. This groundbreaking project represents a significant milestone in sustainable resource management within the mining sector.

### **City Hospital Waste Management Services Market Tests**

The prequalification tenders for Waste Management Services Market Tests of the City Hospitals in Yozgat, Mersin, and Adana, operated under the PPP model, were concluded successfully last year. Akfen Environment and Water successfully passed the prequalification stage for all three hospitals and participated in the market test tenders conducted this year.

Akfen Water was invited by the Ministry of Health to bid in the Yozgat City Hospital Waste Management Services tender, conducted through an open bidding process. The company submitted the second-best price offer; however, the tender was awarded to the company currently providing the service to the hospital.

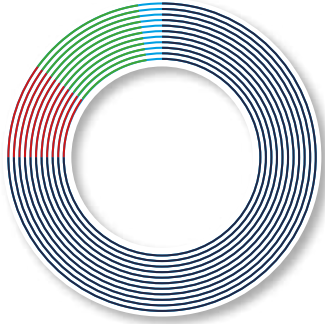
In contrast, Akfen Water successfully won the Isparta City Hospital Waste Management Services tender, also conducted through an open bidding process, and signed the contract.

### **Active Participation in TAYÇED**

Since becoming a member of TAYÇED, Akfen Water has remained actively engaged in the association's initiatives. Following its acceptance as a member, Akfen Environment and Water's General Manager, Mr. Emre Sezgin, was elected as a Board Member at the TAYÇED Extraordinary General Assembly held on October 17, 2018. The company continued its active involvement in TAYÇED's activities throughout 2023, contributing to industry development and sustainability efforts.

## OTHER SUBSIDIARIES

# Travelex



### Shareholding Structure

Travelex Group	75%
Akfen Holding	10%
Tepe Construction	12.5%
Sera Yapı	2.5%



Number of Countries  
of Operation

**20**

Location

**1,100**

No. of Offices  
in Türkiye

**12**

No. of ATMs

**900**

Established in 1976, Travelex is the world's leading expert in currency exchange and related services. Operating across 20 countries, Travelex manages 900 ATMs and 1,100 service locations in airports and non-airport venues. Additionally, its continually evolving online and mobile currency exchange platforms are re-defining the global movement of physical and digital money, ensuring that all customers stay ahead of the competition.

Leveraging its expertise and experience, Travelex provides reliable, efficient, and seamless international money transfer services to financial institutions, travel agencies, and hotels. These services are complemented by secure cash delivery solutions for all currencies. The group also offers bulk currency procurement and delivery services to central banks and international financial institutions.

### Operations in Türkiye

In Turkey, Travelex operates at Ankara Esenboğa, İzmir Adnan Menderes, Antalya, and Alanya Gazipaşa Airports, as well as Kuşadası Cruise Port. Following its acquisition in 2014, Akfen Infrastructure holds a 10% stake in Travelex's Turkish operations.

## OTHER SUBSIDIARIES

# Akfen Tourism



### Shareholding Structure

○ Akfen Holding	100%
-----------------	------

### Subsidiary Structure

Akfen Holding	0.24%
Cennetkaya Sportif ve Turistik Tes. San. ve Tic. A.Ş.	5.0%
Akfen REIT	0.13%

### Affiliates

Akfen Hastane Hizmetleri A.Ş.	100%
Yedide Yedi Turizm Yat. A.Ş.	100%
Kadıköy Terminal G.Menkul Hiz.A.Ş.	100%



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

The company operates the Bodrum Loft Resort and various facilities in the Ankara Bulvar Loft commercial area. The facilities currently operated in Bulvar Loft commercial area are Big Chefs and Timboo. Addi-

tionally, Ters Köşe, a seafood restaurant, operates within the İncek Loft complex.

As part of Akfen Construction's PPP hospital portfolio, Akfen Tourism also manages the cafeterias at Isparta, Eskişehir, and Tekirdağ City Hospitals. Moreover, Akfen Tourism provides catering management services in Ankara.

## Highlights in 2023

- On 13.01.2023, the company's capital increased by TL 15,000,000 in cash, raising the total capital to TRY 43,550,000.
- On 16.01.2023, Akfen Hospital Services Inc. participated in the capital increase.
- On 17.04.2023, Akfen Hospital Services Inc. participated in the capital increase.

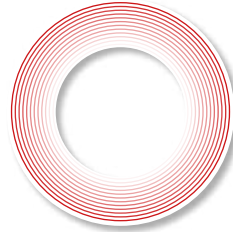
- On 23.11.2023, Yedide Yedi Tourism Investment Inc. was established with Akfen Tourism as the its sole shareholder.
- On 28.11.2023, Big Chefs branch was closed.
- On 15.12.2023, Kadikoy Terminal Real Estate Services Trade Inc. was established.



## OTHER SUBSIDIARIES AND AFFILIATES

### Akfen Real Estate Portfolio Man. Inc.

Established in 2017, Akfen Real Estate Portfolio Management focuses on the establishment and management of real estate investment funds in compliance with the Capital Markets Law and related regulations.

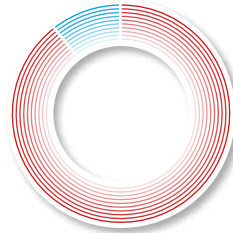


#### Shareholding Structure

○ Akfen Holding	100%
-----------------	------

### Akfen Merter Real Estate Tourism & Cons. Inc.

The zoning plan and contract for the property located at parcel 47, block 3284, Çörekçi Nalbant Çukurları Street, Merkezefendi neighborhood, Zeytinburnu district, owned by the Istanbul Directorate General of Foundations, have been canceled. The legal process regarding our claim for reimbursement of expenses incurred for the project is ongoing.

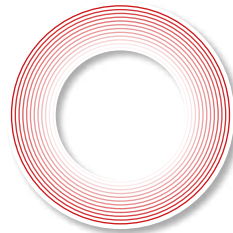


#### Shareholding Structure

○ Akfen Holding	91.52%
○ Keskin Real Estate	8.47%
Other	0.01%

### Akfen Consultancy and Project Development Inc.

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

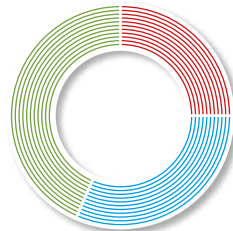


#### Shareholding Structure

○ Akfen Holding	100%
-----------------	------

### Tepe Akfen Reformer (TAR)\*

The company, established in Poland, owns a plot of land in the country and is actively exploring opportunities to develop a real estate project on the site.



#### Shareholding Structure

○ Akfen Holding	26%
○ Tepe Construction	30%
○ Other	44%

\* On May 20, 2024, Akfen Holding Inc. transferred its entire shares (26%) in TAR Company, along with all associated rights and obligations.

\*\* Other subsidiaries of Akfen Holding include; Adana İpekyol, BİZ Mining, Akfen Energy Gas, Akfen Solar Energy, Zeki Construction, Temmuz Investment Construction, Ağustos Investment Construction, Kasım Investment Construction, Aralık Investment Construction, Ocak Investment Construction and Şubat Investment Construction.

Chapter 3

# CORPORATE GOVERNANCE

# Corporate Values and Future Outlook

## Our Goal

- To explore growth opportunities through new business ventures across all sectors in which we operate, both domestically and internationally, while creating value for all our stakeholders, including employees and partners. Our aim is to sustain our success in the areas where we have proven expertise and continue to be a sustainable "national company.

## Our Corporate Values

- Every role matters, and every employee is valued.
- We are dynamic and entrepreneurial.
- Integrity is the hallmark of our quality.
- Our investments are both financial and intangible.
- We forge paths where none exist.
- We take ownership of our work and learn every day.
- Our identity is our reputation.

## Our Strategy

The Pillars of Our Sustainability as a National Company

- Leveraging our deep-rooted experience in securing concessions, operations, and business development, we continue to advance in our core sectors of infrastructure by collaborating with strong domestic and international strategic partners.
- Strengthening our leading position in core sectors by focusing on high-growth potential concessions and industries with monopolistic characteristics or limited competition, long-term prospects, and maximum revenue guarantees, and using this strength to expand into new infrastructure areas.
- Creating and maximizing shareholder value.
- Actively managing our assets.
- Driving growth in revenues, improving profitability, and optimizing our capital structure.

## Our Principles

- Bringing together a workforce under the Akfen Holding umbrella that values continuous development, creates value, and embodies participation, dynamism, and competence.
- Prioritizing our commitment to quality and ethical values in all business processes and management practices.
- Delivering on our commitments with timely and highest-quality execution.
- Honoring promises made to our employees, business partners, shareholders, and social stakeholders, while protecting their interests.
- Maintaining a transparent and honest approach to doing business.
- Managing risks with a unique and innovative business perspective while exploring new ventures and opportunities.
- Investing in people and society through social responsibility activities.

# Human Resources

Akfen Holding recognizes that success and securing the future depend on its employees. Guided by the principle, "Every role matters, every person is valuable," the company aims to foster a work environment where employees' ideas are valued, participation is encouraged, and equal opportunities are provided for all.

Under the Akfen umbrella, the company prioritizes a culture of collaboration built on love, respect, and tolerance. Akfen ensures that the material and moral rights of subcontractors and contractor employees are upheld, fostering a workplace that respects human rights. This approach is viewed as a fundamental criterion for sustainable success, alongside partnerships that emphasize shared corporate values and ethical principles.

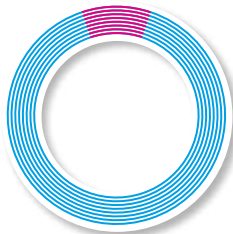
In line with this philosophy, Akfen's Human Resources Policy adopts approaches that

protect employee rights and cultivate a sense of belonging to the "Akfen Family," both within the organization and among all stakeholders.

The Human Resources Management team aligns its practices with the company's strategic plans and goals, regularly reviewing and dynamically improving these practices to adapt to changing conditions.

This ensures the effective planning, selection, placement, and development of human resources to match the requirements of the business with the skills and competencies of its employees. It also involves conducting job analyses, preparing updated job descriptions to reflect evolving conditions, implementing performance and career planning initiatives, enhancing employee motivation, and fostering the development of the corporate culture.

## Employee Distribution by Gender (as of 31.12.2023)



Male	90%
Female	10%

Companies	Total No.of Employees	Female	Male
Akfen Holding	71	31	40
Akfen Construction Group	174	35	139
Akfen REIT Group	43	11	32
Akfen Renewable Energy	232	17	215
MIP	2,212	122	2,090
IDO	804	44	760
Acacia Mining	263	37	226
Other*	1,721	233	1,488
<b>Total</b>	<b>5,520</b>	<b>530</b>	<b>4,990</b>

\* Other: Akfen Tourism , Akfen Consultancy and Project Development Inc. , Akfen Real Estate Portfolio Man., Travelex, Akfen Water, TAV Investment Holding, TAV Construction.

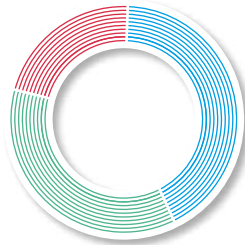


“

Our HR Policy embraces approaches that protect employee rights and foster a sense of belonging to the "Akfen Family," both within the organization and among all our stakeholders.

”

## Employee Distribution by Education Level (as of 31.12.2023)



Higher Edu.	<b>42%</b>
Secondary and High School	<b>37%</b>
Primary S.	<b>21%</b>

Companies	Higher Education*	Secondary High School	Primary School
Akfen Holding	49	20	2
Akfen Construction Group	99	51	24
Akfen REIT Group	29	9	5
Akfen Renewable Energy	140	90	2
MIP	582	874	756
IDO	399	374	31
Acacia Mining	129	105	29
Other*	890	500	331
<b>Total</b>	<b>2,317</b>	<b>2,023</b>	<b>1,180</b>

\* Other: Akfen Tourism , Akfen Dan. Ve Proje Geliştirme, Akfen Gayrimenkul Portföy Yön., Travelex, Akfen Water, TAV Yatırım Holding, TAV Construction

## Performance Management

A goal and competency-based performance evaluation system has been adopted to assess success using measurable criteria, enabling career planning, rewarding achievements, and identifying areas for improvement within our workforce.

This system clearly defines expectations for employees and aims to design effective and efficient training and development programs based on managers' feedback, supporting employees in their career progression.

The primary objective of the established "Performance Management Model" is to provide opportunities for personal growth, ensure fair and measurable performance assessments, and create development and training opportunities. By doing so, Akfen aims to enhance corporate performance as a family, fostering a high-motivation work environment.

## Training Management

At Akfen Holding, continuous education is regarded as a fundamental element of creating sustainable value and is recognized as a cornerstone of the corporate culture.

In this context, various training environments are established to enrich the skills of the workforce and enhance intellectual capital. In addition to orientation and on-the-job training conducted within the company's expertise (know-how), training programs include social skills (soft skills) and technical training, as well as mandatory training required by regulations. These programs are delivered in collaboration with internal and external experts and organizations.

Training programs are reviewed annually to address demands and needs, with employees actively involved in the process to ensure relevance and effectiveness.



## Recruitment and Placement

Efforts are undertaken to attract and retain a workforce that creates value, is sensitive to the environment, society, and people, embraces innovation and change, is flexible, entrepreneurial, dynamic, quick, and focused on self and job development.

By defining roles and job descriptions, the required competencies are identified, and the most suitable talent for these roles is integrated into Akfen Holding's teams.

## Employee Profile

Our employee profile consists of individuals who are open to change and development, highly motivated for success, believe in teamwork and team spirit, effectively utilize resources and time, and possess a strong sense of social responsibility.

## Organizational Development

To ensure sustainable success and innovation, the organization, human resources, business processes, and job descriptions are structured and systematically reviewed in alignment with needs.

## Career Management

Employees are offered horizontal and vertical promotion opportunities within the company or across subsidiaries to meet corporate needs while providing individual development opportunities. Initiatives such as job enrichment are implemented to enhance employee competencies.

# Board of Directors



## **Hamdi AKIN**

Chairman  
of the Board

Born in Istanbul in 1954, Hamdi Akın graduated from Gazi University with a degree in Mechanical Engineering. In 1976, he founded Akfen Holding, whose operations encompass infrastructure and superstructure construction, port management, maritime transportation, water distribution and wastewater services, energy, and real estate. Akfen Holding invests in, manages, and coordinates its subsidiaries and affiliates in these sectors.

In addition to serving as the Chairman of Akfen Holding, Hamdi Akın holds the chairmanship positions at Mersin International Port (MIP), Akfen Renewable Energy, Istanbul Fast Ferries Co. Inc. (İDO), and Akfen Real Estate Investment Trust (REIT).

In 1997, Akın established TAV Airports, a pioneering brand in the challenging aviation sector, to develop and operate Turkey's first large-scale airport. He served as the Chairman of the Board of TAV Airports until 2017.

Beyond his entrepreneurial ventures, Akın has been actively involved in privatization projects across infrastructure, energy, and investment, demonstrating his dynamic leadership and dedication to the business world. He has also contributed significantly to civil society by serving as a founder and

leader in various associations, foundations, and professional organizations.

He previously served as Vice President of Fenerbahçe Sports Club (2000-2002), Chairman of the Ankara Regional Representatives Council of the Metal Industrialists' Union (MESS) (1992-2004), Chairman of the Board of the Turkish Young Businessmen Association (TÜGİAD) (1998-2000), Board Member of the Turkish Confederation of Employer Associations (TİSK) (1995-2001), Board Member of the Turkish Industrialists and Businessmen Association (TÜSİAD) and Chairman of its Information Society & New Technologies Commission (2008-2009), and Board Member of the Clean Sea Association (TURMEPA) (2011-2018).

Akın is also one of the founders of the Contemporary Turkish Studies Chair at the London School of Economics. Since 1999, he has served as a Founding Member and Honorary President of the Turkish Human Resources Education and Health Foundation (TİKAV), which aims to nurture Turkey's human capital. Additionally, he is the Deputy Chairman of the Board of Trustees of the Abdullah Gül University Support Foundation in Kayseri and a Trustee of the Foundation for Education and Support for Basketball (BİDEV).



Selim Akin graduated from the University of Surrey in England in 2006 with a degree in Business Administration. Upon returning to Turkey the same year, he began his professional career in the Accounting Department at Akfen Holding. He later held roles in Akfen Holding's Project Development and Finance Departments.

Selim Akin has been instrumental in several major projects, including the privatization and financing of Vehicle Inspection Stations, the privatization and financing of Mersin International Port, and Akfen Holding's initial public offering and bond issuance.

Currently, Selim Akin serves as the Chairman of the Board of Akfen

Construction and Tourism Inc., Vice Chairman of the Board of Akfen Holding, and also holds the position of CEO at Akfen Holding.

In addition to his corporate responsibilities, he is the Vice Chairman of the Board and Chairman of the Trade Commission at the Turkish Young Businessmen Association (TÜGIAD). Selim Akin is also an Audit Board Member of the Turkish Industrialists and Businessmen Association (TÜSİAD), the Turkish Tourism Investors Association (TTYD), and the Turkish Contractors Association (TMB).

Since 2018, he has served as a representative of the Foreign Economic Relations Board (DEİK), further contributing to Turkey's international business relations.

### **Selim AKIN**

Vice Chairman of the Board of Directors / CEO



Pelin Akin Özalp graduated from the University of Surrey in England in 2010 and began her professional career at Deutsche Bank. After returning to Turkey, she joined the MT (Management Trainee) program at TAV Airports Holding. In 2012, she became a Board Member at Akfen Holding.

Pelin Akin Özalp plays an active role as a Trustee and Board Member at TİKAV (Turkish Human Resources Education and Health Foundation), established by Akfen Holding. She also serves as Vice President of the Duke of Edinburgh International Award Program in Turkey.

Between 2013 and 2020, she was part of the YPO network. Since 2010, she has served as Chair of the Advisory Board for the Contemporary Turkish Studies Chair at the London School of Economics (LSE).

At DEİK (Foreign Economic Relations Board of Turkey), she is a Board Member for the Spain, UK, and USA

Business Councils. Additionally, she holds Board Member roles at the Turkish Tourism Investors Association (TTYD), the Turkish Businesswomen Association (TİKAD), the Clean Sea Association (TURMEPA), and the American Turkish Society (ATS).

Previously, Pelin Akin Özalp served on the boards of various NGOs and associations, including the Family Business Association (TAİDER), the Union of Chambers and Commodity Exchanges of Turkey (TOBB) Advisory Councils for Young Entrepreneurs, and the Women on Board Association (YKKD). In 2014, she was elected as the youngest Board Member of TÜSİAD.

Currently, Pelin Akin Özalp serves as a Board Member at Akfen Holding, Akfen Ren. Energy, Akfen REIT, Istanbul Fast Ferries Co. Inc. (İDO), and Travelex, where she contributes to the strategic direction and governance of these organizations.

### **Pelin AKIN ÖZALP**

Board of Directors Member





İrfan Erciyas graduated from Gazi University in 1977 with a degree in Economics and Finance. He began his professional career at Türkiye Vakıflar Bankası, where he held various positions, including Inspector and Branch Manager. From 1996 to 2002, he served as Deputy General Manager, and from 2002 to 2003, as General Manager. In 2003, Erciyas joined Akfen Holding as Vice Chairman of the Board. He has played a pivotal role in numerous strategic initiatives, including the privatization of Vehicle Inspection Stations, Mersin International Port, and Istanbul Fast Ferries Co. Inc. (İDO),

### **İrfan ERCİYAS**

Executive Director

as well as the establishment and investment processes of Akfen REIT and Akfen Energy. He has also been instrumental in Akfen Holding and Akfen REIT's initial public offerings, the sale of affiliate shares, and long-term financing arrangements.

Since March 2010, Erciyas has been serving as an Executive Member of the Board at Akfen Holding. He continues to hold leadership roles across various subsidiaries and affiliates of Akfen Holding, including positions as Chairman, Vice Chairman, and Board Member, where he provides strategic oversight and governance.



Sıla Ciliz İnanç graduated from Marmara University Faculty of Law in 1995 and completed her legal internship in 1996. In 1997, she joined Akfen Holding.

She has worked extensively in the areas of Public-Private Partnerships (PPP), mergers and acquisitions, and legal matters related to infrastructure, construction, energy, and competition law in Turkey. She actively contributed to the development of secondary legislation for the Public Procurement Law.

Sıla Ciliz İnanç has been involved in all processes related to build-op-

### **Sıla CILIZ İNANÇ**

Board of Directors Member

erate-transfer projects, rights/concession transfers, and privatization transactions, including tenders and transfers, in which Akfen and its affiliates have participated. She has played a key role in structuring project financing, negotiating loan agreements, and overseeing the issuance of shares and bonds for Akfen Holding Inc. and Akfen REIT.

She has also contributed to corporate and holding structuring efforts. Currently, Sıla Ciliz İnanç serves as a Board Member at Akfen Holding Inc., Akfen Construction Tourism and Trade Inc., and their affiliates.

# Management of Subsidiaries and Affiliates



## **Coşkun Mesut RUHI**

General Manager, Akfen Construction



After earning his degree in Civil Engineering from the Middle East Technical University (METU) in 1992, Ruhi began his career at Gürış Construction Inc., where he worked briefly before joining Akfen Construction Tourism and Trade Inc. later that year. Throughout his tenure at Akfen, he has held various roles at construction sites, progressing from Site Engineer to Project Manager, demonstrating his technical expertise and leadership capabilities.

Since 2005, Ruhi has served as General Manager, and as of January 2016, he has also been a Member of the Board of Directors, contributing to the strategic leadership and operational success of the company.



## **Mustafa Kemal GÜNGÖR**

General Manager, Akfen Renewable Energy



Mustafa Kemal Güngör graduated from the Middle East Technical University (METU) in 1998 with a degree in Electrical and Electronics Engineering. He completed his master's degree in Power Systems at the same university and department in 2003 and earned an Executive MBA from Bilkent University in 2020. Since 1998, his entire professional career has been dedicated to the energy sector.

Güngör began his career in energy transmission, working on the construction of high-voltage energy transmission lines and substations. In the following years, he became involved in renewable energy projects, contributing to Turkey's first private-sector wind power plant and its first licensed solar power plant projects.

In July 2007, he joined Akfen Renewable Energy as part of the team that initiated the company's hydropower investments. As the company expanded, Güngör took on responsibilities in the development of solar and wind projects, company acquisitions, technical due diligence processes prior to the EBRD-IFC partnership, and energy trading operations.

Currently, Güngör serves as General Manager and Board Member at SPVs affiliated with the company, as well as General Manager at Akfen Renewable Energy, where he continues to drive growth and innovation in the energy sector.



## **Serdar VOLKAN**

General Manager, Acacia Mining



Volkan graduated from Istanbul University in 1999 with a degree in Mechanical Engineering and is currently pursuing a master's degree in Mining Engineering at Dokuz Eylül University. He began his professional career at Petkim as a Maintenance Engineer.

From 2002 to 2005, he worked as a Plant Maintenance Supervisor at Nevmont Mining. Between 2005 and 2011, he served as Mechanical Maintenance Manager at Koza Gold, followed by roles as Projects and Maintenance Manager from 2011 to 2021, and Operations Manager from 2021 to 2024.

As of January 17, 2024, Volkan has been serving as General Manager at Acacia Mining, where he continues to lead and oversee the company's operations.



### **Ajay Kumar SINGH**

General Manager, MIP



Ajay Kumar Singh is a Certified Port Manager and Certified Corporate Director with over 28 years of experience in terminals, shipping, and ocean transportation industries. He has held profit and loss management responsibilities and possesses diverse expertise in business development, marketing, and project management. Singh combines a unique blend of leadership experience, process insight, and a comprehensive understanding of business realities, with a strong focus on system design and practical solutions to meet real-world challenges.

Over the past 20 years, his management responsibilities have spanned all levels, from regional offices to corporate headquarters. His extensive cross-cultural experience includes working in regions such as Africa, the UK, the Gulf, India, and North America.

Before joining MIP, Singh served as the CEO of DP World Sokhna, where he established an ecosystem for North Africa, the Red Sea, and Egypt operations. Prior to that, he held CEO and Executive Director roles at DP World Nhava Sheva and DP Intermodal.

Earlier in his career, Singh was the General Manager for Trade at Halterm Container Terminal in Halifax, Canada, a facility owned by Macquarie Infrastructure. He played a pivotal role in transforming the APM Terminals Pipavav business and subsequently listing it on the Bombay Stock Exchange.

Ajay Kumar Singh is a highly accomplished executive with a proven track record of improving business outcomes through efficiency enhancements and waste elimination. He achieves this by aligning internal performance factors with customer service levels.

Singh holds an MBA in International Business from the London Business School and an advanced postgraduate diploma in Shipping and Export Management.



### **Ece DEMİRPEŇE**

General Manager (by proxy), Akfen REIT



Ece Demirpençe completed her undergraduate studies in Urban and Regional Planning at Mimar Sinan University, Faculty of Architecture, and earned a master's degree in Real Estate Development from Istanbul Technical University.

She began her professional career as a Real Estate Development Consultant at Proje Yönetim A.Ş. from 2003 to 2005. In 2005, she joined the Netherlands-based Multi Development, where she worked for 10 years on large-scale international real estate projects. During her tenure, she held several roles, including Assistant Project Manager, Commercial Project Manager, Investment and Operations Director, and Commercial Director.

In 2016, she moved to the United States and established her own company in the online retail sector, successfully making her mark within the entrepreneurial ecosystem under her own brand.

At the beginning of 2023, Ece Demirpençe joined Akfen Holding as Real Estate Development Coordinator. As of 2024, she is serving as Acting General Manager of Akfen REIT, continuing to contribute her extensive expertise to the organization.



### **Murat ORHAN**

General Manager, İDO



Born in 1971 in Kars/Kağızman, Orhan completed his undergraduate and master's degrees in Business Administration and Labor Economics and Industrial Relations. He is currently pursuing a doctorate at Istanbul University and is in the thesis stage.

Orhan began his professional career in 1987 at Istanbul Cam Sanayii and later held various roles in personnel and human resources at Toprakbank and OYAK's affiliated companies.

In 2004, he joined HAVAŞ as Personnel Manager. While continuing in this role, he also served in several positions within TAV Airports Holding, including International Projects and Compensation Manager, Human Resources Manager, and Human Resources Coordinator.

In 2012, Orhan was appointed to İDO (Istanbul Fast Ferries). Alongside his responsibilities in human resources, he managed diverse functions aligned with evolving organizational structures, including Construction Works, Corporate Sales, Asset Management, and new operational areas such as the Ro-Ro line, ferry operations (Eskihisar/Topçular and Sirkeci/Harem lines, along with ticketed routes), and procurement.

In 2019, Orhan was appointed Acting General Manager and officially assumed the position in 2020. He continues to serve in this capacity.

A member of PERYÖN (the Turkish HR Association), Orhan also serves as Vice Chairman of the Board at Zeyport Port Operations and is a General Assembly member of Fenerbahçe Sports Club.

Orhan is married and the father of two daughters.



### **Emre SEZGİN**

General Manager, Akfen Environment and Water



Sezgin graduated from the Faculty of Economics and Administrative Sciences at Bilkent University in 2000. He began his career at ABN Amro Investment Securities Inc. in the same year. After completing his MBA in Business Administration in the UK in 2002, Sezgin worked as a Senior Reinsurance Specialist at IBS Insurance Brokerage Services Inc. from 2004 to 2007.

In 2008, Sezgin joined Akfen Holding's Business Development Department, where he contributed to various processes, including project financing, privatization tenders, mergers and acquisitions, as well as initial public offerings and bond issuances.

In March 2014, Sezgin was appointed as Deputy General Manager of Akfen Environment and Water Investment, Construction, and Operation Inc., and since August 2015, he has been serving as the General Manager.



# Sustainability at Akfen Holding

Akfen Holding continues to diligently pursue its sustainability efforts and presents these initiatives transparently to its stakeholders. This report summarizes Akfen Holding's comprehensive and detailed projects, strategies, and successes in the field of sustainability.

For Akfen Holding, sustainability is not just a business strategy but also a reflection of its responsibility toward society and the environment. In its sustainability efforts, Akfen Holding simultaneously manages its economic, environmental, and social responsibilities. To this end, significant steps have been taken in areas such as renewable energy projects, waste management practices, energy efficiency initiatives, and gender equality.

Akfen Holding aims to align with local and international standards, collabo-

rate with stakeholders, and develop innovative solutions for a sustainable future across all of its activities.

Our sustainability report details Akfen Holding's commitments and performance in sustainability. The report includes comprehensive information on our management approach, environmental policies, social responsibility projects, and innovative initiatives.

This report not only reflects the current state but also outlines our future goals and the steps we plan to take to achieve them.

For further information and details, we encourage you to review our sustainability report. This document provides an in-depth view of Akfen Holding's extensive work in sustainability and its positive impacts on society and the environment.

# Sustainability Model and Principles



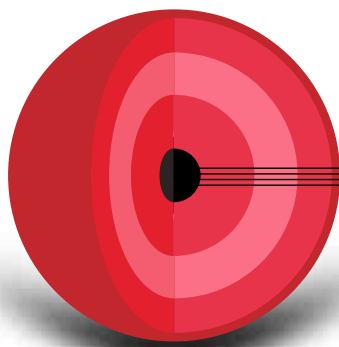
Akfen Holding consolidates its sustainability strategy under four main pillars: **Governance, Planet, People, and Investment**. Under these pillars, key values such as responsible and purpose-driven management, production aligned with nature and shared goals, an innovative and agile work environment, and the responsibility of making beneficial and effective investments are emphasized.

- **Responsibility:** Protecting natural resources and fulfilling social responsibilities.
- **Empathy:** Approaching customers, employees, and stakeholders with empathy.
- **Goal Orientation:** Defining financial and social objectives with a holistic approach.
- **Innovation and Agility:** Adapting quickly to economic, technological, and cultural changes.
- **Equality:** Promoting equal opportunities and diversity.
- **Impact:** Ensuring environmental and social sustainability.
- **Investment Responsibility:** Utilizing profits in a way that adds value to society and the environment.

# Sustainability at Akfen Holding

The Akfen sustainability model has been designed to align with the stakeholder capitalism metrics of the World Economic Forum (WEF).

Akfen's sustainability model, customized according to four key areas of sustainability, is summarized under the CORE framework.



- **Causative**  
A responsible and purposeful management approach.
- **Objective**  
A production approach in harmony with nature and common goals.
- **Receptive**  
A work environment that is open to innovation and quick to grasp.
- **Effective**  
Responsibility for a beneficial and effective investment.

DOMAIN	COMMITTEE	CODE	STRATEGY
Management	Management	<b>C</b>	Causative
Planet	Planet	<b>O</b>	Objective
Human	Human	<b>R</b>	Receptive
Society	Investment	<b>E</b>	Effective

## Sustainability Management and Committees

Akfen Holding established Akfen Sustainability Committee to strengthen sustainability management. This committee develops strategies to improve sustainability performance and achieve future goals. Sustainability sub-committees are:



**C-Com:** The committee responsible for management quality issues.



**O-Com:** The committee responsible for planet compatibility issues.



**R-Com:** The committee responsible for working life and product responsibility issues.



**E-Com:** The committee responsible for investment responsibility and community relations.

## Sustainable Supply Chain

Akfen Holding prioritizes environmental and social performance in its supply chain. Human rights, ethical values, and occupational health and safety are among the criteria considered in the selection and evaluation processes of suppliers. Supporting local suppliers is part of the company's goal to enhance the sustainability of the supply chain.

## Climate Change and Emission Management

Akfen Holding prioritizes emissions management in the fight against climate change. The company aims to reduce its carbon footprint through emission measurements in accordance with the ISO 14064-1:2018 standard and investments in renewable energy.

## Environmental and Energy Management

Akfen Holding implements innovative waste management practices, energy efficiency projects, and investments in renewable energy as part of its environmental policies.

*Akfen Renewable Energy generated 1,659,635 MWh of electricity in 2023, meeting the energy needs of 499,815 households. Additionally, various energy-saving projects and solar energy investments are being implemented to minimize environmental impacts.*



In honor of the 100<sup>th</sup> anniversary of our Republic, Akfen Holding initiated the **"100,000 Trees Project."** To support this initiative, the **"Akfen Memorial Forest"** has been established in the Yukarıokçular and Çanakalan regions of Çanakkale. The project continues with great enthusiasm and pride.



## Akfen Holding Sustainability Initiatives 2023 Key Developments

<p><b>Akfen Holding</b></p>	<ul style="list-style-type: none"> <li>• Akfen Holding participated in the Climate Change programme within the scope of the Carbon Disclosure Project (CDP) for the first time and received a 'B Management Level' rating in 2023, placing them two levels above the global average.</li> </ul>
<p><b>MIP</b></p>	<ul style="list-style-type: none"> <li>• MIP was awarded the "Port of the Year" title at the Atlas Logistics Awards in 2023, marking the eleventh consecutive year it has received this honor, further solidifying its success.</li> <li>• MIP ranked 92<sup>nd</sup> on the "Top 100 Container Ports in the World" list published by Lloyd's List.</li> <li>• MIP received the Sustainability Contribution Award from GYODER.</li> </ul>
<p><b>Acacia Mining</b></p>	<ul style="list-style-type: none"> <li>• At Acacia Mining, the amount of water coming to the facility from the ADT (Waste Storage Facility) increased with the cleaning of the ADT's return line, reducing fresh water consumption from 57 m<sup>3</sup>/hour to 40 m<sup>3</sup>/hour. Additionally, by changing the packing system in the sludge pumps, the system transitioned from a wet packing system to a dynamic packing (dry packing) system for the 30 pumps at the facility, aiming to minimize the hourly water usage from 63 m<sup>3</sup> to the lowest possible level. As part of the filter cloth washing water project, the use of recycled water instead of fresh water for washing in the filter unit aims to minimize water consumption.</li> <li>• Acacia Mining's social development projects were recognized with the "Best Environmental Technology Investment of the Year" award by the International Environment and Communication Association.</li> </ul>
<p><b>Akfen Construction</b></p>	<ul style="list-style-type: none"> <li>• Eskişehir City Hospital, operated by Akfen Hospital under Akfen Construction, was awarded the Zero Waste Best Practice Award in 2023.</li> <li>• Akfen Construction took on four significant healthcare projects in the earthquake-affected region after the disaster, aiming to provide uninterrupted healthcare services and facilitate access to existing healthcare services.</li> </ul>

### Akfen Renewable Energy

- Akfen Renewable Energy was awarded the grand prize at the 11th Turkey Energy and Natural Resources Summit during the "Our Energy, Our Future" awards ceremony for its "Rural Area Training Seminars" project. The award was presented by Turkey's Minister of Energy and Natural Resources, Fatih Dönmez, to Selim Akın, Vice Chairman and CEO of Akfen Holding.
- Akfen Renewable Energy participated in the World Environment Day celebrations for the Sivas Saraçbendi Hydroelectric Power Plant (HPP) Project by setting up a stand. For its contributions, the company was recognized with an award by the Governorship of Sivas.
- The EBRD Sustainability Awards ceremony, which Akfen Group has sponsored for nine years, was held in Marrakech, Morocco, and took place under the sponsorship of Akfen Renewable Energy. Best practices in various categories were awarded at the ceremony.
- Akfen Renewable Energy received the "Local Equity Capital Markets Deal of the Year" award at the "Bonds, Loans & ESG Capital Markets CEE, CIS & Turkey Awards 2023" ceremony.
- At the 2023 Sustainable Business Awards event organized by the Sustainability Academy, Akfen Renewable Energy's "Rural Area Training Seminars" project won an award in the "Sustainability Communication - Empowerment of Women" category.
- Akfen Renewable Energy participated in the Climate Change program of the Carbon Disclosure Project (CDP) for the first time and received a "B Management Level" rating in 2023, placing two levels above the global average.

### Akfen REIT

- Akfen REIT participated in the Climate Change program of the Carbon Disclosure Project (CDP) for the first time and received a "B Management Level" rating in 2023, placing two levels above the global average.
- Akfen REIT transforms seawater into usable quality water through a reverse osmosis system at Bodrum Loft. Additionally, wastewater is recycled at the treatment plant at Bodrum Loft. In 2023, 14,400 m<sup>3</sup> of water was recovered and used for irrigation of green spaces. Furthermore, through efficiency measures, groundwater consumption was reduced by 4%, and daily water consumption per guest was reduced by 20%.
- On the 57,000 m<sup>2</sup> area of Bodrum Loft, Akfen REIT completed a landscaping project covering 42,000 m<sup>2</sup>, which focuses on Bodrum's endemic species and includes the entire Mediterranean/Egean maquis plant cover. Various animals, from cats to wild boars, continue to live in harmony within the facility.
- Akfen REIT's score of 61 points from Refinitiv under the BIST Sustainability Index indicates strong ESG (Environmental, Social, and Governance) performance and above-average success.
- Akfen REIT places great importance on the sustainability performance of companies within its value chain. The company prepared and had its suppliers sign the Supplier Human Rights Commitment, and communicated its expectation of full compliance with current labor laws. In 2023, Akfen REIT provided 80 hours of sustainability training to its critical suppliers.
- Akfen REIT received the Sustainability Contribution Award from GYODER.

### Akfen Environment and Water

- Akfen Environment and Water, which started the construction of the Mustafakemalpaşa Pumping Stations, will enhance the functionality of the previously completed wastewater treatment facility in the district, further strengthening the district's wastewater treatment infrastructure. This project, which will make a significant contribution to the protection of natural resources in the region, is just one of our key initiatives aimed at preserving future resources for sustainability.



# Corporate Social Responsibility

Since its establishment in 1976, Akfen Holding has successfully implemented numerous projects both in Turkey and abroad across various sectors. In the regions where these projects are located, Akfen, along with its affiliates, has touched the lives of thousands of people by raising awareness on education, women's issues, the economy, and the environment.

Akfen became the first holding in Turkey to sign the United Nations Global Compact and the Women's Empowerment Principles (WEPs). The company also supports HeForShe, a global solidarity movement for gender equality.

This section outlines Akfen Holding's sustainability priorities and commitments, along with the Corporate Social Responsibility projects undertaken in 2022. It also details the projects of the Turkey Human Resources Education and Health Foundation (TİKAV), which was founded by the Akın family on January 15, 1999, in Ankara, to carry out social responsibility initiatives.

# Global Partnerships

## Global Compact

The United Nations (UN) Global Compact outlines the fundamental responsibilities of the business world in the areas of human rights, labor standards, the environment, and the fight against corruption. According to the UN, companies that incorporate these 10 Principles into their strategies, policies, and procedures not only fulfill their basic responsibilities to people and the planet but also establish the necessary foundation for long-term success. The 10 Principles of the UN Glob-

al Compact are based on universally accepted UN declarations.

As Akfen Holding, we signed the UN Global Compact on July 2, 2002, with the aim of contributing to the development of a common culture in the business world within the framework of universal principles. With this signing, we take pride in being the first holding in Turkey to sign the Global Compact. Through this step, we have demonstrated our pioneering role on the path to sustainability.

## 10 Principles of the Global Compact

<b>Labour</b>	<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p><b>Principle 2:</b> Make sure that they are not complicit in human rights abuses..</p>
<b>Human Rights</b>	<p><b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p><b>Principle 4:</b> The elimination of all forms of forced and compulsory labour;</p> <p><b>Principle 5:</b> The effective abolition of child labour; and,</p> <p><b>Principle 6:</b> The elimination of discrimination in respect of employment and occupation.</p>
<b>Environment</b>	<p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;</p> <p><b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility; and</p> <p><b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies.</p>
<b>Anti-Corruption</b>	<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>

# Other Global Collaborations

## Women's Empowerment Principles (WEPs)

According to the United Nations, the Women's Empowerment Principles (WEPs) are one of the most significant global private sector initiatives aimed at empowering women to increase their participation in economic life at all levels and across all sectors. Akfen Holding takes pride in being the first holding to sign the Women's Empowerment Principles (WEPs), a global initiative led by the UN Women's Gender Equality and Women's Empowerment Unit and the UN Global Compact, aimed at promoting gender equality in the workplace. This step demonstrates our steadfast commitment to ensuring equal opportunities for women in the business world.

## HeForShe

HeForShe is a movement that invites all individuals to take action for gender equality, aiming to increase women's employment by offering them education, career, and job opportunities. Hamdi Akın, Chairman of Akfen Holding, and Pelin Akın Özalp, Board Member, strengthen their commitment to gender equality by supporting this global solidarity movement.

## Memberships

- Corporate Governance Association of Türkiye (TKYD)
- Family Businesses Association of Türkiye (TAİDER)
- Foreign Economic Relations Board (DEİK)
- Human Resources Association of Türkiye (PERYÖN)
- Real Estate & Real Estate Investment Trust Association (GYODER)
- 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)
- Waste & Environmental Management Association (TAYÇED)
- Women on Board Türkiye Association (YKKD)
- World Economic Forum – Global Shapers
- Young Businessmen Association of Türkiye (TÜGİAD)
- Young Presidents' Organization (YPO)

## Zero Waste Blue Pledge

Marine pollution is a type of pollution that has serious negative effects on marine ecosystems, obstructs maritime activities, and leads to both economic and environmental losses. As a holding company operating in the seas, we are committed to great efforts to protect and improve the health of our oceans. As Akfen Holding, we pledge the "Zero Waste Blue Pledge" and commit to taking action to prevent marine pollution.

## Inclusive Capitalism

Inspired by the idea that capitalism, which has focused solely on profit since the Industrial Revolution, does not respond to today's sustainability understanding, we prioritize environmental and social impacts. Our concept of inclusive capitalism aims to increase and share the value we create not only financially but also environmentally and socially, and to spread it more widely. This approach is of great importance in terms of the sustainability of resources. As Akfen Holding, we have joined the global movement of Inclusive Capitalism, created by leaders who conduct business in ways that benefit communities and the planet.



# UNITY AFTER THE EARTHQUAKE

The two major earthquakes that struck the Pazarcık and Elbistan districts of Kahramanmaraş in February 2023 resulted in the loss of thousands of lives. The earthquake was felt in 11 provinces, with the greatest losses occurring in Hatay, Kahramanmaraş, Gaziantep, Adiyaman, and Malatya.



In the aftermath of the disaster, both Turkey and the world mobilized to provide assistance to the affected region. Akfen Group also joined efforts to help heal the wounds and contributed to the recovery work in the region. The support provided can be summarized as follows:

## Cash Assistance

- As Akfen Holding, from the very first day, we made a donation to AFAD (Disaster and Emergency Management Authority) to support search and rescue efforts and the procurement of necessary supplies.
- Through various NGOs (such as GYODER, TİKAD), we made donations for the purchase of tents, containers, and food supplies.

## Search and Rescue

- A total of 33 colleagues from Acacia Mining, 3 from Akfen Renewable Energy, 4 from TİKAV, and 1 from Fıratcan Construction joined the search and rescue teams from the very first days.
- In addition to 24 work vehicles, including lowbet trucks, breaker excavators, emergency rescue vehicles, and generators, 2 handheld hydraulic breakers, 45 steel cutters, and 800 liters of fire extinguishing foam were sent to the affected areas.

## Shelter

- Various efforts were made from the very first day to address the shelter needs. In February, 429 tents were sent, including 11 small and 418 large tents.
- 74 earthquake victims were hosted at our accommodation facility in Bodrum.
- 10 containers were procured and sent to the region for both earthquake victims and general coordination purposes.
- Over 1,000 nights of accommodation were provided at Akfen REIT's Novotel and Ibis Hotels in Gaziantep.
- On March 8, a "Hand in Hand, Together in Malatya" living space was set up, with 110 tents and infrastructure for 700 people.
- A second living area for 1,000 people was set up immediately afterward.



## Food & Essential Supplies Aid

- As Akfen Group companies, our team of over 70 volunteers distributed more than 80,000 meals and delivered essential supplies such as dry food, baby diapers, water, cooking oil, wet wipes, canned food, milk, tea, breakfast items, tomato paste, snacks, sugar, medicine, and other emergency items to hard-to-reach villages, directly reaching around 100,000 people. Our team went to the most remote areas that no one else had reached.
- In response to the needs identified from the region, Akfen Group companies procured and sent a wide variety of supplies, including stoves and heaters made from solar panels, blankets, thermal clothing, power banks, flashlights, children and adult clothing, basic food items, water, medicines, toys, hygiene products, and baby food.
- Clothing, hygiene products, and toys were sent for both adults and children receiving treatment at our City Hospitals as well as other hospitals, based on the needs lists provided.

## Logistics and Teams

- A total of 22 ships were assigned at Mersin Port, including 20 from the Turkish Naval Forces and 2 from the Coast Guard Command, for personnel, material shipment, and evacuation purposes. Additionally, 2 civilian ships flying the flag of the Turkish Republic of Northern Cyprus (TRNC) were dispatched to the Iskenderun region. With the military ships bringing casualties to Mersin Port, rapid intervention services,

including guidance and towage, were provided, and medical priority was given. When needed, MIP's ambulance services were also deployed.

- The Adnan Menderes Fast Ferry, under the coordination of the Ministry of Transport and Infrastructure's General Directorate of Maritime Affairs and the Istanbul Port Authority, departed with 16 İDO crew members, 18 BELTUR and AKOM staff to deliver AFAD aid to the region.
- The Osman Gazi and Orhan Gazi ferries, owned by the Istanbul Metropolitan Municipality (İBB), were converted into life and support areas through İBB's efforts. Over 80 İDO staff members (ship crew, specialists, administrative personnel, cleaning, security, and kitchen staff) and AFAD's guidance were instrumental in addressing needs in the earthquake-affected region.
- Mersin Port and İDO Terminals were announced as collection centers for those willing to contribute aid, ensuring the transport of donations.
- Translation support was provided on behalf of TİKAV. A volunteer group with language proficiency was organized to assist in communication between international doctors and search and rescue teams at the Kahramanmaraş State Hospital and the Training and Research Hospital.

## Education

- As part of the TİKAV family, a scholarship program was initiated for 1,000 university students affected by the earthquake, ensuring support for their university education for the duration of their studies.



# Türkiye Human Resources Education and Health Foundation (TİKAV)

Akfen, which believes that sustainable welfare can only be achieved through investment in both the economy and people and society, carries out its corporate social responsibility projects under the Turkey Human Resources Education and Health Foundation (TİKAV), established by the Akın family in 1999.

TİKAV, with an innovative approach, works at both national and international levels in the rapidly changing world of knowledge, aiming to help society adapt to change, bring individuals who will lead development back into society, and promote social responsibility awareness.

In line with this mission, TİKAV aims to enhance the knowledge, experience, and understanding of young individuals through its long-term social responsibility projects, promote awareness of healthy living, and contribute to the resolution of today's environmental issues.

In its past projects, TİKAV has engaged with various segments of society, including university students, business professionals, young people, children living in mountain villages, women, village leaders, relatives of people with disabilities, children receiving treatment in hospitals, and their accompanying mothers. Additionally, TİKAV has taken responsibility for the restoration of many schools.

In 2023, TİKAV's social responsibility projects highlighted the contributions of young people and women, marking another year of significant impact.

## Investment in People

TİKAV's projects aim to contribute to societal benefit by fostering the development of individuals who are adaptable to innovations in the ever-evolving information age, respectful of social and universal values, environmentally conscious, and possess a strong sense of social responsibility.

TİKAV classifies its initiatives into three distinct categories: the Individual Development Program, the International Youth Award Turkey, and National Projects, each designed to promote the growth of individuals who can positively impact society and the environment.



# Individual Development Program (BGP) (2023)

## BGP by the Numbers

**40**

No. of Programs  
Participated by  
Students

**337**

Number of students  
attending BGP

**150**

Number of students  
participating in the  
interview

**25**

Accepted  
students

**750**

Annual  
application

**3.5**

Program term  
(years)

**995**

Total program  
hours

# Individual Development Program (BGP)

Since its establishment in 1999, TİKAV has aimed to develop Turkey's young human resources socially and culturally through the Individual Development Program (BGP), which has been updated based on evolving needs, thereby providing societal benefits.

The program, which has been implemented at Fırat University in Elazığ since 1999, has also included students from Van Yüzüncü Yıl University, Ankara University, Hacettepe University, Middle East Technical University, Eskişehir Osmangazi University, Atatürk University in Erzurum, Gaziantep University, Harran University in Şanlıurfa, Dicle University in Diyarbakır, İnönü University in Malatya, and Kahramanmaraş Sütçü İmam University in various years. Since 2013, by decision of the Board of Directors, the program has been applied exclusively to students from Fırat University.

The 2023 Individual Development Program (BGP) included the following activities:

## 1) Scholarship Program

- In 2023, 33 scholarship recipients received BGP scholarships in January, March, April, May, June, October, November, and December.
- In 2023, a total of 33 scholarship recipients received English language education through the Sandwich Method remote learning system.
- In 2023, 33 scholarship recipients volunteered with various non-governmental organizations, engaging in community service activities.
- In 2023, various training sessions, seminars, and workshops were organized for the 33 scholarship recipients on a wide range of topics.

## 2) Orientation Program

On 11, 15, and 16 April 2023, the 16 scholarship recipients of the BGP XVI Group from Elazığ Fırat University participated in the 2023 Orientation Program held in Elazığ. The program covered: the operation process of BGP, computer literacy, English, and the implementation and management of individual reading programs. It also included an introduction to the International Youth Award-Turkey Program. The English training was conducted under the supervision of English instructor Pelin Demir. Erhan Kulak

from ARTNET Information and Communication Technologies provided online guidance and answered questions related to computer use.

As part of the Orientation Program, TİKAV's Chairman of the Board, Nafiz Turgut, participated in an evening discussion session held at Brizgarden Hotel.

## 3) BGP Seminars

In 2023, BGP XV and XVI Group scholarship recipients participated in seminars, discussions, and training sessions on various topics with expert advisors.

## 4) Summer Program

Two Summer Programs were held in 2023:

- From 10 to 12 July 2023, the BGP XVI Group scholarship recipients (12 people) from Elazığ Fırat University participated in the Summer Program held in Ankara. During the program, the scholarship recipients attended training sessions that supported their personal and professional development, participated in professional and cultural tours, and had discussions with experts and book presentations. The training topics included hygiene, self-care, communication, teamwork, English, EU project writing, and substance addiction.



Notable figures from Akfen Holding, such as Hamdi Akın, Pelin Akın Özalp, and Selim Akın, participated in the discussions. Cultural tours were organized to sites such as Anıtkabir, the Grand National Assembly of Turkey (TBMM), the Museum of Anatolian Civilizations, and Ankara Castle, with information provided by guide Betigül Öz. During professional visits to Akfen Holding, HAVELSAN, ASELSAN, and the Gölbaşı villa project, the students gained valuable insights, particularly in engineering, and understood the importance of school grades and language education in their career planning.

b) Between August 7-12, 2023, the Summer Program was held in Istanbul with the participation of 21 BGP Group XVI Elazığ Fırat University scholarship recipients. The program included professional trips, interviews, social activities, cultural excursions, and a Graduation Ceremony. On August 8, 2023, during the Graduation Ceremony held at Zeytinburnu Novotel, the 21 scholarship recipients received their Individual Development Program Certificates of Achievement and English language training certificates. The ceremony was attended by TİKAV and Akfen Holding executives, as well as volunteer mentors.

As part of the Summer Program, RYLA training, interviews with various experts, and professional trips to MARTAŞ, PAPAŞ, MEXT, and Mapikart were organized. Cultural excursions included trips to the Istanbul Museum of Modern Art and Is-

tanbul's historical peninsula, while social events included a Cem Adrian concert and a theater play. Trainings were held at Zeytinburnu Novotel, and accommodation was provided at Zeytinburnu Ibis Hotel.

## 5) Summer Internships

Based on the requests of the scholarship recipients, support was provided for 4 scholarship holders to undertake internships in various domestic institutions and organizations related to their fields of study.

## 6) International Youth Award - Türkiye Program

19 scholarship holders completed their UGO-TR Gold Category activities and received their certificates and badges. 12 scholarship holders continued their activities.

## 7) TİKAV Career Workshop Mentoring Program:

The TİKAV Career Workshop Mentoring Program aims to bring together Akfen Holding executives and employees (mentors) with final-year TİKAV scholarship students (mentees). Volunteers who received Mentorship Training shared their work-life experiences with the mentees both online and in person, offering guidance to help them plan their careers. Through this program, we also aim to promote social responsibility awareness in the business world.

# National Projects

Since 2010, TİKAV has aimed to create sustainable projects focused on education and development to provide lasting solutions to the issues it addresses. In this context, TİKAV has carried out various joint projects with organizations in different locations across Turkey. The foundation has engaged with various segments of society, including young people, children living in mountain villages, women, village leaders, relatives of people with disabilities, children receiving treatment in hospitals, and their accompanying mothers. TİKAV has also undertaken school renovation projects.



PROJECT	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	TÜGİAD	2016
Rural Region Seminars	Akfen Renewable Energy	2017-...

# Rural Area Seminars

with Akfen Renewable Energy



## Rural Region Seminars

Since 2017, under the sponsorship of Akfen Renewable Energy and coordination of TİKAV, efforts have been focused on working with women living in rural areas, particularly in the regions where Akfen Renewable Energy operates its plants. In 2017, the "Evde Okullu Olduk" project was conducted, with workshops aimed at the development of children aged 0-6, reaching 1,000 women. In 2018, the "Önce Sağlık" project provided training on first aid, basic health, cancer screening, gynecological health, and organ donation, reaching 1,500 women. In 2019, the "Hijyen Sağlıktır" project focused on food, body, and living space hygiene, benefiting 2,000 women working in the field. In 2020, the "Tasarruf Evimizde Gelecek Elimizde" project began, though it was interrupted by the pandemic, and reached 2,500 women through 23 workshops. The "Dijitaldeki Ayak İzimiz" project, planned for 2023 but delayed due to the earthquake, is now set to begin in 2024. This project aims to raise awareness about the beneficial and correct use of digital

platforms, addressing potential problems (such as cybercrime, psychological, and physical issues) resulting from irresponsible use, and helping prevent these problems for both participating women and their family members.

## Purpose of the Project

TİKAV defines its projects by evaluating the needs and expectations of the community and the environment it operates within. It addresses social, environmental, and economic goals as well as its long-term value creation potential through a multifaceted approach, developing its projects with an awareness of its roles and responsibilities.

In all the projects it carries out, TİKAV focuses on enriching the social fabric, fostering socio-cultural development, and preparing for the future. The foundation also prioritizes ecological balance and the responsible use of natural resources, emphasizing environmental quality. It supports voluntary work aimed at sus-





Number of Participants	2,500
No. of People Reached Indirectly	8,794
Those who were unaware of their monthly water and electricity consumption before the seminar	40%
Those who stated that they did not use savings methods before the seminar	60%
The satisfaction rate of project participants and those who stated they benefited from it	96%



Number of participants	2,000
No. of people reached indirectly	7,900
Those who were unaware of diseases caused by a lack of hygiene and self-care before the seminar	60%
Those who did not use a toothbrush before the seminar	24%
The satisfaction rate of project participants	98%



Number of participants	1,500
No. of people reached indirectly	5,571
The percentage of participants who were not aware of first aid practices before the seminar	79%
Participants who knew their blood type before the seminar	29%
The satisfaction rate of project participants	98%



Number of participants	800
No. of people reached indirectly	2,261
The rate of prior participation in similar studies	7%
The satisfaction rate of project participants	98%

## IN-PERSON TRAINING WAS DELIVERED TO 6,800 WOMEN ACROSS FOUR DISTINCT PROJECTS

tainable development and good citizenship practices to create social benefits. Through this approach, TİKAV aims to meet the social and cultural needs of both present and future generations.

In the projects it develops, TİKAV tracks the number of people reached both directly and indirectly in line with the project's purpose. It evaluates the changes in individuals' approaches and behaviors before and after the project, as well as the impact of the activities and efforts within the project on people's habits and behavior patterns.

Although no projects were carried out during the pandemic, face-to-face projects resumed afterward. The plans and programs for the "Dijitaldeki Ayak İzimiz Projesi" were prepared, but due to the earthquake in our country, it was decided to use the project's financial resources to support the earthquake victims.

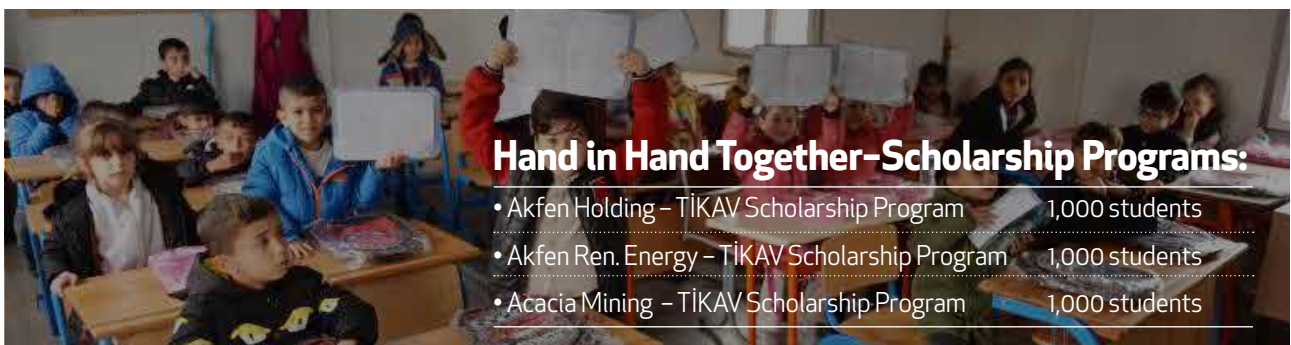
### The number of people reached indirectly exceeded 20 thousand

Thus, a total of 6,800 women received in-person training on various topics across 4 social responsibility projects. The number of people reached indirectly through the projects exceeded 20,000.

Each year, there is an increase in the number of participants reached within the scope of the projects. The aim is to raise awareness among more women by reaching a greater number of participants. By raising awareness among women, who are the foundation of the family, the projects indirectly impact households as well.

Moving forward, we aim to continue supporting women and, through them, families by identifying the needs and requirements of people in rural areas and offering contemporary projects. We will continue raising awareness within the framework of sustainability.

After each workshop, various questionnaires are given to participants to observe the changes before and after the seminar. Additionally, evaluations are received from instructors and Akfen Renewable Energy officials at the local location (as well as local officials from other project partners in related projects). The results are shared with employees and project partners within the organization through internal and external communication channels. These results are also made available to all stakeholders and the public through annual activity reports, social media platforms, and websites.



## Scholarship Programs

Following the earthquake disaster on February 6, 2023, Akfen Holding, Akfen Renewable Energy, and Acacia Mining Enterprises, with the sponsorship of TİKAV, provided monthly scholarship support to university students

whose families reside in the earthquake-affected regions. After quickly reviewing more than 108,000 applications, scholarships were awarded to 3,000 selected recipients, and payments began in March.



## Earthquake Preparedness and Resilience Training

Under the coordination of TİKAV and with the guidance of Anka-SAR President, Mr. Murat Altunorak, "Living with Earthquakes" training sessions were conducted on March 1, March 3, March 6, and March 22, 2023. These sessions, held both online and in per-

son, included the participation of Akfen employees and their families. The training covered information on the earthquake risks in our country, as well as actions to take before, during, and after an earthquake.

## Ülkü Akın Middle School Visits

As part of the "Hand in Hand Together" Project, various activities were organized with earthquake survivor students and their families who relocated to Ankara following the February 6, 2023 earthquake and are currently studying at Ülkü Akın Middle School.

In April, TİKAV employees received "Trauma and Psychological First Aid Training" under the guidance of Maya Foundation to provide informed support during disaster situations.

In May, a gathering was held on May 2 with the families of earthquake survivor students. On May 11, a Breath Therapy session was conducted with the students' mothers, followed by a Drama Workshop with the students on May 12. On May 18, a "Trauma-Sensitive School Program Teacher Support Workshop" was conducted at Ülkü Akın Middle School.

On the same day, a cultural tour of Ankara was organized for students and their families, which included hands-on workshop activities. On May 24, a workshop was held introducing Seymen Culture. On May 25, a "Trauma-Sensitive School Program Teacher Support Workshop" was conducted for parents of Ülkü Akın Middle School, along with a Breath Therapy session for the students' mothers.

In June, a Breath Therapy session was organized for the students' mothers on June 1. On June 7, a Mandala Activity was held with students and their mothers, and on June 12, an Orienteering Activity was conducted with the students.

These initiatives aimed to provide psychological support, build resilience, and foster community engagement among the participants.



# International Youth Award Program Türkiye (UGO-Tr)



The International Youth Award Program is a youth development initiative operating in over 130 countries and regions, open to all young people aged 14 to 24. The program was first established in 1956 in the United Kingdom as "The Duke of Edinburgh's Award," under the patronage of Prince Philip, Duke of Edinburgh.

Turkey was introduced to the Award Program in 1995. The initial implementers in Turkey were the Turkish-British Friendship Association and several international schools. In 2001, TİKAV took the initiative to nationalize the Award Program in collaboration with the Turkish-British Friendship Association. In May 2002, the Ministry of National Education officially approved the implementation of the Award Program in high schools and equivalent institutions in seven pilot provinces: Ankara, Aydın, Bursa, Elazığ, Eskişehir, Gaziantep, and Kayseri.

In September 2003, educators and repre-

sentatives of civil society organizations already implementing the Award Program established the "Youth Award Association," which began managing the program as the "National Authority." In April 2013, TİKAV became the official "National Authority" for the Award Program in Turkey through a licensing agreement. Between June 1, 2013, and July 9, 2020, the program operated under the name "The Duke of Edinburgh's International Award – Turkey." Since July 9, 2020, it has been carried out under the name "The International Youth Award – Turkey" by the "National Award Committee."

In 2023, the Award Program was implemented in 160 Award Centers with the participation of 608 Award Leaders and 373 Supervisors. During the year, 2,486 new participants joined the program.

**The activities carried out under UGO-Turkey in 2023 are as follows:**

- Throughout 2023, numerous significant events and training sessions were organized. In January, the National Gold, Silver, and Independent Bronze and Silver Award Ceremonies were held at Novotel Istanbul Bosphorus, with 63 participants receiving their certificates. Regular online National Committee meetings were conducted at various times throughout the year.
- In March, the Active Award Leaders Meeting was held, along with Award Leader and Supervisor Training sessions on various dates throughout the year. Additionally, an Active Supervisors Meeting was organized.
- The Adventure and Expedition Assessor Training was conducted online, and collaboration meetings with SERÇEV, as well as online introductory meetings for Sınav Schools, were held.
- Mid-year, the Executive Committee Elections for the International Youth Award-Turkey Alumni Group took place, and a new executive committee was appointed. An "Award in Action" event was hosted at Kabataş Boys High School, attended by Prince Edward, Duke of Edinburgh, followed by a Gold Award Ceremony at the British Consulate General in Istanbul.
- In the fall, online meetings were held with award coordinators, and the annual international golf event, "The Duke of Edinburgh Cup," took place in Antalya. These activities provided participants with valuable experiences and opportunities.

**INTERNATIONAL YOUTH AWARD PROGRAM IN FIGURES - 2023**

No. of award centers that signed a sub-license agreement	170
Total award leader	631
Participants who started the award program	2,098
Total supervisor	390
Award winners	742
Active participants	3,319
Total number of participants	4,189
Project budget (TRY)	854,863





## Another Story Exhibition

Tarık Dayan- Your Line is Red

# Loft Art and TİKAV Collaboration

Loft Art was established to create an art space where independent artists can showcase their works. Aiming to promote equal opportunities in the art market, Loft Art connects independent artists working across various mediums with audiences.

Inspired by the corporate values embraced by Akfen Holding, Loft Art seeks to support the creative output of independent artists and enhance their visibility in the art market.

Proceeds from the sales of artworks exhibited at Loft Art contribute to the initiatives of the Turkey Human Resources Education and Health Foundation (TİKAV), founded by Akfen Holding. TİKAV focuses on national and international social responsibility projects, particularly those centered on women, youth, and children.

## Exhibitions Held (2023)

### • Another Story

(18 January - 18 March 2023)

**Artists:** Ayşe Gürkaş, Başak Güldürücü, Basako, Cihan Oral, Damla Yücebaş, Deniz Doğruyol, Deniz Yılmazlar | Karbon , Elif İlayda Bekdemir, Emre Aksu, QucorQ, Selin Akıcı Aral, Selin Çeliktaş, Su Alara Acerol, Tarık Dayan, Tuğba Akça and Zeynep Tunçel Kahyaoğlu

### • Prestige Exhibition

(10 May - 9 July 2023)

Mehmet Gülerüz 2013-2023

**Artist:** Mehmet Gülerüz

### • A Trace in the Universe

(27 September - 26 November 2023)

**Artists:** Ayşegül Karakaş, Berkin Günsay, Dilşad Akçayöz, Ece Haskan, Ekin Yüksel, Funda Alkan, Gül İclal Öner Yıldız, Güneş Acur, Hadiye Kalkan, Hale Feriha Hendekçigil, İrem Yılmaz, Lütfiye Kösten, Merve Kaya Okursoy, Murat Berköz, Tuba Merdeşes

---

# Convenience Translation into English of Independent Auditor's Report on the Board of Directors' Annual Report Originally Issued in Turkish

---

## To the Shareholders of Akfen Holding Anonim Şirketi

### Opinion

We have audited the annual report of Akfen Holding Anonim Şirketi (the "Company") for the period between 1 January 2023 and 31 December 2023, since we have audited the complete set financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

### Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework, published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) (POA's Code of Ethics) and the ethical principles regarding independent audit of financial statements in the CMB legislation and other relevant legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of financial statements of the Company for the period between 1 January 2023 and 31 December 2023 on 11 July 2024.

## **Board of Directors' Responsibility for the Annual Report**

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Communiqué on the Principles of Financial Reporting in Capital Markets numbered II – 14.1 (the "Communiqué"), the Company's management is responsible for the following regarding the annual report:

- a) The Company's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- b) The Company's management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company's financial statements. The annual report shall also clearly indicate the details about the Company's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- c) The annual report also includes the matters below:
  - Significant events occurred in the Company after the reporting period,
  - The Company's research and development activities.
  - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

## **Auditor's Responsibility for the Audit of the Annual Report**

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with Standards on Auditing issued by POA. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

Istanbul, Türkiye

---

# INDEPENDENT AUDITOR'S REPORT

---

*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 2023, 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 2023, 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.

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<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 2023, the total value of these financial assets is 27,187,566 thousand TRY, corresponding to 29% of the total assets. As of 31 December 2023, gains from changes in the fair value amounting to TRY 17,931,043 are recognized in financial statements as disclosed in Note 10.</p> <p>As of 31 December 2023, 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"><li>▪ The Service Concession Agreement was procured, and the terms of the said agreement were examined.</li><li>▪ We evaluated of the appropriateness of the relevant calculation model in terms of contract terms and TFRS Interpretation 12.</li><li>▪ We verified the mathematical accuracy of the calculation the TFRS Interpretation 12 financial asset model that defined a financial asset in its financial statements.</li><li>▪ 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.</li><li>▪ We assessed the adequacy of the disclosures according to "TFRS Interpretation 29 financial asset disclosures" in the notes to consolidated financial statements.</li></ul>

### Financial Asset Valuation

For the details of accounting policies related to financial asset valuation of shares of Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi's and the significant accounting estimates and assumptions used, see Note 2.2 and 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 2023, the Group has reflected the MIP shares under the financial investments item to the accompanying consolidated financial statements with their fair value of TRY 9,177,300 thousand.</p> <p>In our audit work, we focus on this issue for the following reasons:</p> <p>MIP financial investment carried at fair value is important for the accompanying consolidated financial statements and the valuation requires expertise,</p> <p>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 2023. 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>	<p>Our audit procedures for testing the matter included below:</p> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ The compatibility of the valuation studies with the financial statements and the mathematical compatibility of the calculations used were checked.</li> <li>▪ 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.</li> <li>▪ 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.</li> </ul>



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

### Revaluation of Power Plants

Refer to Notes 2.2 and 14 to details of accounting policies and significant accounting estimates and assumptions used for the revaluation of power plants.

The key audit matter	How the matter was addressed in our audit
<p>The Group measures its power plants using the revaluation method in its consolidated financial statements. Therefore, the Group management makes various estimations and assumptions to determine the fair value of the power plants. The fair values of the power plants are determined by valuation reports prepared by independent valuation companies. The basic assumptions and estimations used in the valuations include the estimation and discounting of future cash flows prepared by considering the relevant risks.</p> <p>Valuation of power plants is considered as a key audit matter, because the valuation methods applied in power plant valuations include important estimates and assumptions and the carrying values of power plants are important for the consolidated financial statements.</p>	<p>We have performed the following audit procedures to be responsive to this area:</p> <p>Evaluation of the appropriateness of inputs and important assumptions such as price and production estimates and discount rate used in the valuation, which are used by independent valuation experts and the Group management during the valuation of the power plants and which constitute the basis for the revalued amounts of the power plants,</p> <p>Involving the corporate finance specialists in order to check the compatibility of the estimates and assumptions used in the valuation reports of the said power plants with the market data, to evaluate the acceptability of the applied methods and their compliance with the valuation methodology,</p> <p>In addition, evaluating the appropriateness and adequacy of the disclosures in the footnotes of the financial statements, including the explanations about the basic estimates and assumptions regarding the revaluation of power plants, within the scope of TFRSs.</p>

### 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.

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

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 2023 and 31 December 2023, 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

11 July 2024

Istanbul, Türkiye

# Financial Statements

Akfen Holding Anonim Şirketi and its Subsidiaries

Consolidated financial statements as of and for the year ended December 31, 2023 with the independent auditor's report

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

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

**Akfen Holding Anonim Şirketi Consolidated financial statements for the year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

ASSETS	Footnote references	Audited December 31, 2023	Audited December 31, 2022
<b>Current Assets</b>			
Cash and cash equivalents	5	6,549,744	5,257,406
Short term financial investments	22	2,012,288	1,191,290
Trade receivables		948,825	359,327
<i>Trade receivables from related parties</i>	7-32	150,819	44,181
<i>Trade receivables from third parties</i>	7	798,006	315,146
Inventories	16	240,785	129,717
Other receivables		157,505	98,974
<i>Other receivables from related parties</i>	8	161	44
<i>Other receivables from third parties</i>	8	157,344	98,930
Financial assets related to concession agreements	10	2,992,521	2,998,134
Derivative instruments	12	281,429	253,922
Assets arising from customer contracts	9	33,678	-
Prepaid expenses	9	297,654	68,226
Current income tax assets	31	10,446	1,483
Other current assets	23	98,914	39,447
<b>TOTAL CURRENT ASSETS</b>		<b>13,623,789</b>	<b>10,397,926</b>
<b>Non-Current Assets</b>			
Financial investments	22	11,156,994	12,296,062
Trade receivables		3,483	26,782
<i>Trade receivables from related parties</i>	7	807	-
<i>Trade receivables from third parties</i>	7	2,676	26,782
Other receivables		439,638	751,457
<i>Other receivables from related parties</i>	8-32	387,167	725,325
<i>Other receivables from third parties</i>	8	52,471	26,132
Financial assets related to concession agreements	10	24,195,045	22,712,919
Assets arising from customer contracts	9	253,989	221,681
Investments accounted using the equity method	20	6,285,798	12,561,678
Derivative instruments	12	280,821	607,122
Investment property	11	2,769,682	3,652,661
Right of use assets	13	494,544	28,499
Property, plant and equipment	14	29,653,550	409,794
Intangible assets		2,853,123	456,569
<i>Goodwill</i>	15	156,406	-
<i>Other intangible assets</i>	15	2,696,717	456,569
Prepaid expenses	9	237,639	33,114
Deferred tax assets	31	2,179,839	2,870,323
Other non current assets	23	88,563	141,955
<b>TOTAL NON-CURRENT ASSETS</b>		<b>80,892,708</b>	<b>56,770,616</b>
<b>TOTAL ASSETS</b>		<b>94,516,497</b>	<b>67,168,542</b>

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

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

**Akfen Holding Anonim Şirketi Consolidated financial statements for the year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

LIABILITIES	Footnote references	Audited December 31, 2023	Audited December 31, 2022
<b>Current Liabilities</b>			
Short term borrowings	6	162,548	251,644
Short term portion of long-term borrowings	6	8,104,298	3,816,741
Trade payables		1,814,529	426,951
<i>Trade payables to related parties</i>	7-32	14,474	18,730
<i>Trade payables to third parties</i>	7	1,800,055	408,221
Employee benefit obligations		16,416	5,016
Other payables		148,114	121,812
<i>Other payables to related parties</i>	8-32	-	60,294
<i>Other payables to third parties</i>	8	148,114	61,518
Obligations arising from customer contracts	17	328,806	-
Deferred revenue		425,134	82,316
<i>Deferred revenue from related parties</i>	17-32	67,249	28,527
<i>Deferred revenue from third parties</i>	17	357,885	53,789
Income tax payable	31	25,552	1,941
Current provisions		82,762	85,176
<i>Provision for employee benefits</i>	18	42,210	31,009
<i>Other short-term provisions</i>	18	40,552	54,167
Other current liabilities	23	113,453	66,976
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,221,612</b>	<b>4,858,573</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	6	29,599,239	23,999,712
Trade payables		-	315
<i>Trade payables to related parties</i>	7,32	-	315
Other payables		122,800	2,911,602
<i>Other payables to related parties</i>	8-32	122,789	2,897,159
<i>Other payables to third parties</i>	8	11	14,443
Obligations arising from customer contracts	17	501,724	467,920
Non-current provisions		75,383	31,072
<i>Provision for employee benefits</i>	18	69,365	31,072
<i>Other non-current provisions</i>	18	6,018	-
Deferred tax liabilities	31	4,246,991	653,882
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>34,546,137</b>	<b>28,064,503</b>
<b>TOTAL LIABILITIES</b>		<b>45,767,749</b>	<b>32,923,076</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>		<b>41,867,323</b>	<b>34,219,216</b>
Issued capital	24	910,000	910,000
Inflation adjustments on capital	24	3,010,745	3,010,745
Additional capital contributions of shareholders		-	47,726
Treasury shares (-)		(1,106,630)	(1,106,630)
Share premiums		174,131	166,600
Other accumulated comprehensive income that will not be reclassified to profit or (loss)		(542,522)	(648,294)
<i>Increases on revaluation of property, plant and equipment</i>	24	185,733	27,536
<i>Gains on remeasurement of defined benefit plans</i>		8,670	122
<i>Other losses on revaluation and remeasurement</i>	24	(736,925)	(675,952)
Other accumulated comprehensive income that will be reclassified to (loss) or profit		(4,084,202)	(4,393,690)
<i>Currency translation difference</i>	24	778,964	737,798
<i>Hedge reserve fund</i>	24	(4,863,166)	(5,131,488)
Restricted reserves appropriated from profits	24	15,776,012	15,790,532
Other equity shares	24	(22,921)	-
Retained earnings		20,423,200	21,610,630
Net profit for the period		7,329,510	(1,168,403)
<b>Non-controlling interests</b>	<b>24</b>	<b>6,881,425</b>	<b>26,250</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>94,516,497</b>	<b>67,168,542</b>

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

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

**Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

<b>PROFIT OR LOSS FROM CONTINUING OPERATIONS</b>	<b>Footnote References</b>	<b>Audited January 1,- December31, 2023</b>	<b>Audited January 1,- December31, 2022</b>
Revenue	25	7,093,877	1,894,946
Cost of sales (-)	25	(4,878,930)	(1,917,596)
<b>GROSS PROFIT</b>		<b>2,214,947</b>	<b>(22,650)</b>
General administrative expenses (-)	26	(783,824)	(406,806)
Marketing, selling and distribution expenses (-)	27	(15,254)	(13,207)
Other income from operating activities	28	21,496,671	10,167,282
Other expenses from operating activities (-)	28	(1,673,100)	(102,476)
Share of profit/(loss) from inv. accounted using the equity method	20	664,127	(825,320)
<b>OPERATING PROFIT FROM OPERATING ACTIVITIES</b>		<b>21,903,567</b>	<b>8,796,823</b>
Income from investment activities	30	1,989,515	394,656
Expense from investment activities (-)	30	(414,274)	(1,967,669)
<b>PROFIT BEFORE FINANCE INCOME/(LOSS)</b>		<b>23,478,808</b>	<b>7,223,810</b>
Finance income	29	1,635,464	3,875,027
Finance expenses (-)	29	(15,076,648)	(10,599,679)
Monetary loss		(1,342,664)	(2,723,858)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>8,694,960</b>	<b>(2,224,700)</b>
Tax income		44,403	1,061,314
Current period tax expense (-)	31	(71,287)	(12,313)
Deferred tax income	31	115,690	1,073,627
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>8,739,363</b>	<b>(1,163,386)</b>
<b>PROFIT FOR THE PERIOD</b>		<b>8,739,363</b>	<b>(1,163,396)</b>
<b>Attributable to</b>			
Non-controlling interests		1,409,853	5,017
Equity holders of the parent		7,329,510	(1,168,403)
<b>Net profit for the period</b>		<b>8,739,363</b>	<b>(1,163,386)</b>
<b>Earnings per share</b>			
Earnings per share (TL in full)	33	8.05	(1.67)
Diluted earnings per share (TL in full)	33	8.05	(1.67)

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

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

**Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

STATEMENT OF OTHER COMPREHENSIVE INCOME/(EXPENSE)	Footnote References	Audited December 31, 2023	Audited December 31, 2022
<b>PROFIT FOR THE YEAR</b>		<b>8,739,363</b>	<b>(1,163,386)</b>
<b>Other comprehensive income that will not be reclassified to profit or loss</b>		110,765	(648,294)
Gains on remeasurements of defined benefit plans		13,562	122
Other comprehensive income items that will not be reclassified as other profit or loss	24	(60,994)	(675,952)
Gains on revaluation of property, plant and equipment		158,197	27,536
<b>Other comprehensive income/loss that will be reclassified to profit or loss</b>		<b>280,415</b>	<b>231,029</b>
Exchange differences on translation	24	41,166	13,436
Other comprehensive loss related with cash flow hedges	24	239,249	217,593
<b>OTHER COMPREHENSIVE INCOME</b>		<b>391,180</b>	<b>(417,265)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>9,130,543</b>	<b>(1,580,651)</b>
<b>Total comprehensive income attributable to</b>			
Non-controlling interests		1,413,886	5,017
Equity holders of the parent		7,716,657	(1,585,668)
<b>Total comprehensive income</b>		<b>9,130,543</b>	<b>(1,580,651)</b>

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



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

### Consolidated Statement of Changes in Equity for the year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

	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						
	Issued capital	Inflation adjustments on capital	Additional capital contributions of shareholders	Treasury shares	Share premiums	Currency translation differences	Losses on hedge	Other gains on revaluation and re-remuneration	Gains on revaluation of property, plant and equipment		Gains on re-remuneration of defined benefit plans	Restricted reserves appropriated from profits	Retained earnings profits	Net loss for the period	Total	Non-controlling interests
<b>Balances as of January 1, 2022</b>	700,000	3,010,745	-	(1,097,963)	166,600	724,362	(5,349,081)	-	-	-	(15,610,845)	23,093,144	35,544,873	35,544,875	32,185	35,577,058
Transfers	-	-	-	-	-	-	-	-	-	-	179,687	(1,493,466)	1,313,779	-	-	-
Total comprehensive income/(expense)	-	-	-	-	-	13,436	217,593	(675,952)	27,536	122	-	-	(1,168,403)	(1,585,668)	5,017	(1,580,651)
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	-	(1,168,403)	(1,168,403)	5,017	(1,163,386)
Other comprehensive income/(expense)	-	-	-	-	-	13,436	217,593	(675,952)	27,536	122	-	-	-	(417,265)	-	(417,265)
Capital increase <sup>(1)</sup>	210,000	-	47,726	(8,667)	-	-	-	-	-	-	-	-	-	249,059	-	249,059
Other contributions of shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease due to other adjustments <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-	-	10,952	-	10,952	(10,952)	-
<b>Balances as of December 31, 2022</b>	910,000	3,010,745	47,726	(1,106,630)	166,600	737,798	(5,131,488)	(675,952)	27,536	122	15,790,532	21,610,630	(1,168,403)	34,219,216	26,250	34,245,466

<sup>(1)</sup> On December 29, 2022, a capital increase of TRY 210,000 has been made. The increased amount includes TRY 197,839 from cash capital advances previously provided by the Company's main shareholders, TRY 6,901 from cash debt previously provided by the Company's founding partner, and the remaining TRY 5,260, of which TRY 495 is committed by Akfen Turizm, an existing shareholder of the Company, and TRY 4,765 is committed by Akfen Holding, prior to registration.

<sup>(2)</sup> The impact arises from the capital increase in the amount of TRY 62,600, carried out pursuant to the general assembly resolution registered on August 2, 2022, of Hacettepe Teknokent Eği ve Kli. Ar. Mer. Sağ.Ar-Ge Dan. Pro. San. Tic. A.Ş. ("Hacettepe Teknokent"). The entire increased amount has been paid by Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen İnşaat"), resulting in Akfen İnşaat's ownership in Hacettepe Teknokent reaching 99.76% after the capital increase.

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

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

**Consolidated Statement of Changes in Equity for the year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

	Issued capital			Additional capital			Other comprehensive income and expenses 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
	Inflation adjustments on capital	Shareholders' contributions	Share premiums	Treasury shares	Currency translation differences	Losses on hedge	Other gains on revaluation and re-measurement	Gains on revaluation of property, plant and equipment	Gains on re-measurement of defined benefit plans	Restricted reserves appropriated from profits	Other equity shares	Retained earnings profits	Net profit for the period	Total	Non-controlling interests	
<b>Balances as of January 1, 2023</b>	3,010,745	47,726	166,600	(1,106,630)	737,798	(5,131,488)	(675,952)	27,536	122	15,790,532	-	(21,610,630)	(1,168,403)	34,219,216	26,250	34,245,466
Transfers	-	-	-	-	-	-	-	-	-	913	-	(1,169,316)	1,168,403	-	-	-
<b>Total comprehensive income/(expense)</b>	-	-	-	-	41,166	239,249	(60,973)	158,197	9,508	-	-	-	7,329,510	7,716,657	1,413,886	9,130,543
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	7,329,510	7,329,510	1,409,853	8,739,363
Other comprehensive income/(expense)	-	-	-	-	41,166	239,249	(60,973)	158,197	9,508	-	-	-	-	387,147	4,033	391,180
Subsidiary acquisition (Note 3)	-	-	-	-	-	29,073	-	-	(960)	-	-	(18,810)	-	9,303	59,346	68,649
Other contributions of shareholders	-	(47,726)	-	-	-	-	-	-	-	(15,433)	-	-	-	(63,159)	-	(63,159)
Transactions with non-controlling shareholders (Note 24)	-	-	-	-	-	-	-	-	-	-	(22,921)	-	-	(22,921)	-	(22,921)
Increase due to share repurchase transactions (*)	-	-	7,531	-	-	-	-	-	-	-	-	-	-	7,531	-	7,531
Increase/(decrease) through share-based payment transactions (Not 3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances as of December 31, 2023</b>	3,010,745	-	174,131	(1,106,629)	778,964	(4,863,166)	(736,925)	185,733	8,670	15,776,012	(22,921)	20,423,200	7,329,510	41,867,323	6,881,425	48,748,748
												696	-	696	5,381,943	5,382,639

(\*) This is related to the portion of the 30,000,000 nominal shares buyback conducted by Akfen Real Estate Investment Trust A.Ş., a subsidiary of the group, starting from April 27, 2023.

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

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

### Consolidated Cash Flow Statement for the year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

	Footnote references	Audited December 31, 2023	Audited December 31, 2022
<b>A. Cash Flows from Operating Activities</b>		<b>5,067,264</b>	<b>6,179,903</b>
<b>Profit for the period</b>		<b>8,739,363</b>	<b>(1,163,386)</b>
<b>Adjustments to reconcile profit</b>		<b>(5,662,466)</b>	<b>3,135,599</b>
Adjustments for depreciation and amortization	25-26	849,115	90,339
Adjustments for (gains)/losses on non-current assets		(29,053)	(685)
Adjustments for gains on disposal of investment properties	28	(29,053)	(685)
Adjustments for fair value gains		(18,782,919)	(10,600,114)
Adjustment for fair value gains of financial assets	28-30	(18,569,631)	(8,595,569)
Adjustment for fair value gains of investment properties	28	(208,417)	(378,335)
Adj. for the fair value (gains)/losses of derivative fin. instruments	29	(4,871)	(1,626,210)
Adjustments for dividend income	30	(293,211)	(269,155)
Adjustments for impairment		(1,627,864)	(19,417)
Adjustment for (reversal of impairment)/impairment on receivables	28	7,067	(19,417)
Adjustments for tangible asset impairment	28	(1,815,571)	-
Adjustments for intangible asset impairment	28	178,477	-
Other adjustments for impairments	28	2,163	-
Adjustments for provisions		158,410	98,818
Adjustments for provisions related with employee benefits		62,018	13,855
Adjustments for other provisions	28	96,392	84,963
Adjustments for the undistributed incomes of investments accounted using the equity method	20	(664,127)	825,320
Adjustments for unrealized foreign exchange		9,446,201	7,186,142
Adjustments for losses/(gains) arising from the disposal or change in shares of affiliates, joint ventures and financial investments	30	(592,614)	639,293
Adjustments for interest income and expenses	29	3,210,659	1,739,051
Adjustments for tax incomes	31	(44,403)	(1,061,314)
Adjustments for other items that cause cash flows from investing or financing activities	30	101,757	192,084
Other adjustment for profit/loss reconciliation		(591,607)	32,147
Adjustments for monetary gain/(loss)		3,197,190	4,283,090
<b>Changes in working capital</b>		<b>(1,030,920)</b>	<b>983,454</b>
Adjustments for increase in trade receivables		(357,576)	(233,280)
Adjustments for decrease/(increase) in other receivables related with operations		(14,758)	1,295,428
Adjustments for increase in trade payables		398,156	212,269
Adjustments for decrease in other payables from operations		(1,279,006)	(373,879)
Adjustments for increases/(decreases) in inventories	16	(32,195)	105,182
Adjustments for increases in assets arising from customer contracts		(65,986)	(71,506)
Adjustments for increases in obligations arising from customer contracts		362,610	77,146
Other adjustments for other decrease in working capital		(42,165)	(27,906)
<b>Cash flows from operations</b>		<b>2,045,977</b>	<b>2,955,667</b>
Tax payments		(29,429)	(5,950)
Payments related with provisions for employee benefits		(7,888)	(3,546)
Payments for other provisions		(42,206)	(148,142)
Other cash inflows	10	3,100,810	3,381,874

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

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

**31 Aralık 2023 tarihinde sona eren yıla ait konsolide nakit akış tablosu**

((Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.))

	Footnote references	Audited December 31, 2023	Audited December 31, 2022
<b>B. Cash Flows Used in Investment Operations</b>		<b>(755,681)</b>	<b>(946,338)</b>
Interest received		186,119	134,741
Dividends received	30	293,211	269,155
Cash outflows from the purchase of tangible and intangible assets	14-15	(204,420)	(88,888)
Proceeds from sales of tangible and intangible assets	14-15-30	9,009	2,533
Cash inflows from the sale of investment property	11-28	178,660	114,031
Cash inflows from sales that will result in loss of control of subsidiaries	3	725,933	-
Cash inflows from sales that do not result in loss of control of subsidiaries	3	4,813,766	-
Cash outflows on purchases to obtain control of subsidiaries	3	(4,644,190)	-
Cash outflows due to share purchase or capital increase of associates and/or joint ventures	3-20	(1,074,692)	(593,590)
Cash inflows caused by share sales or capital decrease of associates and/or joint ventures		-	801,870
Cash outflow from participation fee and other financial instruments		(1,039,077)	(1,586,190)
<b>C. Cash Flows used in Financing Activities</b>		<b>(4,141,680)</b>	<b>(3,742,936)</b>
Cash inflows from capital advances		-	249,059
Proceeds from borrowings	6	3,534,652	2,002,177
Repayments of borrowings	6	(4,786,728)	(4,308,886)
Cash outflows related to debt payments arising from lease agreements	6	(46,928)	-
Interest paid	6	(2,382,337)	(1,663,116)
Other cash outflows		(460,339)	(22,170)
<b>Net increase/(decrease) in cash and cash equivalents before the effect of currency translation differences</b>		<b>169,903</b>	<b>1,490,629</b>
Effect of foreign currency translation differences on cash and cash equivalents		2,142,785	508,043
Impact of monetary loss on cash and cash equivalents		(2,066,090)	(2,093,361)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>246,598</b>	<b>(94,689)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5</b>	<b>5,255,831</b>	<b>5,350,520</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>5,502,429</b>	<b>5,255,831</b>

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

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 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, 2023 and 2022 includes the share of Akfen Holding and subsidiaries, the equity accounted joint ventures and financial investments.

As of December 31, 2023, there are 17 subsidiaries directly owned by Akfen Holding (December 31, 2022: 12).. The company's direct subsidiaries are Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen Construction"), Akfen Danışmanlık ve Proje Geliştirme A.Ş. ("Akfen Consultancy"), Akfen Turizm Yatırım ve İşletme A.Ş. ("Akfen Tourism"), Akfen Gayrimenkul Portföy Yönetimi A.Ş. ("Akfen GPYŞ"), Adana Ipekyolu Enerji Üretim Tic. San. A.Ş. ("Adana Silk Road"), 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"), Kasım Yatırım İnşaat A.Ş. ("Kasım Investment"), Aralık Yatırım İnşaat A.Ş. ("Aralık Investment"), Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable Energy"), Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Water"), Zeki Grup İnşaat ("Zeki Construction"), Akfen Merter Gayrimenkul Turizm ve İnşaat A.Ş. ("Akfen Merter"), cak Yatırım İnşaat A.Ş. ("Ocak Investment"), and Şubat Yatırım İnşaat A.Ş. ("Şubat Investment"). 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 Makina Sanayi ve Ticaret A.Ş. ("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, as of December 31, 2022, 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. It has been decided to transfer the shares of Ayrı Gayrimenkul to Akfen Gayrimenkul Portföy Yönetimi A.Ş. Birinci Gayrimenkul Yatırım Fonu'na ("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. Therefore, as of December 31, 2022, Ayrı Gayrimenkul, a subsidiary of the Company, is not included in the Group assets as of December 31, 2023. On January 2, 2023, the Company transferred 50% of BİZ Madencilik A.Ş. (formerly BISS Savunma Sanayi A.Ş. "BİZ Mining")'s shares which it owns all shares to İlbak Madencilik San. Ve Tic. A.Ş. ("İlbak Mining") and Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of December 31, 2023. The Company completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023 and Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company and Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023. On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As a result, as of December 31, 2023, Akfen Holding's share in Akfen Renewable Energy was 66.5%. Kasım Investment and Aralık Investment companies were established on March 14, 2023 and Ocak Investment and Şubat Investment companies were established on July 26, 2023. On September 30, 2023, the Company acquired 46.92% shares in Akfen Merter previously owned by Akfen İnşaat, increasing its ownership in Akfen Merter to 91.52%.

In addition, as of December 31, 2023, there are 4 joint ventures and 4 financial investments owned by Akfen Holding (December 31, 2022: 5 joint ventures and 4 financial investments).

The Company has joint management rights in Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen REIT"), Acacia Maden İşletmeleri A.Ş. ("Acacia Mine"), Biz Mining 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 Doviz Ticaret A.S. ("Travelex") and Tepe Akfen Reformer ("TAR") are classified as financial investment.

In addition, as of December 31, 2023 there are 54 (December 31, 2022: 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. ("HacettepeTeknokent"), Akfen Merter Gayrimenkul Turizm ve İnşaat A.Ş. ("Akfen Merter"), Haziran Yatırım İnşaat A.Ş. ("Haziran Investment"), Mayıs Yatırım İnşaat A.Ş. ("Mayıs Investment"), Akfen Hospital, Yedide Yedi Turizm Yatırımları A.Ş. ("Yedide Yedi"), Kadıköy Terminal Gayrimenkul Hizmetleri Ticaret A.Ş. ("Kadıköy Terminal") and became indirect subsidiaries with Akfen Renewable Energy share purchase which are Bt Bordo Elektrik Üretim Dağ. Paz. San. ve Tic. A.Ş. ("Bt Bordo"), Elen Enerji Üretimi San. Tic. A.Ş. ("Elen"), H.H.K Enerji Elektrik Üretim A.Ş. ("HHK"), Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk"), Ayna Enerji A.Ş. ("Ayna Energy"), Bahçe Enerji A.Ş. ("Bahçe Energy"), Bahçeli Enerji A.Ş. ("Bahçeli Energy"), Batıkent Enerji A.Ş. ("Batıkent Energy"), Beysukent Enerji A.Ş. ("Beysukent Energy"), Çekirdek Enerji A.Ş. ("Çekirdek Energy"), Cihangir Enerji A.Ş. ("Cihangir Energy"), Dalga Enerji A.Ş. ("Dalga Energy"), Devir Enerji A.Ş. ("Devir Energy"), Düzey Enerji A.Ş. ("Düzey Energy"), Farez Elektrik Üretim San.ve Tic. A.Ş. ("Farez Electric"), Gökada Elektrik Üretim Sanayi ve Tic. A.Ş. ("Gökada Electric"), Günova Elektrik Üretim San. ve Tic. A.Ş. ("Günova Electric"), Hazine Enerji A.Ş. ("Hazine Energy"), İota Güneş Enerji Elektrik Üretim ve Tic. A.Ş. ("İota Energy"), Jüpiter Enerji A.Ş. ("Jüpiter Energy"), Kızılay Enerji A.Ş. ("Kızılay Energy"), Komsun Enerji Tarım Hayvan. İnş. San. ve Tic. A.Ş. ("Komsun Energy"), Me-Se Enerji Elektrik Üretim Sanayi ve Tic. A.Ş. ("Me-Se Energy"), Mt Doğal Enerji Üretim A.Ş. ("Mt Energy"), Murel Elektrik Üretim San. ve Tic. A.Ş. ("Murel Electric"), Neptün Enerji A.Ş. ("Neptün Energy"), Omicron Güneş Enerjisi Elektrik Üretim ve Tic. A.Ş. ("Omicron Energy"), Plüton Enerji A.Ş. ("Plüton Energy"), Psi Güneş Enerjisi Elektrik Üretim ve Tic. A.Ş. ("Psi Energy"), Radon Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Radon Electric"), Solentegre Enerji Yatırımları Tic. A.Ş. ("Solentegre Energy"), Uranüs Enerji A.Ş. ("Uranüs Energy"), Yaysun Elektrik Üretim Sanayi ve Tic. A.Ş. ("Yaysun Electric"), Yeşildere Elektrik Üretim A.Ş. ("Yeşildere Electric"), Yeşilvadi Elektrik Üretim A.Ş. ("Yeşilvadi Electric"), Zengen Enerji A.Ş. ("Zengen Energy"), Zincir Enerji A.Ş. ("Zincir Energy"), İmbat Enerji A.Ş. ("İmbat Energy"), Kanat Enerji A.Ş. ("Kanat Energy"), Pruva Enerji A.Ş. ("Pruva Energy"), Isıder Enerji Ürt. Paz. İth. ve İhr. A.Ş. ("Isıder Energy"), Korda Enerji Ürt. Paz. İth. ve İhr. A.Ş. ("Korda Energy"), Derbent Enerji Ürt. Paz. İth. ve İhr. A.Ş. ("Derbent Energy"), Kovancı Enerji Ürt. Paz. İth. ve İhr. A.Ş. ("Kovancı Energy"), Akfen Elektrik Toptan Satış A.Ş. ("Akfen Electricity Wholesale").

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

The Joint Venture (Ordinary Partnership) was established by Akfen Construction and Dost İnşaat ve Proje Yönetimi A.Ş. with the ratio of 70%-30%, respectively, with the contract numbered 04301 dated March 27, 2023, which was signed by the Ankara 78<sup>th</sup> Notary Public. The Joint Venture (Ordinary Partnership) was established by Akfen İnşaat and Dost İnşaat ve Proje Yönetimi A.Ş. with the ratio of 55% to 45%, respectively, with the contract dated June 12, 2023 with the contract number 07976, which was signed by the Ankara 78<sup>th</sup> Notary Public. In addition, the Akfen Construction participated in the Renovation and Reconstruction tender of Sister of Mercy Hospital in Zagreb, Croatia, on 14 May, together with Dost Construction (with 60% Akfen Construction-40% Dost Construction partnership), and the offer was announced by the tender commission as the winning offer on August 3, 2022. As of 25 November 2022, following the completion of the necessary procedures, the project contract was signed and entered into force. The Company established a branch affiliated to Akfen İnşaat to carry out its Croatian business. Also Akfen İnşaat Bucharest branch was registered in Romania on June 8, 2023 for possible projects in Romania.

As of December 31, 2023, the Group manages partnerships with nationally and internationally reputed partners such as, Tepe İnşaat Sanayi A.Ş., ("Tepe Construction"), İlbak Mining, PSA International ("PSA"), Travelex Group and Global InfraCo SP NEUM SLU ("Global InfraCo"). 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.

As of December 31, 2023 and 2022, the shareholders of Akfen Holding are as follows:

	December 31, 2023		December 31, 2022	
	Share Amount	Share Ratio %	Share Amount	Share Ratio %
Pelin Akın Özalp	428,652	47.10	428,652	47.10
Selim Akın	428,652	47.10	428,652	47.10
Akfen Holding <sup>(1)</sup>	20,648	2.27	20,648	2.27
Hamdi Akın	29,902	3.29	29,902	3.29
Akfen Turizm	2,146	0.24	2,146	0.24
<b>Paid-in capital (nominal)</b>	<b>910,000</b>	<b>100</b>	<b>910,000</b>	<b>100</b>

<sup>(1)</sup> It consists of Akfen Holding's Treasury shares.

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, 2023, the number of employees of the Company and Company's joint ventures/financial investments is 71 (December 31, 2022: 60) and 5,520 (December 31, 2022: 4,544) respectively.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 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 Renewable Energy

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

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

On December 5, 2019, the capital of Akfen Renewable Energy was increased to TRY 959,410 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 TRY 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%. Akfen Holding acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company and Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023. On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As a result, as of December 31, 2023, Akfen Holding's share in Akfen Renewable Energy was 66.5%.

##### HEPP Companies

As of December 31, 2023, the HEPP Companies have a total installed capacity of 228,7 MW with generation operations going on in 12 power plants.

As of December 31, 2023; 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, 2023; 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, 2023, a WPP project with a total installed power of 348.9 MW is in operation.

##### 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.



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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

#### i) Subsidiaries (cont'd)

##### Akfen Renewable Energy (cont'd)

All of the HEPP Companies projects in Akfen Renewable's portfolio, with the exception of Sırma HEPP, Çamlıca-III HEPP, Saraçbendi HEPP, Otluca HEPP and Demirciler HEPP, and WPP and SPP companies 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 / kWh 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.

##### 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. The Joint Venture (Ordinary Partnership) was established by Akfen Construction and Dost İnşaat ve Proje Yönetimi A.Ş. with the ratio of 70%-30%, respectively, with the contract numbered 04301 dated March 27, 2023, which was signed by the Ankara 78<sup>th</sup> Notary Public. The Joint Venture (Ordinary Partnership) was established by Akfen İnşaat and Dost İnşaat ve Proje Yönetimi A.Ş. with the ratio of 55% to 45%, respectively, with the contract dated June 12, 2023 with the contract number 07976, which was signed by the Ankara 78<sup>th</sup> Notary Public. In addition, the Akfen Construction participated in the Renovation and Reconstruction tender of Sister of Mercy Hospital in Zagreb, Croatia, on 14 May, together with Dost Construction (with 60% Akfen Construction-40% Dost Construction partnership), and the offer was announced by the tender commission as the winning offer on August 3, 2022. As of 25 November 2022, following the completion of the necessary procedures, the project contract was signed and entered into force. The Company established a branch affiliated to Akfen İnşaat to carry out its Croatian business. Also Akfen İnşaat Bucharest branch was registered in Romania on June 8, 2023 for possible projects in Romania.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

#### i) Subsidiaries (cont'd)

##### **Akfen Tourism**

Akfen Tourism coordinates the Group's potential tourism investments. In this context; It operates Bodrum Loft holiday vil-lage, 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. Yedide Yedi, was established on November 24, 2023, and Kadıköy Terminal was established on December 15, 2023 whose capital is wholly owned by Akfen Tourism.

##### **Akfen GPYŞ**

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

##### **Akfen Water**

Akfen Water Güllük started operations on August 24, 2006. All the shares of Akfen Su Güllük which is a wholly owned sub-sidiary 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 sustain-able 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. Subse-quently, 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. Akfen Holding completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023 and Akfen Water, became a 100% subsidiary.

##### **Other**

Among the subsidiaries of Akfen Holding, it was also established to develop an imported coal power plant in Adana-Yumur-talık 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 2023, Akfen Danışmanlık, Zeki İnşaat, Temmuz Investment, Ağustos Investment, Kasım Investment, Aralık Investment, Ocak Investment and Şubat Investment companies are also included in the Group as subsid-aries.

#### ii) Joint Ventures and financial investments

##### **Akfen GYO**

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 sub-sidiary 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.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

#### ii) Joint Ventures and financial investments (cont'd)

##### Akfen REIT (cont'd)

The main field of business for Akfen REIT is to invest in real estate-based capital market instruments, establish and develop a real estate portfolio and engage in business for the purposes and subjects stated in Articles 23 and 25 of the CMB Communique on Principles Governing Real Estate Investment Trusts (Serial VI, No: 11), Akfen Holding, the controlling shareholder in Akfen REIT, signed a framework agreement with Accor, one of the world's leading hotel chains, to develop hotel projects in 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 GT"), an associate of Akfen Holding, were transferred to Akfen REIT over their nominal value. The main field of business for Akfen GT is to make real estate-based investments, and establish and develop a real estate portfolio. Akfen GT, a 100% subsidiary of Akfen REIT, has a 286-room Merit Park Hotel operating in the Turkish Republic of Northern Cyprus (TRNC) in its portfolio. Pursuant to the decision of the Board of Directors of the Company dated April 13, 2023, a transfer agreement was signed between the Company and Merit Kıbrıs Turizm Ltd Company on April 13, 2023 regarding the transfer of the hotel, whose investment was completed in the TRNC and operated under the title of Merit Park Hotel & Casino. Since the most appropriate transfer of the hotel in question for the Company is to make the transaction in the form of a share transfer by turning Akfen GT, a subsidiary of the Company, into a special purpose company related to the hotel in question, Akfen GT will be made to have no activities or assets other than the hotel, and the transaction will be carried out by the Board of Directors of the Company after the valuation to be made in accordance with the conditions and principles of the realization of the conditions in the contract, the conditions and principles of obtaining all necessary legal permits and the CMB legislation. If approved, it will be transferred to the buyer with a variable price of 73,000,000 USD + Variable. In this context, as of August 28, 2023, the division of Akfen GT in such a way that only the hotel will remain within its structure has been completed, and the shares of Akfen Karaköy Real Estate Investments and Construction Joint Stock Company ("Akfen Karaköy"), which is 78.83% owned by Akfen GT, have been transferred to the newly established Akfen Güney Gayrimenkul İşletme Anonim Şirketi ("Akfen Güney") through a partial division. In addition, as a result of the aforementioned division process; Akfen GT is a company with 97.8% of YaroslavInvest Limited Company ("YaroslavInvest"), Samstroykom Limited Company ("Samstroykom") and KaliningradInvest Limited Company ("KaliningradInvest"), 96.17% of Volgastroykom Limited Company ("Volgastroykom"), which has an office investment in Russia, and Severnyi Avtovokzal Limited Company, which has a hotel investment in Moscow, where hotel investments in Russia are located and whose main fields of activity are to realize hotel and office projects in Russia ("Severnyi"), while the shares of these subsidiaries were transferred to the newly established Akfen Kuzey Gayrimenkul İşletme Anonim Şirketi ("Akfen Kuzey"). The main fields of activity of Akfen South and Akfen North, which were registered on August 28, 2023 and are 100% owned, are to invest in real estate, to create and develop a real estate portfolio. On May 31, 2011, Akfen REIT incorporated a subsidiary called Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. ("Akfen Karaköy") in order to develop a hotel project in Karaköy, Istanbul. 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%. As of February 16, 2023, 85.16% (7.25% of total shares) of Akfen Karaköy's shares owned by 3<sup>rd</sup> parties were taken over by Akfen GT, Akfen GT was taken over by Akfen GT as a set-off against its existing receivables from other shareholders of Akfen Karaköy together with interest accrued until the share transfer date, and 14.84% of the remaining shares (1.27% of total shares) were taken over by Akfen Holding. On May 2, 2023, the Company acquired 1.27% of Akfen Karaköy shares belonging to Akfen Holding, and with the said share transfer, Akfen Karaköy became a 100% subsidiary of the Company. As of December 31, 2023, Akfen REIT's direct and indirect ownership of Akfen Karaköy was 100% (December 31, 2022: 91.47%).

As of December 31, 2023, the total number of rooms in the 21 hotels owned by Akfen REIT (December 31, 2022: 21 hotels) is 3,720 (December 31, 2022: 3,720) and the corresponding number of beds is 7,298 (December 31, 2022: 7,298). As of February 9, 2021, the acquisition of Akfen REIT's shares in Masanda Turizm ("Bodrum Loft") and Isparta Yurt (Kütahya and Isparta dormitories) was completed. Thus, the company has added a holiday village with a capacity of 92 rooms and two student dormitories with a capacity of 7,840 beds to its portfolio. On June 30, 2021, with the registration of the merger transaction, Isparta Yurt Yatırımları A.Ş. and Masanda Turizm were taken over by Akfen REIT together with all their assets and liabilities.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

#### ii) Joint Ventures and financial investments (cont'd)

##### Akfen REIT (cont'd)

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, Istanbul, 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. The remaining 49% of Fıratcan Turizm's shares were purchased on July 18, 2023. After the acquisition, Fıratcan Turizm became a 100% subsidiary of the Company. On September 15, 2022, Akfen REIT purchased a land of 22,197 square meters in Bodrum Yalıkavak, for which all licenses and permits are ready, and started the construction of the villa project planned to be sold on the land.

On September 15, 2022, Akfen REIT purchased a land of 22,197 square meters in Yalıkavak, Bodrum, for which all licenses and permits are ready, and started the construction of the villa project planned to be sold on the land.

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 m<sup>2</sup> of land in Muğla province, Milas district, Kızıyışlacık Neighborhood/Village, Gökliman Locality.

On April 3, 2023, Akfen REIT was acquired Akfen Bafra Gayrimenkul Ticareti ve İnşaat A.Ş. ("Akfen Bafra"), a new wholly owned subsidiary. The main activity of the Company is to invest in real estate in Cyprus, to create and develop a real estate portfolio.

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% and Akfen REIT's actual free float ratio increased to 44.5%. In addition, the transaction to increase the issued capital of Akfen REIT from TRY 1,300,000,000 to TRY 3,900,000,000 with an increase of TRY 2,600,000,000 at a 200% consideration by paying all of it in cash was approved at the CMB's meeting dated December 7, 2023 and numbered 76/1684, and there was no change in Akfen Holding's ownership ratio after the aforementioned capital increase.

##### 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.

##### 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, 2023 and 2022, since the transfer transaction has not been recorded in TAV Investment's share ledger, TAV Investment is accounted in the financial investments.

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

## **Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

#### **ii) Joint Ventures and financial investments (cont'd)**

##### ***İDO ve MDO***

The tender held by Istanbul Metropolitan Municipality ("İBB"), the former controlling shareholder of İDO, for the block selling of İDO on June 16, 2011 was awarded to Tepe Construction, Akfen Holding, Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Joint Venture Group, İDO carries passengers and vehicles under the name "Sea Bus and Fast Ferry Lines" on intracity and intercity sea routes. Having a modern fleet of 48 vessels (24 sea buses, 18 ferryboats, 5 fast ferries and 1 service ships), İDO carries passengers and vehicles in Marmara Sea on a total of 16 lines. As of December 31, 2023, sea buses, fast ferries and ferryboats have a total capacity of 31.377 passengers in summer season and 26.898 passengers in winter season while presenting a vehicle capacity of 1.964 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 Maden***

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 BMA Madencilik San. ve Tic. A.Ş. ("BMA Mining") (formerly; Bacacı Uluslararası Ticaret Yatırımları ve Yönetim A.Ş.). On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5%. On November 24, 2023, 3% of the shares were transferred to BMA Mining, and as of December 31, 2023, the ownership rate is 42.5%.

##### ***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.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 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 August 25, 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

These consolidated financial statements are prepared on a historical cost basis, adjusted for the effects of inflation on the Turkish Lira at the reporting date, excluding monetary assets and liabilities and assets and liabilities measured at fair value, in accordance with Turkish Accounting Standard ("TAS") 29 "Financial Reporting in Hyperinflationary Economies".

As of 1 January 2022, within the scope of TAS 29, the amount of "Retained Earnings" without inflation adjustment is TRY 3,244,658, and the amount of "Previous Year Losses" after inflation adjustment is TRY 8,531,788. The amount of "Previous Year Losses" dated 1 January 2022 is TRY 23,093,144 as brought to the purchasing power of 31 December 2023.

#### Financial Reporting in Hyperinflationary Economies

With the "Announcement on the implementation of TAS 29 Financial Reporting in Economies with High Inflation and FRS for LMSE Chapter 25 Financial Reporting in Economies with High Inflation" made on 23 November 2023 by POA, the financial statements of the enterprises applying TFRS for the reporting periods ending on or after 31 December 2023 will be subject to "Turkish Accounting Standard 29 Financial Reporting in High Inflation Economies" standard. In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, CMB decided that issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards will apply inflation accounting comply with the provisions of TAS 29. The implementation will start with the annual financial reports for the accounting periods ending as of 31 December 2023.

As a result, the financial statements of enterprises whose functional currency is TRY are adjusted in accordance with TAS 29 according to the changes in the general purchasing power of the Turkish Lira as of December 31, 2023. The correction is calculated with the consumer price index correction coefficients published by Turkish Statistical Institute, derived from Türkiye in general.

The indices and adjustment coefficients for the last three years used in the restatement of consolidated financial statements are as follows:

Date	Index	Conversion factor
December 31, 2023	1,859.38	1.000
December 31, 2022	1,128.45	1.648
December 31, 2021	686.95	2.707

In accordance with the POA's "Implementation Guide on Financial Reporting in Economies with High Inflation", the financial statements dated 1 January 2021, which are the opening amounts of the comparative financial table for the consolidated financial statements of the enterprises ending on 31 December 2023, are accepted as the opening statement of financial position.

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

## **Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

### **2.1. Basis of Presentation of Financial Statements (cont'd)**

#### **Principles of measurement (cont'd)**

TFRS requires that the financial statements of an entity whose functional currency is hyperinflationary, whether prepared according to the historical cost or current cost approach, be restated in accordance with the requirements of TAS 29 and applied retrospectively, assuming that there has always been high inflation in the economy in which the currency is located. The basic principle in TAS 29 is that the financial statements of an entity reporting in the currency of a hyperinflationary economy must be reported in the measurement unit current at the reporting date. Comparative figures for the previous period are rearranged to the same current unit of measurement.

The main procedures applied for the restatements mentioned above are as follows:

- Monetary assets and liabilities that are carried at amounts current at the reporting date are not restated because they are already expressed in terms of the monetary unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date.
- Property, plant and equipment are restated by applying the change in the index from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date. Depreciation is based on the restated amounts.
- All items in the income statement except for the depreciation charges explained above and deferred tax charges, are restated by applying the monthly conversion factors of the transactions to the reporting date.
- The effects of inflation on the net monetary positions of the Company, is included in the profit or loss statement as "monetary gain / (loss)".
- All items in the cash flow statement are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.
- All amounts for comparative periods have been rearranged by applying the index change from the relevant comparative period to 31 December 2023.

In a reporting period in which the Group determines that the functional currency is the currency of a hyperinflationary economy and there was no hyperinflation in the previous period, the Group applies the requirements of TAS 29 as if the economy had always been hyperinflation. Therefore, in respect of non-monetary items measured at historical cost, the opening statement of financial position at the beginning of the earliest period presented in the Group's consolidated financial statements should be restated to reflect the effects of inflation from the date on which assets were acquired and from the date on which liabilities were recognized or assumed. For non-monetary items shown at their current amounts in the opening statement of financial position, this adjustment should reflect the effect of inflation from the date their current values were determined to the end of the reporting period.

The Group applied TAS 29 in the opening statement of financial position dated 1 January 2021 and rearranged the relevant amounts to reflect the effect of inflation from the date the assets were acquired and liabilities and equity were assumed, excluding retained earnings/losses, until the end of the reporting period.

#### **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.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**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, 2023 and 2022, the functional currencies of subsidiaries, joint ventures and financial investments are as follows:

<b>Company</b>	<b>Functional Currency</b>
Akfen REIT	TRY
Akfen Renewable <sup>(1)</sup>	TRY
Akfen Water <sup>(2)</sup>	TRY
MDO	TRY
Akfen Construction	TRY
Akfen Consultancy	TRY
Akfen Tourism	TRY
Akfen GPYŞ	TRY
Acacia Mining	USD

<sup>(1)</sup> The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company. Therefore, Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023.

<sup>(2)</sup> The Company completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023. Therefore, Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023.

**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 June 30, 2023 and December 31, 2022, 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.



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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.1. Basis of Presentation of Financial Statements (cont'd)

	Dec.31, 2023 Shareholding rate(%)	Dec. 31, 2023 Voting rights	Dec.31, 2022 Shareholding rate(%)	Dec. 31, 2022 Voting rights	Main Operations
<b>Direct subsidiaries</b>					
Adana Ipekyolu	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	100	100	100	100	Construction
Akfen Consultancy	100	100	100	100	Consultancy services
Akfen Tourism	100	100	100	100	Tourism/Restaurant administration
Akfen GPYS	100	100	100	100	Real estate portfolio management
Temmuz Investment	100	100	100	100	Inactive
Ağustos Investment	100	100	100	100	Inactive
Zeki İnşaat (*)	100	100	100	100	Inactive
Akfen Renewable Energy <sup>(1)</sup>	66.5	66.5	66.91	66.91	Energy
Akfen Water <sup>(2)</sup>	100	100	50	50	Solid waste services
Kasım Investment <sup>(3)</sup>	100	100	-	-	Inactive
Aralık Investment <sup>(3)</sup>	100	100	-	-	Inactive
BİZ Mining <sup>(4)</sup>	50	50	100	100	Inactive
Ayrı Gayrimenkul <sup>(5)</sup>	-	-	100	100	Inactive
Ocak Investment <sup>(6)</sup>	100	100	-	-	Inactive
Şubat Investment <sup>(6)</sup>	100	100	-	-	Inactive
Akfen Merter <sup>(7)</sup>	91.52	91.52	91.52	91.52	Real estate
<b>Indirect subsidiaries</b>					
Isparta City Hospital <sup>(8)</sup>	99.88	99.88	99.88	99.88	City hospital
Eskişehir City Hospital <sup>(8)</sup>	100	100	100	100	City hospital
Tekirdağ Şehir Hospitalsı <sup>(8)</sup>	100	100	100	100	City hospital
Hacettepe Teknokent <sup>(8)</sup>	99.76	99.76	99.76	99.76	Dormitory management
Haziran Investment <sup>(8)</sup>	100	100	100	100	Inactive
Mayıs Investment <sup>(3)(8)</sup>	100	100	-	-	Inactive
Akfen Hospital <sup>(9)</sup>	100	100	100	100	City hospital services
Yedide Yedi <sup>(10)</sup>	100	100	-	-	Tourism
Kadıköy Terminal <sup>(11)</sup>	100	100	-	-	Tourism
Bt Bordo <sup>(12)</sup>	100	100	-	-	Energy-HEPP
Elen <sup>(12)</sup>	100	100	-	-	Energy-HEPP
H.H.K <sup>(12)</sup>	100	100	-	-	Energy-HEPP
Yeni Doruk <sup>(12)</sup>	100	100	-	-	Energy-HEPP
Ayna Energy <sup>(12)</sup>	100	100	-	-	Energy-HEPP
Bahçe Energy <sup>(12)</sup>	100	100	-	-	Energy-HEPP
Bahçeli Energy <sup>(12)</sup>	100	100	-	-	Energy-HEPP
Batıkent Energy <sup>(12)</sup>	100	100	-	-	Energy-HEPP
Beysukent Energy <sup>(12)</sup>	100	100	-	-	Energy-HEPP
Çekirdek Energy <sup>(12)</sup>	100	100	-	-	Energy-HEPP
Cihangir Energy <sup>(12)</sup>	100	100	-	-	Energy-HEPP
Dalga Energy <sup>(12)</sup>	100	100	-	-	Energy-SPP
Devir Energy <sup>(12)</sup>	100	100	-	-	Energy-SPP
Düzey Energy <sup>(12)</sup>	100	100	-	-	Energy-SPP
Farez Electric <sup>(12)</sup>	100	100	-	-	Energy-SPP
Gökada Electric <sup>(12)</sup>	100	100	-	-	Energy-SPP
Günova Electric <sup>(12)</sup>	100	100	-	-	Energy-SPP
Hazine Energy <sup>(12)</sup>	100	100	-	-	Energy-SPP
İota Energy <sup>(12)</sup>	100	100	-	-	Energy-SPP
Jüpiter Energy <sup>(12)</sup>	100	100	-	-	Energy-SPP
Kızılay Energy <sup>(12)</sup>	100	100	-	-	Energy-SPP
Komsun Energy <sup>(12)</sup>	100	100	-	-	Energy-SPP
Me-Se Energy <sup>(12)</sup>	80	80	-	-	Energy-SPP
Mt Energy <sup>(12)</sup>	100	100	-	-	Energy-SPP
Murel Electric <sup>(12)</sup>	100	100	-	-	Energy-SPP
Neptün Energy <sup>(12)</sup>	100	100	-	-	Energy-SPP

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.1. Basis of Presentation of Financial Statements (cont'd)

#### Subsidiaries (cont'd)

	Dec.31, 2023	Dec.31, 2023	Dec.31, 2022	Dec.31, 2022	
	Shareholding	Voting	Shareholding	Voting	Main Operations
	rate (%)	rights	rate (%)	rights	
<b>Indirect subsidiaries</b>					
Omicron Energy <sup>(12)</sup>	100	100	-	-	Energy -SPP
Plüton Energy <sup>(12)</sup>	100	100	-	-	Energy -SPP
Psi Energy <sup>(12)</sup>	100	100	-	-	Energy -SPP
Radon Electric <sup>(12)</sup>	100	100	-	-	Energy -SPP
Solentegre Energy <sup>(12)</sup>	90	90	-	-	Energy -SPP
Uranüs Energy <sup>(12)</sup>	100	100	-	-	Energy -SPP
Yaysun Electric <sup>(12)</sup>	100	100	-	-	Energy -SPP
Yeşildere Electric <sup>(12)</sup>	100	100	-	-	Energy -SPP
Yeşilvadi Electric <sup>(12)</sup>	100	100	-	-	Energy -SPP
Zengen Energy <sup>(12)</sup>	100	100	-	-	Energy -SPP
Zincir Energy <sup>(12)</sup>	100	100	-	-	Energy -SPP
İmbat Energy <sup>(12)</sup>	100	100	-	-	Energy -WPP
Kanat Energy <sup>(12)</sup>	100	100	-	-	Energy -WPP
Pruva Energy <sup>(12)</sup>	100	100	-	-	Energy -WPP
İsider Energy <sup>(12)</sup>	100	100	-	-	Energy -WPP
Korda Energy <sup>(12)</sup>	100	100	-	-	Energy -WPP
Derbent Energy <sup>(12)</sup>	100	100	-	-	Energy -WPP
Kovanç Energy <sup>(12)</sup>	100	100	-	-	Energy -WPP
Akfen Electric Wholesale <sup>(12)</sup>	100	100	-	-	Enerji-Wholesale

<sup>(1)</sup> The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company. The Capital Markets Board approved the public offering of the B group shares with a nominal value of TRY 340,370,703 owned by Akfen Renewable Energy in the company's capital on March 2, 2023. The B group shares with a nominal value of TRY 340,370,703 have been offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy's total shares with a nominal value of TRY 340,370,703 (capital ratio of 33.5%) have been publicly offered. As a result, as of December 31, 2023, Akfen Holding's share in Akfen Renewable Energy is 66.5%. Therefore, as of December 31, 2022, Akfen Renewable, which was the Company's business partnership, became a subsidiary as of December 31, 2023.

<sup>(2)</sup> The Company completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023. Therefore, Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023.

<sup>(3)</sup> It was established on March 14, 2023.

<sup>(4)</sup> On January 2, 2023, the Company transferred 50% of Biz Mining's shares which it owns all shares to İlbak Mining. Therefore, Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of December 31, 2023.

<sup>(5)</sup> It has been decided to transfer the shares of Ayır Gayrimenkul to Akfen Gayrimenkul Portföy Yönetimi A.Ş. Birinci Gayrimenkul Yatırım Fonu'na ("Fon"). The aforementioned transfer transaction was completed on January 13, 2023, and 342,198,000 Ayır Gayrimenkul shares belonging to Akfen Holding and 100,000 Ayır Gayrimenkul shares belonging to Akfen Construction were transferred to the Fon. Therefore, as of December 31, 2022, Ayır Gayrimenkul, a subsidiary of the Company, is not included in the Group assets as of December 31, 2023.

<sup>(6)</sup> It was established on July 26, 2023.

<sup>(7)</sup> On September 30, 2023, the Company acquired 46.92% of Akfen Merter's shares owned by Akfen Construction.

<sup>(8)</sup> It is a subsidiary of Akfen Construction.

<sup>(9)</sup> 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.

<sup>(10)</sup> It was established on November 23, 2023.

<sup>(11)</sup> It was established on December 15, 2023.

<sup>(12)</sup> It is a subsidiary of Akfen Renewable Energy. Akfen Renewable Energy became an indirect subsidiary of the Company with the share purchase made on January 18, 2023.

<sup>(1)</sup> As of December 31, 2022, 10.86% of the shares belong to Akfen Construction. On September 30, 2023, the Company also took over 10.86% of the shares of Zeki İnşaat owned by Akfen Construction.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 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

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, 2023 and December 31, 2022 are as follows:

	Dec.31, 2023 Shareholding rate (%)	Dec.31, 2023 Voting rights	Dec.31, 2022 Shareholding rate (%)	Dec.31, 2022 Voting rights	Main Operations
<b>Financial investment <sup>(1)</sup></b>					
MIP	10	10	10	10	Port management
TAV Investments	21.68	21.68	21.68	21.68	Construction and parking man.
Travelex	10	10	10	10	Currency trading activity
Tepe Akfen Reformer	26	26	26	26	Inactive
<b>Joint ventures</b>					
Akfen Water <sup>(2)</sup>	-	-	50	50	Solid waste services
Akfen Renewable Energy <sup>(3)</sup>	-	-	66.91	66.91	Energy
MDO	50	50	50	50	Sea bus transportation
Acacia Mine <sup>(4)</sup>	42.5	42.5	25.5	25.5	Mine
Akfen REIT	13.94	13.94	13.94	13.94	Real estate inv./Tourism
Biz Mining <sup>(5)</sup>	50	50	100	100	Inactive

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

<sup>(2)</sup> The Company completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023. Therefore Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023.

<sup>(3)</sup> The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company. The Capital Markets Board approved the public offering of the B group shares with a nominal value of TRY 340,370,703 owned by Akfen Renewable Energy in the company's capital on March 2, 2023. The B group shares with a nominal value of TRY 340,370,703 have been offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy's total shares with a nominal value of TRY 340,370,703 (capital ratio of 33.5%) have been publicly offered. As a result, as of December 31, 2023, Akfen Holding's share in Akfen Renewable Energy is 66.5%. Therefore, Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023. As of December 31, 2022 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 as of December 31, 2022.

<sup>(4)</sup> After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine and the ownership rate increased to 45.5%.

On November 24, 2023, the 3% ownership shares were transferred to BMA Mining, and as of December 31, 2023, the ownership percentage is 42.5%.

<sup>(5)</sup> On January 2, 2023, the Company transferred 50% of BİZ Mining's shares which it owns all shares to İlbak Mining. Therefore, Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of December 31, 2023.

#### 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.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.1. Basis of Presentation of Financial Statements (cont'd)

#### **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.

#### **Foreign currency**

##### **Foreign currency transactions**

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

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

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

##### **Foreign operations**

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

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

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

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

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

## **Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

### **2.2. Summary of Significant Accounting Policies**

#### **Inventories**

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

#### **Tangible fixed assets**

##### **Accounting and measurement**

Tangible fixed assets purchased until December 31, 2004 are adjusted for inflation in TRY denomination as of December 31, 2004 in compliance with TAS 29. Accordingly, tangible fixed assets are indicated by deducting accumulated depreciation and permanent losses in value from the historical costs under inflation. Tangible fixed assets purchased starting from January 1, 2005, on the other hand, are indicated by deducting accumulated depreciation and permanent losses in value from their historical costs. The power plants in the fixed assets of Akfen Renewables, which became a subsidiary of the Group in 2023, are recognised for using the revaluation method. In addition, lands 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 Group has obtained a valuation report for the power plants from an independent valuation firm authorized by the CMB on 31 December 2022 and has taken the fair values determined in its working as a basis. The discount rate used to calculate the discounted cash flows included in the valuations and impairment calculations of power plants is 10.6%, which is the after-tax Weighted Average Cost of Capital (WACOC).

Increases in property, plant and equipment as a result of revaluation are credited after the deferred tax effect is netted on the revaluation fund account in the equity group in the statement of financial position. The difference between the depreciation calculated over the carrying values of the revalued assets (depreciation charged to the profit or loss statement) and the depreciation calculated over the acquisition cost of these assets is transferred from the revaluation fund to the accumulated profit/loss after the deferred tax effect is netted each year. The same applies to disposal of property, plant and equipment.

The revaluation gap is recognized in the statement of profit or loss, except that it offsets the current increase on the same asset recognized in the item of property, plant and equipment revaluation increases.

Normal maintenance and repair expenses incurred on a property, plant and equipment are recognized as an expense. Investment expenditures that increase the capacity of the tangible fixed asset and increase the future benefit from it are added to the cost of the tangible fixed asset and depreciated over the remaining estimated useful life of the tangible fixed asset.

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.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

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

**Tangible fixed assets (cont'd)**

**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	2-49
Machinery and Equipment	2-50
Vehicles	5
Special costs	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.

**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.

**Goodwill**

Goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment losses. For purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that the Group expects to benefit from the synergies of the combination.

A cash-generating unit to which goodwill is allocated is tested for impairment annually or more frequently when there is an indication that the unit is impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first allocated to the other assets of the unit to reduce the carrying amount of the goodwill allocated to the unit, then the amount of each asset in the unit on a book basis.

Impairment losses are recognized in profit or loss. It is distributed first, which will reduce the carrying amount of any goodwill distributed to the CGU, and then reduced by the carrying amount of the other assets in the CGU.

An impairment loss recognized for goodwill is not reversed.

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

## **Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

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

#### **Impairment of Tangible and Intangible Assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets that have an indefinite useful life and that are not ready for use are tested for impairment at least once a year or if there is an indication of impairment. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is the present value of the expected future cash flows from an asset or cash-generating unit. In calculating value in use, a pre-tax discount rate is used, which reflects the value in use of money according to the current market assessment and the asset-specific risks that are not taken into account in estimating future cash flows. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

In accordance with the accounting policy for the intangible assets which have indefinite useful lives and goodwill, are reviewed for impairment annually or whenever events or changes in circumstances indicate impairment, by the Group. The recoverable amounts of the cash-generating units are determined using the methods of value in use. Certain estimates were used in these calculations.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **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.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

#### 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.

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



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

## **Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## **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 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.

##### **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.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

#### 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.

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.

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

## **Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

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

#### **Financial Assets (cont'd)**

##### *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.

#### **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.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

#### 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.

#### 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.

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

## **Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

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

#### **Revenue**

##### **Revenue from customer contracts**

Group started to use the following five-stage model in the recognition of revenue in line with the TFRS 15 "Revenue from Customer Contracts Standard".

- Defining contracts with customers
- Defining performance obligations in contracts
- Determining the transaction price in the contracts
- Distribution of transaction price to performance obligations
- Recognition of revenue

According to this model, first of all, the goods or services promised in each contract made with the customers are evaluated and each commitment made for the transfer of the said goods or services is determined as a separate performance obligation. Afterwards, it is determined whether the performance obligations will be fulfilled over time or at a certain time.

If the Group transfers control of a good or service over time and therefore fulfills the performance obligations related to the related sales over time, it measures the progress towards the full fulfillment of the said performance obligations and recognizes the revenue in the consolidated financial statements over time. Revenue related to performance obligations in the form of goods or service transfer commitments are recognized when the control of the goods or services is taken over by the customers.

The Group, while evaluating the transfer of control of the goods or services sold to the customer,

- a) Ownership of the Group's right to collect on goods or services
- b) The customer's ownership of the legal ownership of the goods or services
- c) Transfer of possession of goods or services,
- d) The customer's ownership of significant risks and rewards arising from owning the property or service,
- e) It takes into account the customer's acceptance of goods or services.

The Group accounts for a contract with a customer within the scope of TFRS 15, only if all of the following conditions are met.

- In case the parties of the contract approve the contract and undertake to perform their own actions.
- In case the company can define the rights regarding the goods or services to be transferred by each party.
- Where the company can define payment terms for the goods or services to be transferred.
- Where there is a contract of commercial importance.
- In the event that the company will collect a price for goods or services to be transferred to the customer.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

#### Revenue (cont'd)

##### 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

IFRS 12 Interpretation regulates the accounting of public-private sector concessional service agreements by operators. This interpretation applies to public-to-private concessional service agreements if the following conditions are met:

- If the concessionist supervises or regulates what services the operator must provide with the infrastructure, for whom it must provide such services and at what price, and
- The grantor of the concession; in the event that, by ownership, usufruct or otherwise, controls any existing significant right/interest in the infrastructure at the end of the agreement period.

As a result of the contracts signed on 20 August 2015, 26 August 2014 and 12 August 2016, respectively, Eskişehir, Isparta and Tekirdağ City Hospitals operate within the scope of Construction and Transfer of Operating Rights ("TOR") contracts and service concession agreements for certain services such as construction, integrated health facilities design, construction, operation and maintenance with Public Private Partnership models. With the concession agreements it has made, the company will receive the annual rent and service payments determined from the Ministry of Health during the operation period. Isparta City Hospital, Eskişehir City Hospital and Tekirdağ City Hospital became operational as of March 2017, October 2018 and November 2020, respectively, and the Group accounts for the revenues it receives from hospital management activities under "Revenue".

Isparta City Hospital, Eskişehir City Hospital, and Tekirdağ City Hospital have respectively commenced their operations and collections related to hospital management as of March 31, 2017, October 27, 2018, and November 30, 2020. As a result of recent agreements with the Ministry of Health, Isparta City Hospital, Eskişehir City Hospital, and Tekirdağ City Hospital will have operational rights until November 2039, December 2044, and February 2043, respectively. Within this scope, the Group is obligated to deliver the hospitals and their facilities in good and complete condition to the Ministry of Health at the end of the operational period.

The hospitals will be handed over to the Ministry of Health at the end of the working period. Financial assets arising from the application of TFRS Interpretation 12 are presented under financial assets in the balance sheet.

If the operator provides construction or renovation services, the consideration received or to be received by the operator is accounted for according to TFRS 15. This consideration may be;

- A financial asset or
- Intangible non-current asset rights.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

#### Revenue (cont'd)

##### Service concession agreements (cont'd)

The operator recognizes an "intangible asset" to the extent that it obtains the right to collect fees from users of utilities (license). The right to collect fees from utility users is not an unconditional right to obtain cash; Because the amounts are contingent to the extent that the public uses the service. The operator recognizes a unconditional right arising from a contract to obtain cash or another financial asset given by the grantor in exchange for construction services, or given in accordance with the grantor's instructions, to the extent that the agreement is generally legally enforceable; if the grantor has very limited discretion, if any, not to make the payment. Even if the payment is conditional on the operator guaranteeing that the infrastructure meets the specified quality or efficiency requirements, the operator has an unconditional right to collect cash if the concessionist contractually undertakes to pay the operator (a) the amount determined or determinable or (b) the difference, if any, between the amounts collected from utility users and the amounts determined or determinable. The Group evaluated the Preferred Service Agreements and decided to recognize them as financial assets.

##### *Financial asset model*

Under concessionary service agreements, the operator has an unconditional right to collect cash if the concessionaire undertakes to make the following payments:

- An amount that is or can be determined in the contract, or
- If applicable, committing to cover the gap between amounts collected from public service users and the specified or determinable amounts, based on the contract.

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

##### Contractual Cash Flows Test Involving Interest Payments on Principal and Principal Balance Only

IFRS 9 requires determining whether cash flows related to contractual interest payments pertain solely to principal and principal balances for financial assets.

Anapara: It represents the fair value measured on the day when the financial asset is initially recorded.

Interest: Interest reflects the time value of money, as well as the profit margin of the lender and the cost of the credit risk associated with the financial instrument (such as liquidity risk) and other underlying lending risks and costs (such as service costs and managerial costs) that exist over the life of the financial instrument. The costs in question must be qualitatively similar to the costs of an ordinary debt instrument.

The time value of money is only the element of interest that pays for the passage of time. In other words, the time value of money element does not compensate for other risks or costs associated with holding the financial asset. The business uses its judgment to assess whether the element in question only covers the cost of the passage of time, and takes into account relevant factors such as the currency in which the financial asset is expressed and the period in which the interest rate applies.

When evaluating a financial asset with cash flows independent of the time value of money, IFRS 9 recommends comparing the contractual cash flows of the financial asset being assessed by a business with the cash flows of a "comparable" (similar) other debt instrument. If the cash flows of the compared debt instrument significantly differ from the cash flows of the financial asset held by the business, it is accepted that the contractual cash flows include not only principal and interest payments related to the principal balance, and the said financial asset is recognized as a financial asset accounted for in the profit or loss statement due to changes in fair value.

If the financial asset with variable cash flows significantly differs from the cash flows of a comparable debt instrument, without requiring a detailed analysis, it is not necessary to conduct a thorough quantitative evaluation (only a "qualitative assessment").

When evaluating financial instruments within the scope of this assessment, certain factors must be taken into consideration:

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

#### Revenue (cont'd)

##### Financial asset model(cont'd)

- The entity compares the contractual undiscounted cash flows of the financial instrument with the contractual undiscounted cash flows ("benchmark cash flows") that would have arisen if the time value of the cash flows had not been changed.
- A suitable comparable financial instrument is one that has the same credit quality and the same contractual terms (e.g., with the same repayment period), except for cash flow variability.
- The entity should consider changes in cash flows, the time value of returns, and the cumulative impact on the vehicle's lifespan during each reporting period..
- The entity should consider only reasonable scenarios rather than all possible scenarios..

However, it is necessary to define a basis financial instrument pool, which implies evaluating multiple scenarios.

In some cases, the financial asset may have contractual cash flows, which are defined as principal and interest, but these cash flows do not reflect the outstanding principal interest of the principal and interest amount, as defined in IFRS 9. If the cash flows of a financial instrument are dependent on the performance of the entity or the volume of transactions, the cash flows arising from this contract are inconsistent with the cash flows of an underlying financial instrument. As a result, the instrument in question will not meet the contractual cash flows criterion, which includes only interest payments on the principal and principal balance.

The Group has evaluated the Service Concession Agreements with the state in the context of Cash Flows related to Interest Payments Only on Principal and Principal Balance, based on TFRS 9. As a result of the assessment, the Group believes that the financial assets arising from the Service Concession Agreements do not have cash flows consistent with ordinary debt instruments due to foreign exchange rate adjustments and contractual variable returns. Therefore, the financial assets arising from these investments are now measured as Fair Value Changes Recognized in Profit or Loss.

#### Electricity sales revenues

The Group carries out its activities in accordance with the Electricity Market Law No. 6446, the Electricity Market License Regulation of EMRA, the Electricity Market Balancing and Settlement Regulation ("EMBSR") and other relevant legislation.

Electricity sales are recognized as revenue during electricity distribution on an accrual basis. In the case of YEKDEM revenues, electricity sales are recorded according to the service rendered at the rates specified under YEKDEM. In case of income other than YEKDEM, electricity sales are recorded based on the service delivered, but at market rates and prices.

The Group has defined the sale of electricity as a performance obligation. Since the billed amounts reasonably represent the value to customers of the performance obligations fulfilled to date, the identified performance obligations were evaluated and determined to be fulfilled over time and eligible for billing. The transaction price is based on the actual price per mega-watt output. In licensed projects, sales subject to YEKDEM are generally invoiced on the 15-20<sup>th</sup> day of the following month, and the collections consisting of the difference between the YEKDEM sales price and the market clearing price are collected on the 25-30<sup>th</sup> day of the following month. In non-licensed projects, sales subject to YEKDEM are generally invoiced on the 15-20<sup>th</sup> day of the following month. All sales are collected on the 5<sup>th</sup>-8<sup>th</sup> day of the following month.



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

## **Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## **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 confidently.

##### **Other transactions**

Income from delivered services is recognized in the consolidated comprehensive income statement in line with the completion rate of the transaction by the end of the reporting period.

##### **Government incentives**

Government incentives, including non-monetary government incentives measured by their fair values, are recognized in the consolidated financial statements when there is reasonable assurance that the entity will meet the conditions for obtaining them and that the incentives will be received by the entity.

Government incentives are presented in the financial statements in the same manner, even if they are obtained in cash or as a reduction of an obligation to the government.

Investment incentives are valued at their fair value if reasonable assurance is provided that the incentives will be received and that all conditions will be met. If the incentive is associated with an asset item, it is deducted during the calculation of the fair value of the asset. The incentive is recognized in profit or loss through the acquisition of rental income for the asset.

Earnings arising from investments within the scope of the incentive certificates received for the hospital project are subject to corporate tax at reduced rates, effective from the financial year in which the investment starts to be operated partially or completely, until the investment reaches the contribution amount. In this context, the Group recognizes the tax advantage that it expects to benefit in the foreseeable future in companies with investment incentives as deferred tax assets in the consolidated financial statements. The Group has the right to use this tax asset until the end of the operating period of the relevant hospitals.

##### **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.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

#### Taxes on income

Article 21 of the Law on the Issuance of Additional Motor Vehicle Tax and the Amendment of Certain Laws and the Decree Law No. 375 for the Compensation of Economic Losses Caused by the Earthquakes That Occurred on 6/2/2023" published in the Official Gazette dated 15 July 2023 and numbered 32249. Pursuant to Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate. With the amendments made in the article; It has been stipulated that the general rate applied in corporate tax will be increased from 20% to 25%, and the rate for banks and financial institutions will be increased from 25% to 30%. The same article of the said law (21. Article), in order to encourage exports, it has been ensured that the corporate tax rate, which is applied with a discount of 1 point to the earnings of exporting institutions exclusively from exports, is applied with a discount of 5 points. The amendment will apply to the earnings of corporations in 2023 and subsequent tax periods, starting with the returns that must be filed as of October 1, 2023. It will be in force in the tax calculation of the earnings of the institutions subject to the special accounting period starting in the calendar year 2023 and the following taxation periods. Therefore, the tax rate was used as 25% as of the reporting period in the tax calculations of the relevant companies (31 December 2022: 23%). The corporate tax rate is applied to the gross corporate income to be found as a result of adding expenses that are not accepted as a deduction in accordance with tax laws to the commercial income of corporations and deducting the exemptions and deductions in the tax laws. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the year to which it relates and paid until the end of the relevant month. The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity.

Current tax is calculated over the taxable part of the income for the period. The current tax liability of the Company is calculated using the tax rates enacted at the reporting date.

Furthermore, provisional corporate taxes are paid at 25% (2022: 23%) over profits declared for interim periods in 2023 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. Tax expense includes both current period tax expense and deferred tax expense. If the tax is not directly related to a transaction accounted for under equity, it is included in the income statement. Otherwise, the tax is accounted for under equity along with the relevant transaction..

Deferred tax is calculated using the liability method, based on the temporary differences between the recorded values of assets and liabilities in the consolidated financial statements and their tax values. The applicable tax rates in effect as of the balance sheet date are used for calculating deferred taxes.

When the deferred tax assets and deferred tax liabilities are levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities and in the event that the acquisition of deferred tax assets and the performance of deferred tax liabilities are simultaneous, deferred tax assets and deferred tax liabilities can be offset.

Deferred tax assets, 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.

For the temporary differences that are expected to be realized / closed in the deferred tax calculation, 25% tax rate is used in 2023.

The state incentives that enable the application of reduced corporate income tax within the scope of investment incentives, as provided by TMS 12, are evaluated under the Income Taxes standard. These state incentives are accounted for as deferred tax assets, provided that it is highly likely that the tax advantage amount earned will be utilized in the future through taxable profit.

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

## **Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## **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.

#### **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: 1<sup>st</sup> 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).

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

#### Determination of fair values (cont'd)

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.

#### 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, 2023, the discount rate used in the fair value calculation is 9.32% (December 31, 2022: 10.72%) (Euro) for Eskişehir City Hospital, 9.77% (December 31, 2022: 11.04%) (Euro) for Tekirdağ City Hospital and 10.41% (December 31, 2022: 11.96%) (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.

#### *Revaluation of power plants*

The Group has chosen the revaluation model, one of the application methods in TAS 16, as its accounting policy in order to present the power plants with their fair values. As of 31 December 2022, the Group obtained a valuation report from an independent valuation company and brought its plants to their revalued values.

In the valuation studies, "income reduction method- FNA Analysis" was applied. Income reduction method- The most basic assumptions affecting the valuation within the framework of "DNA Analysis"; (i) the weighted average cost of capital ratio (discount rate) used to discount expected future cash flows to the present; average YEKDEM and market electricity sales price and (iii) electricity production amount. The values of these assumptions used in the valuation study are as follows. In the period subject to YEKDEM, the larger of the YEKDEM and the market electricity sales were taken into account.

- Discount rate: 10.6% (2022: 13.6%)
- Average market electricity selling price (USD c /kWh, nominal): 8.62 (2022: 9.95) (average price over the period of the first five projection years) increased by an average of 2.5% per year (2022: 2.5%) in 2029 and beyond.
- YEKDEM electricity sales price range (USD c /kWh, real): 7.3 – 13.74 (2022: 7.3 – 13.74)
- Total annual electricity generation: 1,787 GWh ('First projection year) (2022: 1801 GWh)

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

## **Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## **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.

##### *Investment properties*

The fair value of the investment properties of the Group, as of the balance sheet date, has been determined by an independent real estate valuation company not affiliated with the Group. According to International Valuation Standards, the fair value calculated in the valuation reports is determined using income reduction methods, and various estimates and assumptions (discount rates, occupancy rates, etc.) are used in these calculations. Changes that may occur in the future in these estimates and assumptions could significantly impact the Group's consolidated financial statements.

##### *Tangible fixed assets*

The tangible fixed assets, including land and buildings, are measured based on their fair values according to the revaluation model. During the determination of the fair values of these tangible fixed assets, valuation methods such as comparable sales and cost approach have been used, taking into account the current condition of the real estate and the most efficient use.

##### *Financial investments*

The Group has classified its holdings in MIP, Travelex, TAV Investment, and TAR shares, which are reflected in the consolidated financial statements, as financial assets carried at fair value through other comprehensive income/expenses. These financial investments in MIP, Travelex, TAV Investment, and TAR, carried at fair value, are significant for the financial statements and require specialized valuation work. Valuations are conducted in accordance with market conditions, taking into account similar company multiples, discount rates, and current market transactions' yields and sale prices. Changes in these estimates and assumptions could significantly impact the Group's consolidated financial statements in the future.

##### *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.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

#### 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.

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.

### 2.3. Amendments to the Turkish Financial Reporting Standards

#### **The new standards, amendments and interpretations which are effective as at December 31, 2023 are as follows:**

Changes that have entered into force and have been implemented

Changes that have become effective and have been adopted for annual periods beginning on or after January 1, 2023:

- Amendments to TAS 8 – Definition of Accounting Estimates
- Amendments to TAS 1 – Disclosure Initiative: Accounting Policies
- Amendments to TAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules
- Amendments to IAS 12 BOBI FRS-International Tax Reform-Second Pillar Model Rules

These newly adopted amendments to standards have not been a significant impact on the consolidated financial statements of the Group.

New and updated standards and interpretations published by the IASB/ISSB but not yet published by the POA

- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates
- The Group does not expect that application of these Amendments to will have significant impact on its financial statements.

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

- TFRS 17 - The new Standard for insurance contracts
- First Implementation of TFRS 17 vs. TFRS 9 - Comparative Information
- Amendments to TAS 1– Classification of Liabilities as Current or Non-current
- Amendments to TFRS 16 Leases - Lease Liability in a Sale and Leaseback
- Amendments to TFRS 4- Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts
- Amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
- TSR S1 General Requirements for Disclosure of Sustainability-related Financial Information and TSRS S2 Climate-related Disclosures

The Group does not expect that application of these Amendments to will have significant impact on its financial statements.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 3. SHARE PURCHASE/SALES OF SUBSIDIARIES/AFFILIATES

#### Joint Venture Share Purchases

##### Akfen Water Share Purchase

On 5 January 2023, the Company acquired 50% of TASK Water B.V. shares in Akfen Water for TRY 17,708 and as of December 31, 2022, Akfen Water, the joint venture of the Company, became a subsidiary as of December 31, 2023. For the statement of financial position on the date of purchase, the date of December 31, 2022, which is the closest to the aforementioned date and where no significant change has occurred from this date to the date of purchase, is taken as a basis.

The financial statements of the related companies as of December 31, 2022 are as follows:

	Balance sheet of the acquisition (A)	Pre-purchase balance sheet (B)	Impact of purchase (A-B)
	December 31, 2022	December 31, 2022	December 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>	<b>87,098</b>	-	<b>87,098</b>
Cash and cash equivalents	11,947	-	11,947
Financial investments	64,942	-	64,942
Trade receivables	8,935	-	8,935
<i>Trade receivables from related parties</i>	8,797	-	8,797
<i>Trade receivables from third parties</i>	138	-	138
Current income tax assets	704	-	704
Prepaid expenses	570	-	570
<b>Non-current assets</b>	<b>20,568</b>	<b>48,810</b>	<b>(28,242)</b>
Other receivables	13,524	-	13,524
<i>Other receivables from related parties</i>	12,827	-	12,827
<i>Other receivables from third parties</i>	697	-	697
Investments accounted using the equity method	-	48,810	(48,810)
Property, plant and equipment	1,077	-	1,077
Intangible assets	25	-	25
Deferred tax asset	3,743	-	3,743
<b>Other non-current assets</b>	<b>2,199</b>	-	<b>2,199</b>
<b>Total assets</b>	<b>107,666</b>	<b>48,810</b>	<b>58,856</b>
<b>Liabilities</b>			
<b>Current liabilities</b>	<b>9,382</b>	-	<b>9,382</b>
Trade payables	7,302	-	7,302
<i>Trade payables to third parties</i>	7,302	-	7,302
Other payables	1,024	-	1,024
<i>Other payables to third parties</i>	1,024	-	1,024
Short-term provisions	919	-	919
<i>Short-term provisions for employee benefits</i>	919	-	919
<b>Other current liabilities</b>	<b>137</b>	-	<b>137</b>
<b>Non-current liabilities</b>	<b>702</b>	-	<b>702</b>
Long-term provisions	702	-	702
<i>- Long-term provisions for employee benefits</i>	702	-	702
<b>Equity attributable to owners of parent</b>	<b>97,621</b>	<b>48,810</b>	<b>48,810</b>
<b>Total liabilities</b>	<b>107,705</b>	<b>48,810</b>	<b>58,895</b>

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**3. SHARE PURCHASE/SALES OF SUBSIDIARIES/AFFILIATES**

**Joint Venture Share Purchases (cont'd)**

**Akfen Water Share Purchase (cont'd)**

The difference between purchase price of Akfen Water and the net asset value at the date of purchase is recognised in the Group's financials as a gains from share sales of joint ventures as of December 31, 2023 and the value is as follows:

Akfen Water	On the date of purchase
Net asset value on the date of purchase	97,621
Share of shares purchased	50%
Value of the share purchased (A)	48,810
Purchase price (B) <sup>(*)</sup>	27,359
<b>Bargain purchase profit (A-B) (Note 30) <sup>(**)</sup></b>	<b>21,451</b>

<sup>(\*)</sup> TRY 15,333 of the purchase price was realized in cash and the remaining as deduction from receivables.

<sup>(\*\*)</sup> Said bargain purchase has been recognised under investment activity expense (Note 30) as gains from the disposal of associates, joint ventures and financial investments or from changes in their shares in Group's consolidated financial statements.

**Akfen Water**

Total purchase price – cash	15,333
Cash and cash equivalents – from Akfen Water	(11,947)
<b>Cash outflow from purchase, (net)</b>	<b>3,386</b>

**Akfen Renewable Energy Share Purchase**

Company acquired all shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company and Akfen Renewable, a joint venture of Company as of December 31, 2022, became a subsidiary as of December 31, 2023. For statement of financial position on date of purchase, date of December 31, 2022, which is closest to the aforementioned date and where no significant change has occurred from this date to purchase date, is taken as basis. Financial statements of Akfen Renewable as of December 31, 2022 are as follows:

	Balance sheet of the acquisition (A) December 31, 2022	Pre-purchase balance sheet (B) December 31, 2022	Impact of purchase (A-B) December 31, 2022
<b>Assets</b>			
<b>Current Assets</b>	<b>2,361,723</b>	-	<b>2,361,723</b>
Cash and cash equivalents	1,488,240	-	1,488,240
Trade receivables	743,416	-	743,416
<i>Trade receivables from third parties</i>	743,416	-	743,416
Other receivables	5,023	-	5,023
<i>Other receivables from third parties</i>	5,023	-	5,023
Prepaid expenses	115,041	-	115,041
Current income tax assets	3,557	-	3,557
Other current assets	6,446	-	6,446
<b>Non-Current Assets</b>	<b>31,344,184</b>	<b>8,751,329</b>	<b>22,592,855</b>
Financial investments	636	-	636
Trade receivables	5,283	-	5,283
<i>Trade receivables from third parties</i>	5,283	-	5,283
Other receivables	25,045	-	25,045
<i>Other receivables from third parties</i>	25,045	-	25,045
Derivative instruments	171,672	-	171,672
Investments accounted using the equity method	-	8,751,329	(8,751,329)
Right of use assets	504,125	-	504,125
Property, plant and equipment	27,648,145	-	27,648,145
Intangible assets	2,660,484	-	2,660,484
<i>Goodwill</i>	156,406	-	156,406
<i>Other intangible assets</i>	2,504,078	-	2,504,078
Prepaid expenses	227,018	-	227,018
Deferred tax assets	37,869	-	37,869
Other non current assets	63,907	-	63,907
<b>Total assets</b>	<b>33,705,907</b>	<b>8,751,329</b>	<b>24,954,578</b>



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

### Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 3. SHARE PURCHASE/SALES OF SUBSIDIARIES/AFFILIATES (cont'd)

### Joint Venture Share Purchases (cont'd)

#### Akfen Renewable Energy Share Purchase (cont'd)

Liabilities	Balance sheet of the acquisition (A) December 31, 2022	Pre-purchase balance sheet (B) December 31, 2022	Impact of purchase (A-B) December 31, 2022
<b>Current Liabilities</b>	<b>3,940,111</b>	-	<b>3,940,111</b>
Short term portion of long-term borrowings	2,588,715	-	2,588,715
Trade payables	853,379	-	853,379
<i>Trade payables to related parties</i>	19,174	-	19,174
<i>Trade payables to third parties</i>	834,205	-	834,205
Employee benefit obligations	2,678	-	2,678
Other payables	45,230	-	45,230
<i>Other payables to third parties</i>	45,230	-	45,230
Derivative financial liabilities	427,701	-	427,701
Income tax payable	1,128	-	1,128
Current provisions	21,280	-	21,280
<i>Provision for employee benefits</i>	5,104	-	5,104
<i>Other short-term provisions</i>	16,176	-	16,176
<b>Non-Current Liabilities</b>	<b>14,504,694</b>	-	<b>14,504,694</b>
Long term borrowings	9,962,753	-	9,962,753
Other payables	182	-	182
<i>Other payables to third parties</i>	182	-	182
Non-current provisions	36,516	-	36,516
<i>Provision for employee benefits</i>	32,202	-	32,202
<i>Other long-term provisions</i>	4,314	-	4,314
Deferred tax liabilities	4,505,243	-	4,505,243
<b>Equity</b>	<b>15,261,102</b>	<b>8,751,329</b>	<b>6,509,773</b>
<b>Equity attributable to equity holders of the parent</b>	<b>15,201,754</b>	<b>8,751,329</b>	<b>6,450,425</b>
<b>Total Liabilities</b>	<b>33,705,907</b>	<b>8,751,329</b>	<b>24,954,578</b>

#### Akfen Renewable Energy

#### On the date of purchase

Net asset value on the date of purchase	15,201,755
Share of shares purchased	33.09%
Value of the share purchased (A)	5,030,717
The effect of change in ownership rate (B)	1,419,018
Purchase price (C) <sup>(1)</sup>	4,998,059
<b>Goodwill (Note 15) (A+B-C) <sup>(**)</sup></b>	<b>1,451,676</b>

<sup>(1)</sup> The entire purchase price has been paid in cash.

<sup>(\*\*)</sup> At the time of the Company's acquisition of all shares of Akfen Renewable Energy from EBRD and IFC on January 18, 2023, the difference between the purchase price and the share value of Akfen Renewable Energy, which is TRY 1,451,676, has been recognised under "Intangible Assets" as "Share Purchase" Impact.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**3. SHARE PURCHASE/SALES OF SUBSIDIARIES/AFFILIATES (cont'd)**

**Joint Venture Share Purchases (cont'd)**

**Akfen Renewable Energy Share Purchase (cont'd)**

**Akfen Renewable Energy**

Total purchase price – cash	4,998,059
Cash and cash equivalents – from Akfen Renewable Energy	(1,488,240)
Restricted bank reserve - from Akfen Renewable Energy	1,130,985
<b>Cash outflow from purchase, (net)</b>	<b>4,640,804</b>

**Acacia Mine Share Purchase**

On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5% from 25.5%. For this share purchase, a total of USD 47,500 will be paid in installments to be paid until the end of 2024, TRY 127,290 of which was deducted as the share price and TRY 731,375 was paid as of December 31, 2023. The amount to be paid in installments is discounted to the date of purchase with a certain discount rate. On March 31, 2023, 20% of Acacia Mine's shares were purchased by the Group, and the difference between the share value of Acacia Mine on the date of purchase and the purchase price which is TRY 198,723, was recognised as "Goodwill" under "Investments Accounted Using the Equity Method".

**Acacia Mine**

**On the date of purchase**

Net asset value on the date of purchase	6,112,403
Share of shares purchased	20%
Value of the share purchased (A)	1,222,481
Purchase price (B)	1,421,204
Goodwill (A-B) (Note 20)	198,723

**Subsidiary/Joint Venture Share Sales**

**Akfen Renewable Energy Share Sale**

On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As of December 31, 2023, income of TRY 733,677 was obtained from this transaction. For the financials on the purchase date, March 31, 2023, which is the closest to the aforementioned date, is taken as a basis.

**Akfen Renewable Energy**

**March 31, 2023**

Public offering revenue	4,884,591
Public offering expense	(70,825)
Net income (A)	4,813,766
Net equity as of the date of public offering (B)	16,065,501
Public offering rate	33.50%
Total book value offered to the public (C)	5,381,943
<b>Public offering profit (A-C) (Note 30)</b>	<b>(568,177)</b>

**Ayrı Gayrimenkul Transfer**

The transfer of the shares of the Ayrı Gayrimenkul which is owned by the Company to Fon was completed on January 13, 2023 and 342,198,000 Ayrı Gayrimenkul shares (99.97%) belonging to Akfen Holding and 100,000 Ayrı Gayrimenkul shares (0.03%) belonging to Akfen Construction were transferred to the Fon. Therefore, as of December 31, 2022, Ayrı Gayrimenkul, subsidiary of Company is not included in Group assets on December 31, 2023.

**Ayrı Gayrimenkul**

**On the date of sale**

Net asset value on the date of sale (A)	802,450
Sale price (B)	725,933
<b>Sales loss (A-B) (Note 30)</b>	<b>(76,517)</b>

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

### Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 3. SHARE PURCHASE/SALES OF SUBSIDIARIES/AFFILIATES (cont'd)

### Subsidiary/Joint Venture Share Sales (cont'd)

#### Share sale of Biz Mining

On January 2, 2023, the Company transferred 50% of Biz Mining's shares which it owns all shares to İlbak Mining and Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of December 31, 2023.

<b>Biz Mining</b>	<b>On the date of sale</b>
Net asset value on the date of sale	(263)
Share of shares sale	50%
Share value sold (A)	(131)
Sale price (B)	50
<b>Sales profit (B-A) (Note 30)</b>	<b>181</b>

#### Share sale of Acacia Mine

On July 22, 2022, Akfen Holding's shares in Acacia Mine, constituting 4.5% of Acacia Mine's total capital, were transferred to BMA Mining. The difference between the said 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.

	<b>On the date of sale</b>
<b>Net assets</b>	<b>7,951,084</b>
Acacia Mine's share of shares sold	4.5%
Acacia Mine's net asset amount sold	357,799
Other net asset value sold at Group level (*)	8,993
<b>Total (A)</b>	<b>366,792</b>
Sales price (B)	90,312
<b>Losses arising from the disposal of affiliates (B-A) (1) (Note 30)</b>	<b>(276,480)</b>

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

#### Share sale of Acacia Mine

On November 24, 2023, Akfen Holding's shares in Acacia Mine, constituting 3% of Acacia Mine's total capital, were transferred to BMA Mining. The difference between the said 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, 2023.

	<b>On the date of sale</b>
<b>Net assets</b>	<b>8,832,606</b>
Acacia Mine's share of shares sold	3.0%
Acacia Mine's net asset amount sold	264,978
Other net asset value sold at Group level (*)	7,710
<b>Total (A)</b>	<b>272,688</b>
Sales price (B)	48,866
<b>Losses arising from the disposal of affiliates (B-A) (1) (Note 30)</b>	<b>(223,822)</b>

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

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**3. SHARE PURCHASE/SALES OF SUBSIDIARIES/AFFILIATES (cont'd)**

**Subsidiary/Joint Venture Share Sales (cont'd)**

**Akfen Karaköy Share Purchase/Share Sale**

On February 16, 2023, 1.27% of Akfen Karaköy shares were purchased from other non-related partners of Akfen Karaköy for TRY 28,226 and The said shares were sold to Akfen REIT for TRY 16,048 on May 2, 2023, and a total of TRY 12,178 expense (Note 30) from these transactions was recognised under expense of investment activities in the consolidated statement of profit or loss of the Group.

**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.

	<b>On the date of sale</b>
<b>Net Assets</b>	<b>11,647,728</b>
Akfen REIT's share of shares sold	10%
<b>Akfen REIT's net asset amount sold (A)</b>	<b>1,164,683</b>
Sales price (B)	801,870
<b>Losses arising from the disposal of affiliates (B-A) <sup>(1)</sup> (Note 30)</b>	<b>(362,813)</b>

<sup>(1)</sup> These losses are recorded in the profit and loss statement for the year ended December 31, 2022.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**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).

January 1-December 31, 2023	Akfen	Akfen	Akfen	Akfen	Akfen	Investments accounted using the equity method			Consolidation adjustment and classification	Consolidated Total	
	Holding	Construction	Renewable <sup>(1)</sup>	Water <sup>(2)</sup>	Tourism	Akfen REIT	Acacia <sup>(3)</sup>	Other <sup>(4)</sup>			Total
Revenue	44,109	2,345,216	4,363,237	57,074	343,817	152,630	2,326,554	1,715,724	11,348,361	(4,254,484)	7,093,877
Cost of sales	-	(2,397,950)	(2,162,990)	(50,002)	(350,608)	(5,253)	(1,314,368)	(1,657,774)	(7,938,945)	3,060,015	(4,878,930)
<b>Gross profit/(loss)</b>	<b>44,109</b>	<b>(52,734)</b>	<b>2,200,247</b>	<b>7,072</b>	<b>(6,791)</b>	<b>147,377</b>	<b>1,012,186</b>	<b>57,950</b>	<b>3,409,416</b>	<b>(1,194,469)</b>	<b>2,214,947</b>
Selling and marketing expenses	-	(20,448)	-	-	(2,008)	-	(143,548)	(14,911)	(180,915)	165,661	(15,254)
General administrative expenses	(372,250)	(225,659)	(139,642)	(18,194)	(27,643)	(10,962)	(127,470)	(87,160)	(1,008,980)	225,156	(783,824)
Other operating income	1,307,852	18,172,231	2,058,906	2	17,636	69,185	-	24,920	21,650,732	(154,061)	21,496,671
Other operating expenses	(1,360,288)	(343,409)	(121,423)	(1,752)	(1,872)	(1,701)	(69,530)	(67,523)	(1,967,498)	294,398	(1,673,100)
Share of profit/(loss) from investments accounted using the equity method	-	-	-	-	-	7,143	-	5,531	12,674	651,453	664,127
<b>Operating (loss)/profit</b>	<b>(380,577)</b>	<b>17,529,981</b>	<b>3,998,088</b>	<b>(12,872)</b>	<b>(20,678)</b>	<b>211,042</b>	<b>671,638</b>	<b>(81,193)</b>	<b>21,915,429</b>	<b>(11,862)</b>	<b>21,903,567</b>
Investment activity income	5,606,394	-	44,874	2,212	-	8,176	-	22,811	5,684,467	(3,694,952)	1,989,515
Investment activity expenses	(342,389)	-	-	-	-	-	-	(4)	(342,393)	(71,881)	(414,274)
Finance income	123,445	1,468,738	89,383	41,092	3,695	17,377	-	166,925	1,910,655	(275,191)	1,635,464
Finance expense	(837,304)	(12,205,934)	(2,060,866)	(75)	(23,617)	(456,787)	(90,375)	(1,708,124)	(17,383,082)	2,306,434	(15,076,648)
Monetary (loss)/gain	(968,033)	(4,212,977)	1,325,188	(42,963)	19,576	302,956	-	45,336	(3,530,917)	2,188,253	(1,342,664)
<b>(Loss)/profit before tax from continuing operations</b>	<b>3,201,536</b>	<b>2,579,808</b>	<b>3,396,667</b>	<b>(12,606)</b>	<b>(21,024)</b>	<b>82,764</b>	<b>581,263</b>	<b>(1,554,249)</b>	<b>8,254,159</b>	<b>440,801</b>	<b>8,694,960</b>
Tax (expense)/income for the period	(283,043)	(544,476)	1,153,716	(5,483)	29,962	19,160	326,707	23,051	719,594	(675,191)	44,403
<b>(Loss)/profit after tax from continuing operations</b>	<b>2,918,493</b>	<b>2,035,332</b>	<b>4,550,383</b>	<b>(18,089)</b>	<b>8,938</b>	<b>101,924</b>	<b>907,970</b>	<b>(1,531,198)</b>	<b>8,973,753</b>	<b>(234,390)</b>	<b>8,739,363</b>
Profit/(loss) for the period from parent company shares	2,918,493	2,040,452	4,553,838	(18,089)	8,938	101,262	907,970	(1,531,198)	8,981,666	(1,652,156)	7,329,510
Depreciation and amortization expenses	7,022	57,792	752,809	356	21,862	788	351,773	90,057	1,282,459	(433,344)	849,115
Tangible and intangible fixed asset, investment property and other inv.	19,871	147,343	145,618	-	11,440	350,025	269,955	16,326	960,578	(630,087)	330,491
<b>December 31, 2023</b>											
Segment assets	30,853,922	33,998,468	34,579,916	92,279	252,318	3,259,234	4,900,491	3,488,724	111,425,352	(16,908,855)	94,516,497
Segment liabilities	11,346,748	19,795,414	14,147,446	12,637	151,383	1,076,409	1,146,633	6,181,496	53,858,166	(8,090,417)	45,767,749

<sup>(1)</sup> After the share purchase on January 18, 2023, Akfen Renewable Energy's ownership rate increased from 66.91% to 100%. On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As a result, as of December 31, 2023, Akfen Holding's share in Akfen Renewable Energy was 66.5%.

<sup>(2)</sup> After the share purchase on January 5, 2023, Akfen Water's ownership percentage has increased from 50% to 100%. As of December 31, 2022, Akfen Su, which was a business partnership of the Company, has become a subsidiary as of December 31, 2023.

<sup>(3)</sup> On March 31, 2023, the Company purchased 20% of Acacia Maden's shares from Izbir Maden, and the ownership ratio increased from 25.5% to 45.5%. On November 24, 2023, 3% of the shares were transferred to BMA Mining, and as of December 31, 2023, the ownership rate is 42.5%. Acacia Maden's profit or loss items were consolidated at a pre-purchase ownership ratio of 25.5% until March 31, 2023, and at a post-purchase ownership ratio of 45.5% from March 31, 2023 to December 31, 2023.

<sup>(4)</sup> The companies listed in the above text include Akfen Consultancy, Akfen GPYŞ, Biz Mining, Zeki Construction, Adana Ipekyolu, Akfen Mertes, Temmuz Investment, Ağustos Investment, Ocak Investment, Şubat Investment, Aralık Investment, Akfen Energy Gas, Akfen Hospital, Yedide Yedi, Kadıköy Terminal, MDO, and Akfen Solar energy (affiliated companies).

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**4. SEGMENT REPORTING (cont'd)**

January 1-December 31, 2022	Akfen Holding	Akfen Construction	Akfen Tourism	Investments accounted using the equity method		Investments accounted using the equity method				Consolidation adjustment and classification	Consolidated Total
				Akfen REIT <sup>(1)</sup>	Akfen Renewable	Akfen Water <sup>(2)</sup>	Acacia <sup>(3)</sup>	Other <sup>(4)</sup>	Total		
Revenue	51,243	1,566,111	267,147	174,006	3,303,901	28,471	1,691,628	1,310,842	8,393,349	(6,498,403)	1,894,946
Cost of sales	-	(1,603,463)	(307,459)	(6,936)	(1,380,579)	(24,480)	(1,039,450)	(1,316,470)	(5,678,837)	3,761,241	(1,917,596)
<b>Gross profit/(loss)</b>	<b>51,243</b>	<b>(37,352)</b>	<b>(40,312)</b>	<b>167,070</b>	<b>1,923,322</b>	<b>3,991</b>	<b>652,178</b>	<b>(5,628)</b>	<b>2,714,512</b>	<b>(2,737,162)</b>	<b>(22,650)</b>
Selling and marketing expenses	-	(17,311)	(2,197)	-	-	-	(93,443)	(20,188)	(133,139)	119,932	(13,207)
General administrative expenses	(209,258)	(179,217)	(4,412)	(7,071)	(77,573)	(11,924)	(58,562)	(98,548)	(646,565)	239,759	(406,806)
Other operating income	6,156	10,194,007	19,520	1,558	177,572	-	743	471,858	10,871,414	(704,132)	10,167,282
Other operating expenses	(100,339)	(113,193)	(2,367)	(1,155)	(3,688,973)	(32)	-	(39,368)	(3,945,427)	3,842,951	(102,476)
Share of profit from investments accounted using the equity method	-	-	-	40,869	-	-	-	3,712	44,581	(869,901)	(825,320)
<b>Operating (loss)/profit</b>	<b>(252,198)</b>	<b>9,846,934</b>	<b>(29,768)</b>	<b>201,271</b>	<b>(1,665,652)</b>	<b>(7,965)</b>	<b>500,916</b>	<b>311,838</b>	<b>8,905,376</b>	<b>(108,553)</b>	<b>8,796,823</b>
Investment activity income	819,791	-	-	-	71,057	1,339	-	-	892,187	(497,531)	394,656
Investment activity expenses	(1,408,906)	-	-	-	-	-	-	(7,403)	(1,416,309)	(551,360)	(1,967,669)
Finance income	204,875	3,682,947	11,893	137,953	606,050	16,971	194,546	238,174	5,093,409	(1,218,382)	3,875,027
Finance expense	(1,004,316)	(9,609,209)	(17,323)	(271,552)	(1,820,537)	(1,474)	(118,912)	(1,924,091)	(14,767,414)	4,167,735	(10,599,679)
Monetary (loss)/gain	(1,285,998)	(3,335,870)	(10,389)	216,823	1,431,285	(28,943)	-	5,387	(3,007,705)	283,847	(2,723,858)
<b>(Loss)/profit before tax from continuing operations</b>	<b>(2,926,752)</b>	<b>584,802</b>	<b>(45,587)</b>	<b>284,495</b>	<b>(1,377,797)</b>	<b>(20,072)</b>	<b>576,550</b>	<b>(1,376,095)</b>	<b>(4,300,456)</b>	<b>2,075,756</b>	<b>(2,224,700)</b>
Tax income/(expense) for the period	223,584	987,558	(4,042)	(33,658)	323,482	1,789	43,167	(90,957)	1,450,923	(389,609)	1,061,314
<b>(Loss)/profit after tax from continuing operations</b>	<b>(2,703,168)</b>	<b>1,572,360</b>	<b>(49,629)</b>	<b>250,837</b>	<b>(1,054,315)</b>	<b>(18,283)</b>	<b>619,717</b>	<b>(1,467,052)</b>	<b>(2,849,533)</b>	<b>1,686,147</b>	<b>(1,163,386)</b>
Profit/(loss) for the period from parent company shares	(2,703,168)	1,578,584	(49,629)	245,026	(1,054,774)	(18,283)	619,717	(1,467,052)	(2,849,579)	1,681,176	(1,168,403)
Depreciation and amortization expenses	11,142	56,497	21,368	1,315	574,035	197	252,656	123,225	1,040,435	(950,096)	90,339
Tangible and intangible fixed asset, investment property and other inv.	18,897	62,195	24,327	5,371	61,900	53	324,181	64,392	561,316	(452,027)	109,289
<b>December 31, 2022</b>											
Segment assets	27,523,273	33,582,436	239,376	3,771,103	22,551,476	53,833	3,045,425	5,865,850	96,632,772	(29,464,230)	67,168,542
Segment liabilities	11,062,270	21,353,492	91,307	1,414,987	12,381,129	5,023	1,268,229	7,030,979	54,607,416	(21,684,340)	32,923,076

<sup>(1)</sup> After the share sale on November 14, 2022, Akfen REIT's ownership percentage has decreased from 23.94% to 13.94%. Akfen REIT's profit or loss items have been consolidated based on the ownership percentage of 23.94% before the share sale, up until the closest accounting period to the share sale date, which is September 30, 2022, and the ownership percentage of 13.94% after the share sale on November 14, 2022, until December 31, 2022.

<sup>(2)</sup> Following the share sale that took place on July 22, 2022, Acacia Mining's ownership percentage has decreased from 30% to 25.5%. Acacia Mining's profit or loss items have been consolidated at the ownership percentage of 30% prior to the share sale, which corresponds to the closest accounting period to the share sale date (June 30, 2022), and at the ownership percentage of 25.5% from June 30, 2022 to December 31, 2022.

<sup>(3)</sup> Other companies include Akfen Consulting, Akfen GPYŞ, Biz Mining, Zeki Construction, Ayri Real Estate, Adana Silk Road, Temmuz Investment, Ağustos Investment, Akfen Energy Gas, Akfen Hospital, MDO and Akfen Solar Energy (subsidiaries).

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 5. CASH AND CASH EQUIVALENTS

As of December 31, 2023 and 2022, cash and cash equivalents are as follows:

	December 31, 2023	December 31, 2022
<b>Cash on hand</b>	<b>4,911</b>	<b>4,259</b>
Banks	4,820,255	3,819,632
<i>Demand deposits</i>	209,678	98,776
<i>Time deposits</i>	4,610,577	3,720,856
Other cash and cash equivalents <sup>(*)</sup>	1,724,578	1,433,638
Impairment	-	(123)
<b>Cash and cash equivalents</b>	<b>6,549,744</b>	<b>5,257,406</b>
Restricted bank balance (-)	(1,047,315)	(1,698)
Impairment	-	123
<b>Cash and cash equivalents in the cash flow statement</b>	<b>5,502,429</b>	<b>5,255,831</b>

<sup>(\*)</sup> As of December 31, 2023 and 2022, 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, 2023, TRY 1,040,297 of the Group's restricted bank balance consists of various project, reserve and assignment accounts related to the agreements made with banks to finance Akfen Renewable Energy's projects. These accounts can only be used for the purposes specified in the terms and conditions of the agreements. As of December 31, 2023, TRY 7,018 of the bank balance, which is restricted to use, has been blocked for insurance payments, and the blockage is removed when payments are made (December 31, 2022: Balances blocked for insurance payments of TRY 1,698).

#### Demand deposits

As of December 31, 2023 and 2022, TRY equivalent of demand deposits in currency terms is as follows:

	December 31, 2023	December 31, 2022
US Dollar	154,497	61,058
EUR	34,123	17,100
TRY	20,930	20,382
Other	128	236
<b>Total</b>	<b>209,678</b>	<b>98,776</b>

#### Time deposits

As of December 31, 2023 and 2022, TRY equivalent of time deposits in currency terms is as follows:

	Maturity	Interest rate (%)	December 31, 2023	Maturity	Interest rate (%)	December 31, 2022
US Dollar	January 2024	0.01 – 4	4,102,641	January 2023	0.01 - 3.75	2,394,874
TRY	January 2024	3 – 44	320,517	January 2023	2 – 22	884,196
EUR	January 2024	0.01-3	187,419	January 2023	0.01-1.50	441,786
<b>Total</b>			<b>4,610,577</b>			<b>3,720,856</b>

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**5. CASH AND CASH EQUIVALENTS (cont'd)**

**Other cash and cash equivalents**

As of December 31, 2023 and 2022, the distribution of cash and cash equivalents of the Group in foreign currency and Turkish lira is as follows:

	December 31, 2023	December 31, 2022
US Dollar	1,661,314	1,417,757
TRY	63,264	15,881
<b>Total</b>	<b>1,724,578</b>	<b>1,433,638</b>

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, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
<b>Short-term financial borrowings</b>	<b>8,266,846</b>	<b>4,068,385</b>
Short-term secured bank loans	162,548	251,644
Current portion of long-term secured bank loans	8,056,400	3,352,028
Current portion of long-term bonds	-	457,596
Current portion of long-term financial lease borrowings	28,728	-
Current portion of long-term lease liabilities	19,170	7,117
<b>Long-term financial liabilities</b>	<b>29,599,239</b>	<b>23,999,712</b>
Long-term secured bank loans	29,348,914	23,982,285
Long-term lease liabilities	250,325	17,427
<b>Total</b>	<b>37,866,085</b>	<b>28,068,097</b>



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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 6. FINANCIAL BORROWINGS (cont'd)

The details for financial borrowings as of December 31, 2023 and 2022, are as follows:

December 31, 2023	Currency	Nominal interest rate (%)	Maturity	Nominal value	Book value
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor +5.50	2035	4,658,607	4,740,318
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor+6.10	2034	3,831,984	3,896,837
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor +4.75	2034	3,831,984	3,908,062
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor+5.05	2029	2,038,820	2,075,606
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor +6.00	2029	268,402	273,752
Collateralized project bank loan <sup>(1)</sup>	US Dollar	3A Libor +5.15	2029	2,043,014	2,086,683
Collateralized project bank loan <sup>(1)</sup>	US Dollar	SOFR +0,42 (CAS) +4.90	2027	342,346	342,853
Collateralized project bank loan <sup>(1)</sup>	US Dollar	SOFR +0,26 (CAS) +6.20	2029	267,874	274,159
Collateralized bank loan <sup>(1)</sup>	TRY	45-50.52	2024	185,519	192,504
Collateralized bank loan <sup>(2)</sup>	US Dollar	1.36	2025	3,538,956	3,545,369
Collateralized bank loan <sup>(2)</sup>	US Dollar	1.40	2026	2,064,391	2,065,433
Collateralized bank loan <sup>(2)</sup>	US Dollar	1.33	2026	1,179,652	1,182,963
Collateralized bank loan <sup>(2)</sup>	US Dollar	11	2029	749,079	777,662
Collateralized bank loan <sup>(2)</sup>	US Dollar	11	2029	749,079	761,553
Collateralized bank loan <sup>(2)</sup>	US Dollar	8.50	2024	737,283	749,072
Collateralized bank loan <sup>(2)</sup>	US Dollar	8.50	2024	737,283	747,194
Collateralized bank loan <sup>(2)</sup>	Euro	Euribor +6.55	2024	373,643	376,581
Financial lease borrowings <sup>(3)</sup>	TRY	24	2024	28,600	28,728
Collateralized project bank loan <sup>(4)</sup>	US Dollar	0.90+Sofr	2032	3,534,202	3,930,003
Collateralized project bank loan <sup>(4)</sup>	US Dollar	5.90	2025	1,424,234	1,447,287
Collateralized project bank loan <sup>(4)</sup>	US Dollar	6.95	2031	1,401,839	1,415,105
Collateralized project bank loan <sup>(4)</sup>	US Dollar	5.35+Sofr	2032	848,012	927,385
Collateralized project bank loan <sup>(4)</sup>	US Dollar	5.45+Sofr	2030	592,868	639,640
Collateralized project bank loan <sup>(4)</sup>	US Dollar	5.55+Sofr	2032	636,369	690,904
Collateralized project bank loan <sup>(4)</sup>	US Dollar	6.50	2033	279,889	287,876
Collateralized project bank loan <sup>(4)</sup>	US Dollar	2.0+Sofr	2030	156,065	160,592
Collateralized project bank loan <sup>(4)</sup>	US Dollar	3.5+Sofr	2027	23,152	23,352
Collateralized project bank loan <sup>(4)</sup>	US Dollar	5.60	2024	12,080	12,421
Collateralized project bank loan <sup>(4)</sup>	US Dollar	3.5+Sofr	2027	3,533	3,531
Collateralized project bank loan <sup>(4)</sup>	US Dollar	3.5+Sofr	2027	2,440	2,412
Collateralized project bank loan <sup>(4)</sup>	Euro	3.0+Euribor	2026	10,858	11,515
Collateralized project bank loan <sup>(4)</sup>	Euro	3.0+Euribor	2026	9,772	10,414
Collateralized project bank loan <sup>(4)</sup>	Euro	3.0+Euribor	2025	5,143	5,401
Collateralized project bank loan <sup>(4)</sup>	Euro	3.0+Euribor	2027	2,379	2,561
Collateralized project bank loan <sup>(4)</sup>	Euro	3.0+Euribor	2026	814	862
				<b>36,570,165</b>	<b>37,596,590</b>

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**6. FINANCIAL BORROWINGS (cont'd)**

December 31, 2022	Currency	Nominal interest rate (%)	Maturity	Nominal value	Book value
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor +5.50	2035	5,111,630	5,158,457
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor +4.75	2034	4,274,246	4,304,127
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor+6.10	2034	4,274,246	4,316,726
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor+5.05	2029	2,290,230	2,319,980
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor +6.00	2029	302,283	306,781
Collateralized project bank loan <sup>(1)</sup>	US Dollar	3A Libor +5.15	2029	2,381,952	2,426,588
Collateralized project bank loan <sup>(1)</sup>	US Dollar	6A Libor+4.90	2027	431,402	431,987
Collateralized project bank loan <sup>(1)</sup>	US Dollar	3A Libor +6.20	2029	313,128	319,650
Collateralized bank loan <sup>(1)</sup>	TRY	7.5-22.20	2023	505,120	509,346
Collateralized bank loan <sup>(2)</sup>	US Dollar	1.36	2025	3,703,832	3,710,404
Collateralized bank loan <sup>(2)</sup>	US Dollar	1.40	2026	2,160,568	2,161,575
Collateralized bank loan <sup>(2)</sup>	US Dollar	1.33	2026	1,234,611	1,238,031
Collateralized bank loan <sup>(2)</sup>	Euro	Euribor +6.55	2024	376,780	381,275
Collateralized bank loan <sup>(5)</sup>	TRY	10.00	2023	989	1,030
Bond(6)	TRY	28	2023	434,635	457,596
				<b>27,795,652</b>	<b>28,043,553</b>

<sup>(1)</sup> Akfen Construction loans.

<sup>(2)</sup> Akfen Holding loans.

<sup>(3)</sup> Akfen Construction's financial leases.

<sup>(4)</sup> Akfen Renewable Energy loans.

<sup>(5)</sup> Akfen Tourism loans..

<sup>(6)</sup> It represents the remaining amount after deducting the interest withheld from the bond issued on October 17, 2022, with a maturity of 6 months and a value of TRY 494,319.

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,
- Transfer commitment letter for Akfen Renewable's electricity production license.

Secured bank loans are secured by the guarantee of the Main Shareholder and other Group Companies.

As of December 31, 2023 and 2022, the breakdown of short- and long-term financial borrowings according to their maturities is as follows:

	December 31, 2023	December 31, 2022
Within 1 year	8,247,676	4,061,268
Between 1 – 2 year	8,739,411	3,187,005
Between 2 – 3 year	7,095,351	6,131,436
Between 3 – 4 year	3,413,251	5,466,238
Over 5 year	10,100,901	9,197,606
<b>Total</b>	<b>37,596,590</b>	<b>28,043,553</b>

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 6. FINANCIAL BORROWINGS (cont'd)

The movements in financial borrowings for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
<b>Financial liabilities at the beginning of the year</b>	<b>28,043,553</b>	<b>37,042,099</b>
Proceeds from borrowings	3,534,652	2,002,177
Repayments of borrowings	(4,786,728)	(4,308,886)
Interest paid	(2,382,337)	(1,663,116)
Accrual	2,585,846	1,778,000
Foreign exchange difference	17,426,396	8,811,769
Change in scope of consolidation (Note 3)	12,281,973	-
Monetary gain	(19,106,765)	(15,618,490)
<b>Financial liabilities at the period end</b>	<b>37,596,590</b>	<b>28,043,553</b>

#### 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, 2023	December 31, 2022
Less than 1 year	19,170	7,117
1 - 5 years	145,976	11,181
5 years and over	1,366,895	57,493
Less: Financial expense for future periods	(1,262,546)	(51,247)
<b>Total operational lease liabilities</b>	<b>269,495</b>	<b>24,544</b>

The movements of the lease liabilities for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
<b>January 1</b>	<b>24,544</b>	<b>36,042</b>
Finance expense	68,158	3,152
Payments	(46,928)	-
Change in scope of consolidation (Note 3)	269,495	-
Lease cancellations (*)	(26,112)	-
Monetary gain	(19,662)	(14,650)
<b>December 31</b>	<b>269,495</b>	<b>24,544</b>

(\*) Akfen Merter had accounting obligations related to the land it leased in Istanbul Zeytinburnu Merkez Efendi neighborhood for a period of 30 years, which was under development. As of December 31, 2023, due to the decision that the relevant project will no longer be developed, the lease expenses in the financial statements have been cancelled.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**7. TRADE RECEIVABLES AND PAYABLES**

The short-term trade receivables of the Group as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Trade receivables due from related parties (Note 32)	150,819	44,181
Trade receivables due from third parties	798,006	315,146
<i>Receivables from the Ministry of Health (*)</i>	212,444	190,131
<i>Notes receivables</i>	118	359
<i>Other trade receivables (**)</i>	585,444	124,656
<b>Total</b>	<b>948,825</b>	<b>359,327</b>

(\*) As of December 31, 2023 and 2022, trade receivables from the Ministry of Health consist of the trade receivables from the agreements signed with the Ministry of Health.

(\*\*) As of December 31, 2023, the majority of the balance consists of electricity sales revenues and trade receivables from Akfen Construction's business operations (December 31, 2022: Trade receivables from Akfen Construction's business operations).

The long-term trade receivables of the Group as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Trade receivables from related parties	807	-
Trade receivables from third parties	2,676	26,782
<i>Notes receivables</i>	-	26,782
<i>Other</i>	2,676	-
<b>Total</b>	<b>3,483</b>	<b>26,782</b>

The short-term trade payables of the Group as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Trade payables to related parties (Note 32)	14,474	18,730
Trade payables to third parties (*)	1,800,055	408,221
<b>Total</b>	<b>1,814,529</b>	<b>426,951</b>

(\*) As of December 31, 2023, the balance of short-term unrelated commercial liabilities consists of the debts incurred as a result of the Group's purchase of shares in Acacia Mine, and the remainder consists mostly of the Group's debts to subcontractors related to the equipment and hospital services purchased in connection with construction and city hospital works, and Akfen Renewables' debts to EPIAŞ. (December 31, 2022: It mostly consists of debts incurred for purchased equipment related to the Group's construction and city hospital operations).

The long-term trade payables of the Group as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Trade payables due to related parties (Note 32)	-	315
<b>Total</b>	<b>-</b>	<b>315</b>

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

### Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 8, OTHER RECEIVABLES AND PAYABLES

The short-term other receivables of the Group as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Other receivables due from related parties	161	44
Other receivables due from related parties	157,344	98,930
<i>Receivables from tax office</i>	121,554	96,140
<i>Deposits and guarantees given</i>	5,108	257
<i>Other receivables</i>	30,682	2,533
<b>Total</b>	<b>157,505</b>	<b>98,974</b>

The long-term other receivables of the Group as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Other receivables from related parties (Note 32)	387,167	725,325
Other receivables from third parties	52,471	26,132
<i>Deposits and guarantees given</i>	15,316	2,266
<i>Other long-term receivables</i>	37,155	23,866
<b>Total</b>	<b>439,638</b>	<b>751,457</b>

The short-term other payables of the Group as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Other payables to related parties (Note 32)	-	60,294
Other payables to third parties	148,114	61,518
<i>Deposit and guarantees received</i>	95,014	11,737
<i>Taxes and funds payable</i>	51,515	46,720
<i>Other payables</i>	1,585	3,061
<b>Total</b>	<b>148,114</b>	<b>121,812</b>

The long-term other payables of the Group as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Other payables to related parties (Note 32)	122,789	2,897,159
Other payables to third parties	11	14,443
<i>Deposit and guarantees received</i>	11	18
<i>Other payables</i>	-	14,425
<b>Total</b>	<b>122,800</b>	<b>2,911,602</b>

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**9. PREPAID EXPENSES/ASSETS ARISING FROM CUSTOMER CONTRACTS**

As of December 31, 2023 and 2022, short-term prepaid expenses are stated as follows:

	December 31, 2023	December 31, 2022
Prepaid expenses <sup>(*)</sup>	149,671	29,140
Advance given <sup>(**)</sup>	147,127	38,600
Other	856	486
<b>Total</b>	<b>297,654</b>	<b>68,226</b>

As of December 31, 2023 and 2022, long-term prepaid expenses are stated as follows:

	December 31, 2023	December 31, 2022
Prepaid expenses <sup>(*)</sup>	236,659	20,666
Advances given <sup>(**)</sup>	980	12,448
<b>Total</b>	<b>237,639</b>	<b>33,114</b>

<sup>(\*)</sup> As of December 31, 2023 and 2022, the majority of the balance consists of advances for the construction works of the Company and City Hospitals and the equipment purchased.

<sup>(\*\*)</sup> As of December 31, 2023 and 2022, the majority of the balance of expenses for future months and years consists of travel and insurance expenses paid in advance.

Short-term assets arising from customer contracts as of December 31, 2023 and December 31, 2022, are as follows:

Short-term assets arising from customer contracts	December 31, 2023	December 31, 2022
Assets arising from customer contracts (*)	33,678	-
<b>Total</b>	<b>33,678</b>	-

Long-term assets arising from customer contracts as of December 31, 2023 and December 31, 2022, are as follows:

Short-term assets arising from customer contracts	December 31, 2023	December 31, 2022
Assets arising from customer contracts <sup>(*)</sup>	253,989	221,681
<b>Total</b>	<b>253,989</b>	<b>221,681</b>

<sup>(\*)</sup> The Group evaluated the service contract submitted to the Ministry of Health within the scope of IFRS 15 and included its impact in its financial statements. As of December 31, 2023 and 2022, the relevant balances consist of the amount of advance payments made for extraordinary maintenance and repair service expenses to be provided to the Ministry of Health.

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

## **Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### **10. FINANCIAL ASSETS RELATED TO CONCESSION AGREEMENTS**

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

The Group considers service concession contracts as mixed contracts that include essential products in the nature of financial assets. The relevant contracts contain multiple hidden derivatives and the contractual cash flows vary with a certain inflation rate and exchange rate changes.

The changes in fair value of financial assets arising from service privilege agreements are classified as gains or losses and are accounted for in the "Other Income-Expenses from Operating Activities" account.

The construction and operation model of city hospitals is based on the public-private partnership (PPP) model. In general, PPP refers to the realization of investments and services based on a contract, by sharing the costs, risks and returns for the project between the public and private sectors.

Isparta City Hospital started to receive patients on March 17, 2017 with the actual completion certificate issued by the Ministry of Health on March 1, 2017 and started to operate. The transfer date of Isparta City Hospital to the Ministry of Health is November 5, 2039.

The investment period of Eskişehir City Hospital, which was planned to last for 3 years, was completed in 1 year and 10 months, and it became operational on October 27, 2018 and started to accept patients. The transfer date of Eskişehir City Hospital to the Ministry of Health is December 31, 2044.

Tekirdağ City Hospital started its operations on December 5, 2020 with the admission of patients with the actual completion certificate dated November 30, 2020. The transfer date of Tekirdağ City Hospital to the Ministry of Health is February 1, 2043.

The amount of the usage rental fee for the financial assets arising from the concession agreements is between the Ministry of Health and the Group, during the contract period for Isparta and Eskişehir City Hospitals and during the term of the loan used for project financing for Tekirdağ City Hospital, provided that it is not lower than the base amount determined for each relevant period and not higher than the ceiling amount (and for Tekirdağ City Hospital, after the loan term, until the end of the contract period). subject to the ceiling amount), the usage rent is determined by updating the usage rent on a quarterly basis depending on inflation (and if the loan used for project financing is in foreign currency, including a protection against changes in the exchange rate). Financial assets are measured at their fair value by discounting the expected use price returns in the future period. Year-based CPI and exchange rate estimates were used to determine the expected usage price in the future period. In the prepared projection, the CPI is based between 4.2% and 12% between 2024-2028 and between 8.5% and 5.4% in the following years, and the long-term exchange rate expectation for both the US Dollar and the Euro is taken into account in a way that increases with the average of the CPI and PPI, which are used to be indexed to inflation.

Since the usage rental fee amounts for financial assets arising from concession contracts are determined to remain between the ceiling and the floor despite exchange rate and inflation changes, the sensitivity analysis of discount rates affecting the fair value of concession contract assets is given in Note 34.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**10. FINANCIAL ASSETS RELATED TO CONCESSION AGREEMENTS (cont'd)**

As of December 31, 2023 and 2022, financial assets related to short and long term concession agreements are as follows:

	December 31, 2023	December 31, 2022
<b>Isparta City Hospital</b>		
Short-term financial assets related to concession agreements <sup>(*)</sup>	879,459	891,504
Long-term financial assets related to concession agreements <sup>(*)</sup>	7,231,959	6,807,560
	<b>8,111,418</b>	<b>7,699,064</b>
<b>Eskişehir City Hospital</b>		
Short-term financial assets related to concession agreements <sup>(*)</sup>	1,349,339	1,343,518
Long-term financial assets related to concession agreements <sup>(*)</sup>	12,037,076	11,055,661
	<b>13,386,415</b>	<b>12,399,179</b>
<b>Tekirdağ City Hospital</b>		
Short-term financial assets related to concession agreements <sup>(*)</sup>	763,723	763,112
Long-term financial assets related to concession agreements <sup>(*)</sup>	4,926,010	4,849,698
	<b>5,689,733</b>	<b>5,612,810</b>
<b>Total City Hospitals</b>		
Short-term financial assets related to concession agreements <sup>(*)</sup>	2,992,521	2,998,134
Long-term financial assets related to concession agreements <sup>(*)</sup>	24,195,045	22,712,919
<b>Total</b>	<b>27,187,566</b>	<b>25,711,053</b>

<sup>(\*)</sup> 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, 2023 and 2022, financial asset movements are as follows:

	2023	2022
<b>January 1</b>	<b>25,711,053</b>	<b>33,685,004</b>
Increase in value arising from the calculation of fair value of Service Concession Agreements (Note 28)	17,931,043	9,731,861
Collections	(3,100,810)	(3,381,874)
Monetary loss	(13,353,720)	(14,323,938)
<b>December 31</b>	<b>27,187,566</b>	<b>25,711,053</b>

**11. INVESTMENT PROPERTIES**

As of December 31, 2023 and 2022, investment properties are as follows:

	December 31, 2023	December 31, 2022
Investment properties	2,769,682	3,652,661
	<b>2,769,682</b>	<b>3,652,661</b>

As of December 31, 2022 pledge on property, plant and equipment and investment property is TRY 3,981,326 (December 31, 2022: TRY 4,170,106).



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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 11. INVESTMENT PROPERTIES (cont'd)

As of December 31, 2023 and 2022, the types of investment properties are as follows:

	December 31, 2023	December 31, 2022
Building	2,078,238	1,995,995
Land	691,444	1,626,084
Hotel	-	30,582
	<b>2,769,682</b>	<b>3,652,661</b>

For the years ended at December 31, 2023 and 2022, the movement table of investment properties is as follows:

	2023	2022
<b>January 1</b>	<b>3,652,661</b>	<b>3,529,059</b>
Transfer to inventories (Note 16)	(78,873)	(141,387)
Fair value increase (Note 28)	208,417	378,335
Disposals	(149,607)	(113,346)
Changes within the scope of consolidation (*)	(862,916)	-
<b>December 31</b>	<b>2,769,682</b>	<b>3,652,661</b>

(\*) It is the investment property effect related to the sale of Ayrı Gayrimenkul.

As of December 31, 2023 and 2022, the fair value classifications of investment properties are as follows:

December 31, 2023	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Building	-	1,726,628	351,610
Investment properties – Land	-	691,444	-

December 31, 2022	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Hotel	-	30,582	-
Investment properties – Building	-	1,566,759	429,236
Investment properties – Land	-	1,626,084	-

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**12. DERIVATIVE INSTRUMENTS**

Derivative instruments consist of interest rate swap transactions.

As of December 31, 2023 and 2022, assets from derivative instruments are as follows:

	December 31, 2023	December 31, 2022
Assets from derivative instruments – Short-term	281,429	253,922
Assets from derivative instruments – Long-term	280,821	607,122
<b>Total</b>	<b>562,250</b>	<b>861,044</b>

December 31, 2023			
	Currency	Original contract value	Asset
Derivative assets	US Dollar	86,915,701	207,287
Derivative assets	Euro	265,719,297	354,963
<b>Total</b>			<b>562,250</b>

December 31, 2022			
	Currency	Original contract value	Asset
Derivative assets	US Dollar	89,201,755	164,699
Derivative assets	Euro	276,287,791	696,345
<b>Total</b>			<b>861,044</b>

As of December 31, 2023 and 2022, assets and liabilities arising from derivative instruments consist of interest rate swap transactions.

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

### Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 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, 2023 and 2022, right of use assets are as follows:

	December 31, 2023	December 31, 2022
Right of use assets <sup>(*)</sup>	494,544	28,499
<b>Total</b>	<b>494,544</b>	<b>28,499</b>

<sup>(\*)</sup> As of December 31, 2023, the assets of the right of use consist of land leases and forest permits related to Akfen Renewable Energy's power plants. (December 31, 2022: These are the right-of-use assets that are accounted for in relation to the rents of the land leased by Akfen Merter for a period of 30 years in Zeytinburnu Merkez Efendi Mah., Istanbul, and on which the project is under development. The contract of the relevant project was unilaterally terminated by the Regional Directorate of Foundations. The lawsuit for compensation for possible negative and positive damages incurred by the Group due to the unilateral termination of the contract continues. As of December 31, 2023, the right-of-use assets created in the financial statements have been canceled due to Akfen Construction's decision that it will no longer develop the relevant project.)

As of December 31, 2023 and 2022, the movement table of right of use assets is as follows:

	2023	2022
<b>January 1</b>	<b>28,499</b>	<b>28,993</b>
Amortization expense	(14,250)	(494)
Additions	5,836	-
Change in scope of consolidation (Note 3)	504,125	-
Cancellation of right of use of assets <sup>(*)</sup>	(28,275)	-
Disposals	(1,391)	-
<b>December 31</b>	<b>494,544</b>	<b>28,499</b>

<sup>(\*)</sup> These are the right-of-use assets that are accounted for in relation to the rents of the land leased by Akfen Merter for a period of 30 years in Istanbul Zeytinburnu Merkez Efendi Mah., on which the project is under development. The contract of the relevant project was terminated unilaterally by the Regional Directorate of Foundations. The lawsuit for compensation for possible negative and positive damages incurred by the Group due to the unilateral termination of the contract continues. As of December 31, 2023, the right-of-use assets created in the financial statements have been canceled due to Akfen Construction's decision that it will no longer develop the relevant project.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**14. TANGIBLE ASSETS**

The movements of tangible assets as of December 31, 2023 are as follows:

Cost	Land and buildings	Machinery & equipment	Vehicles	Furnitures and fixtures	Ongoing investments	Special costs	Other	Total
<b>Balance as of January 1, 2023</b>	<b>104,829</b>	<b>33,072</b>	<b>75,061</b>	<b>268,442</b>	<b>83,296</b>	<b>170,767</b>	<b>1,808</b>	<b>737,275</b>
Additions	6,696	31,777	24,626	17,726	109,386	434	6,614	197,259
Fair value decrease <sup>(1)</sup>	(8,751)	(110,674)	-	-	(83,294)	-	-	(202,719)
Revaluation reserve	-	2,346,730	-	-	-	-	-	2,346,730
Change in scope of consolidation (Note 3)	-	31,499,068	5,511	32,592	27,439	21,555	-	31,586,165
Disposals	-	-	(4,666)	-	-	-	-	(4,666)
<b>Balance as of December 31, 2023</b>	<b>102,774</b>	<b>33,799,973</b>	<b>100,532</b>	<b>318,760</b>	<b>136,827</b>	<b>192,756</b>	<b>8,422</b>	<b>34,660,044</b>
<b>Accumulated depreciation</b>								
<b>Balance as of January 1, 2023</b>	<b>12,110</b>	<b>20,920</b>	<b>38,972</b>	<b>195,285</b>	<b>-</b>	<b>59,511</b>	<b>683</b>	<b>327,481</b>
Current period depreciation	3,207	670,992	15,299	27,858	-	24,320	550	742,226
Change in scope of consolidation (Note 3)	-	3,894,818	2,411	21,314	-	18,400	-	3,936,943
Disposals	-	-	(156)	-	-	-	-	(156)
<b>Balance as of December 31, 2023</b>	<b>15,317</b>	<b>4,586,730</b>	<b>56,526</b>	<b>244,457</b>	<b>-</b>	<b>102,231</b>	<b>1,233</b>	<b>5,006,494</b>
<b>Net book value as of January 1, 2023</b>	<b>92,719</b>	<b>12,152</b>	<b>36,089</b>	<b>73,157</b>	<b>83,296</b>	<b>111,256</b>	<b>1,125</b>	<b>409,794</b>
<b>Net book value as of December 31, 2023</b>	<b>87,457</b>	<b>29,213,243</b>	<b>44,006</b>	<b>74,303</b>	<b>136,827</b>	<b>90,525</b>	<b>7,189</b>	<b>29,653,550</b>

<sup>(1)</sup> The impairment in the investments being made as of December 31, 2023 is the depreciation of Akfen Construction's expenditures regarding the hotel project planned to be built in Bafra, TRNC, due to the decision that the project will not be carried out as of December 31, 2023.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 14. TANGIBLE ASSETS (cont'd)

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

Cost	Land and buildings	Machinery& equipment	Vehicles	Furnitures and fixtures	Ongoing investments	Special costs	Other	Total
<b>Balance as of January 1, 2022</b>	<b>70,271</b>	<b>32,795</b>	<b>76,778</b>	<b>238,019</b>	<b>71,956</b>	<b>130,796</b>	<b>1,808</b>	<b>622,423</b>
Additions	135	277	3,793	30,584	11,340	39,971	-	86,100
Disposals	-	-	(5,510)	(161)	-	-	-	(5,671)
Fair value increase <sup>(*)</sup>	34,423	-	-	-	-	-	-	34,423
<b>Balance as of December 31, 2022</b>	<b>104,829</b>	<b>33,072</b>	<b>75,061</b>	<b>268,442</b>	<b>83,296</b>	<b>170,767</b>	<b>1,808</b>	<b>737,275</b>
<b>Accumulated depreciation</b>								
<b>Balance as of January 1, 2022</b>	<b>9,919</b>	<b>17,110</b>	<b>29,518</b>	<b>172,537</b>	<b>-</b>	<b>36,645</b>	<b>419</b>	<b>266,148</b>
Current period depreciation	2,191	3,810	12,463	22,877	-	22,866	264	64,471
Disposals	-	-	(3,009)	(129)	-	-	-	(3,138)
<b>Balance as of December 31, 2022</b>	<b>12,110</b>	<b>20,920</b>	<b>38,972</b>	<b>195,285</b>	<b>-</b>	<b>59,511</b>	<b>683</b>	<b>327,481</b>
<b>Net book value as of January 1, 2022</b>	<b>60,352</b>	<b>15,685</b>	<b>47,260</b>	<b>65,482</b>	<b>71,956</b>	<b>94,151</b>	<b>1,389</b>	<b>356,275</b>
<b>Net book value as of December 31, 2022</b>	<b>92,719</b>	<b>12,152</b>	<b>36,089</b>	<b>73,157</b>	<b>83,296</b>	<b>111,256</b>	<b>1,125</b>	<b>409,794</b>

As of December 31, 2023, the depreciation expense of tangible assets, intangible assets and right of use assets in total amounting to TRY 849,115 respectively, amounting to TRY 742,226, TRY 92,639 and TRY 14,250, was recognized in cost of sales amounting to TRY 788,643 and general administrative expenses amounting to TRY 60,472 (December 31, 2022: A total of TRY 90,339 respectively, tangible fixed assets TRY 64,471, intangible assets TRY 25,374, right of use assets TRY 494 of depreciation expense, was accounted in cost of sales amounting to TRY 29,258 and in general administrative expenses amounting to TRY 61,083) (Note 13 and Note 15)

As of December 31, 2023, the amount of mortgages and pledges on the power plants belonging to Akfen Renewables, which are under tangible fixed assets, is TRY 35,964,734 (December 31, 2022: Akfen Renewables is recognized as an investment valued by the equity method).

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 15. INTANGIBLE ASSETS

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

Cost	Rights	Other	Goodwill	Total
<b>Balance as of January 1, 2022</b>	<b>522,016</b>	<b>101,788</b>	-	<b>623,804</b>
Additions	-	2,788	-	2,788
<b>Balance as of December 31, 2022</b>	<b>522,016</b>	<b>104,576</b>	-	<b>626,592</b>
<b>Balance as of January 1, 2023</b>	<b>522,016</b>	<b>104,576</b>	-	<b>626,592</b>
Additions	1,969	5,192	-	7,161
Change in scope of consolidation (Note 3)	2,803,475	157,941	156,406	3,117,822
Fair value decrease <sup>(1)</sup>	(195,679)	-	-	(195,679)
<b>Balance as of December 31, 2023</b>	<b>3,131,781</b>	<b>267,709</b>	<b>156,406</b>	<b>3,555,896</b>
<b>Accumulated amortization</b>	<b>Rights</b>	<b>Other</b>	<b>Goodwill</b>	<b>Total</b>
<b>Balance as of January 1, 2022</b>	<b>73,485</b>	<b>71,164</b>	-	<b>144,649</b>
Current period amortization	9,970	15,404	-	25,374
<b>Balance as of December 31, 2022</b>	<b>83,455</b>	<b>86,568</b>	-	<b>170,023</b>
<b>Balance as of January 1, 2023</b>	<b>83,455</b>	<b>86,568</b>	-	<b>170,023</b>
Current period amortization	69,645	22,994	-	92,639
Change in scope of consolidation (Note 3)	424,305	33,008	-	457,313
Fair value decrease <sup>(1)</sup>	(17,202)	-	-	(17,202)
<b>Balance as of December 31, 2023</b>	<b>560,203</b>	<b>142,570</b>	-	<b>702,773</b>
<b>Net book value as of January 1, 2022</b>	<b>448,531</b>	<b>30,624</b>	-	<b>479,155</b>
<b>Net book value as of December 31, 2022</b>	<b>438,561</b>	<b>18,008</b>	-	<b>456,569</b>
<b>Net book value as of December 31, 2023</b>	<b>2,571,578</b>	<b>125,139</b>	<b>156,406</b>	<b>2,853,123</b>

<sup>(1)</sup> Among the rights, there are also the assets of Akfen Merter that are accounted for in relation to the lease of the land that it has leased for a period of 30 years in Zeytinburnu Merkez Efendi Mah., Istanbul, and on which the project is under development. The contract of the relevant project was terminated unilaterally by the Regional Directorate of Foundations. The lawsuit for compensation for possible negative and positive damages incurred by the Group due to the unilateral termination of the contract continues. As of December 31, 2023, TRY 94,614 of assets created in the financial statements were canceled due to Akfen Construction's decision that it would no longer develop the relevant project. In addition, the impairment of TRY 101,065 is the difference between the value of the upper right asset of Hacettepe Teknokent recognized under intangible assets and the fair value determined by the valuation firm registered with the CMB as of December 31, 2023.

### 16. INVENTORIES

As of December 31, 2023 and 2022, inventories are as follows:

	December 31, 2023	December 31, 2022
Finished goods <sup>(1)</sup>	144,264	104,472
Semi-finished products <sup>(2)</sup>	68,815	-
Food and beverage stocks	27,706	25,243
<b>Total</b>	<b>240,785</b>	<b>129,717</b>

<sup>(1)</sup> As of December 31, 2023 and 2022, the finished goods consist of the existing apartments for sale in Incek and Gölbaşı related to the housing project.

<sup>(2)</sup> As of December 31, 2023, semi-finished products consist of the amounts related to the villa project developed by the Company in Ankara Incek region

As of December 31, 2023 and 2022 the movement of inventories is as follows:

	2023	2022
<b>January 1</b>	<b>129,717</b>	<b>93,512</b>
Additions	126,071	20,401
Disposals	(93,876)	(125,582)
Transfers from investment properties (Note 11)	78,873	141,387
<b>December 31</b>	<b>240,785</b>	<b>129,717</b>

As of December 31, 2023 and 2022, there is no mortgage on the inventories.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 17. DEFERRED REVENUES / OBLIGATIONS ARISING FROM CUSTOMER CONTRACTS

As of December 31, 2023 and 2022, short-term deferred revenue is as follows:

	December 31, 2023	December 31, 2022
Deferred revenue from related parties (Note 32)	67,249	28,527
Deferred revenue from third parties	357,885	53,789
<i>Advances received</i> <sup>(*)</sup>	326,020	1,364
<i>Hotel lease revenues</i> <sup>(**)</sup>	31,865	52,315
<i>Other</i>	-	110
<b>Total</b>	<b>425,134</b>	<b>82,316</b>

<sup>(\*)</sup> As of December 31, 2023, TRY 124 mn of the relevant balance consists of advances collected in advance by Akfen Construction for the machinery and equipment to be purchased by Vakif Leasing from Akfen Construction regarding the financial leasing agreement for the goods to be leased by Firatcan Tourism from Vakif Leasing as a lessee. TRY 119.2 mn consists of advances received for Akfen Construction's Croatia project and TRY 80.4 mn for Hatay project.

<sup>(\*\*)</sup> 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, 2023 and 2022.

As of December 31, 2023 and 2022, short-term obligations arising from customer contracts are as follows:

	December 31, 2023	December 31, 2022
<b>Long term obligations arising from customer contracts</b>		
Short-term obligations arising from customer contracts <sup>(***)</sup>	328,806	-
<b>Total</b>	<b>328,806</b>	<b>-</b>

As of December 31, 2023 and 2022, long-term obligations arising from customer contracts are as follows:

	December 31, 2023	December 31, 2022
<b>Long term obligations arising from customer contracts</b>		
Long term obligations arising from customer contracts <sup>(***)</sup>	501,724	467,920
<b>Total</b>	<b>501,724</b>	<b>467,920</b>

<sup>(\*)</sup> 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, 2023 and 2022. As of December 31, 2023 and 2022, 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, 2023 and 2022, short term provisions are as follows:

	December 31, 2023	December 31, 2022
Unused vacation provision	42,210	31,009
Other provisions <sup>(*)</sup>	40,552	54,167
<b>Total</b>	<b>82,762</b>	<b>85,176</b>

<sup>(\*)</sup> As of December 31, 2023 and 2022, 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, 2023 and 2022, long term provisions are as follows:

	December 31, 2023	December 31, 2022
Provision for severance pay	69,365	31,072
Other provisions (1)	6,018	-
<b>Total</b>	<b>75,383</b>	<b>31,072</b>

<sup>(1)</sup> It consists of Akfen Renewable Energy's litigation provisions.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 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, İDO has been benefiting from the special consumption tax deduction.

The resolution of the Council of Ministers No. 2004/5266 of December 2, 2004 provides that the revenues from the operation and transfer of ships and yachts registered in the Turkish International Register of Ships are exempt from income and corporate taxes and funds. Therefore, purchasing, sales, mortgage, registration, loan and freight contracts pertaining to ships and yachts to be registered in the Turkish International Register of Ships are not subject to stamp duty, levies, banking and insurance transactions tax and funds. To this end, İDO is using corporate tax and income tax discounts.

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. As a result of the incentive certificate applications made by Isparta City Hospital, Eskişehir City Hospital and Tekirdağ City Hospital, which are indirect subsidiaries of the Group, to the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy of the Republic of Türkiye, the incentive applications for the investments of Isparta City Hospital, Eskişehir City Hospital and Tekirdağ City Hospital with the Public Private Partnership model are given Project-Based State Aid for Investments put into effect by the decision of the Council of Ministers and approved by the Council of Ministers on 26 February 2015, 8 November 2017 and 25 January 2018, respectively. Isparta City Hospital has incentive certificates numbered 118061, Eskişehir City Hospital 133596 and Tekirdağ City Hospital 135097. After the investment amount subject to the incentive, the revisions made and the revaluations made according to the revaluation rates determined every year according to the General Communiqué of the Tax Procedure Law published in the Official Gazette, as of December 31, 2023, it reached TRY 1,850,769, TRY 1,091,470 and TRY 1,755,618, respectively (December 31, 2022: TRY 1,924,502, TRY 1,134,954 and TRY 1,825,560, respectively). The incentives that the investment benefits from are as follows:

- Corporate Tax Deduction (tax deduction rate: 50% for Eskişehir City Hospital, 55% for Isparta City Hospital and Tekirdağ City Hospital, contribution rate to investment: 15% for Eskişehir City Hospital, 20% for Isparta City Hospital and Tekirdağ City Hospital),
- VAT Exemption,

Deferred tax assets are recorded if it is determined that taxable income is likely to occur in future years. Where taxable income is likely to occur, deferred tax assets are calculated on the basis of deductible temporary differences, financial losses, and tax benefits earned due to investment allowances that allow for the payment of reduced corporate tax. In this context, the Group bases the reflection of deferred tax assets arising from investment incentives in the consolidated financial statements on long-term plans, and evaluates the recoverability of deferred tax assets related to such investment deductions as of each balance sheet date, based on business models that include taxable profit estimates. This incentive should be used until the transfer of the hospital to the Ministry of Health, and the estimation of the amount subject to exemption in the following years was made on the basis of the year-end CPI projection. Year-based CPI and exchange rate estimates were used in the profit and loss projections of the hospital. In the prepared projection, the CPI is based between 4.2% and 12% between 2024-2028 and between 8.5% and 5.4% in the following years, and the long-term exchange rate expectation for both the US Dollar and the Euro is taken into account in a way that increases with the average of the CPI and PPI, which are used to be indexed to inflation. In the corporate tax projection, the current accumulated loss positions of hospitals are taken into account.



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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 19. GOVERNMENT INCENTIVES AND GRANTS (cont'd)

The Group creates a tax asset on all of these investment incentives to be used in future periods. As a result of the projections and evaluations it has made, the Group expects the deferred tax assets arising from investment incentives to be used until the end of the operating period.

The deferred tax effect corresponding to the current period tax from investment incentives is TRY 1,733,161 (December 31, 2022: TRY 2,693,737) and as of December 31, 2023, the deferred tax asset from investment incentives included in the deferred tax asset in the consolidated financial statements is TRY 4,697,857 (December 31, 2022: TRY 4,885,016).

In the sentiment analysis carried out as of December 31, 2023, there was no change in the projected recovery periods of deferred tax assets related to investment incentives during the operation period when the inputs included in the basic macroeconomic and sectoral assumptions constituting the business plans were increased/decreased by 10%.

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. The period of benefiting from the local additive supplement ends at the end of the 5<sup>th</sup> year of the YEK-DEM period of the relevant power plant.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**20. 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, 2023 and 2022, are as follows:

	Shareholding Rate (%)	December 31, 2023	Shareholding Rate (%)	December 31, 2022
Acacia Mine <sup>(1)</sup>	42.50	4,102,971	25.50	1,975,265
Akfen REIT	13.94	2,182,827	13.94	1,786,274
MDO <sup>(2)</sup>	50.00	-	50.00	-
Biz Mining <sup>(3)</sup>	50.00	-	100.00	-
Akfen Water <sup>(4)</sup>	100.00	-	50.00	48,810
Akfen Renewable <sup>(5)</sup>	66.50	-	66.91	8,751,328
		<b>6,285,798</b>		<b>12,561,678</b>

<sup>(1)</sup> After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 25.5% before the share purchase until March 31, 2023 and at the rate of 45.5% after the share purchase from March 31, 2023 until December 31, 2023.

<sup>(2)</sup> Since the equity amount of MDO is negative, the value of the company included in the consolidated financial statements is taken as zero.

<sup>(3)</sup> On January 2, 2023, the Company transferred 50% of BİZ Mining's shares which it owns all shares to İlbak Mining and Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of December 31, 2023 and started to be accounted for using the equity method. Since the equity amount of BİZ Mining is negative, the value of the company included in the consolidated financial statements is taken as zero.

<sup>(4)</sup> The Company completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023 and Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023.

<sup>(5)</sup> The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company and Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023. On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As a result, as of December 31, 2023, Akfen Holding's share in Akfen Renewable Energy was 66.5%. As of December 31, 2023, Akfen Renewables is accounted for in the consolidated financial statements of the Group using the full consolidation method, not as an investment accounted for using the equity method.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

The Group's shares in the profits or losses of its investments accounted using the equity method in the profit or (loss) statement for periods ended on December 31 are as follows:

	2023	2022
Akfen REIT <sup>(1)</sup>	101,262	245,026
Acacia Mine <sup>(2)</sup>	897,004	596,301
MDO <sup>(3)</sup>	(331,139)	(593,590)
Biz Mining <sup>(4)</sup>	(3,000)	-
Akfen Renewable <sup>(5)</sup>	-	(1,054,774)
Akfen Water <sup>(6)</sup>	-	(18,283)
	<b>664,127</b>	<b>(825,320)</b>

<sup>(1)</sup> 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, 2023.

<sup>(2)</sup> 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 March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 25.5% before the share purchase until March 31, 2023 and at the rate of 45.5% after the share purchase from March 31, 2023 until December 31, 2023.

<sup>(3)</sup> The said loss figures consist of the capital sent to MDO within the scope of the guarantee in the relevant periods.

<sup>(4)</sup> On January 2, 2023, the Company transferred 50% of the shares of Biz Mining, of which it owns all shares, to İlbak Mining, and as of December 31, 2022, Biz Mining, a subsidiary of the Company, became a business partnership as of December 31, 2023 and started to be accounted for by equity method. The loss figure in question consists of the capital sent in the relevant period.

<sup>(5)</sup> The Company purchased all of the EBRD and IFC's shares in Akfen Renewables on January 18, 2023 and became the 100% owner of the company, and Akfen Renewables, which was the Company's joint venture as of December 31, 2022, became a subsidiary as of December 31, 2023. On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As a result, as of December 31, 2023, Akfen Holding's share in Akfen Renewable Energy was 66.5%. As of December 31, 2023, Akfen Renewable Group's consolidated financial statements are accounted for by the full consolidation method, not as an investment valued by the equity method.

<sup>(6)</sup> On January 5, 2023, the Company completed the purchase of 50% of the shares of TASK Water B.V. in Akfen Water, and Akfen Water, which was the Company's joint venture as of December 31, 2022, became a subsidiary as of December 31, 2023.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

As of December 31, 2023 and 2022, the movements in investments accounted using the equity method are as follows:

	January 1 2023	Period profit /(loss)	Other equity movements	Liability cap adjustment <sup>(*)</sup>	Other adjustment related to profit or loss in consolidation <sup>(**)</sup>	Share sale (Note 3)	Dec. 31, 2023
Akfen Renewable	8,751,329	-	-	-	-	(8,751,329)	-
Akfen REIT	1,786,274	101,262	295,291	-	-	-	2,182,827
Acacia Mine	1,975,265	907,970	82,186	-	(10,966)	1,148,516	4,102,971
Akfen Water	48,810	-	-	-	-	(48,810)	-
MDO	-	(1,583,848)	331,139	1,252,709	-	-	-
Biz Mining	-	(1,033)	3,000	(1,967)	-	-	-
	<b>12,561,678</b>	<b>(575,649)</b>	<b>711,616</b>	<b>1,250,742</b>	<b>(10,966)</b>	<b>(7,651,623)</b>	<b>6,285,798</b>

	January 1 2022	Period profit /(loss)	Other equity movements	Liability cap adjustment <sup>(*)</sup>	Other adjustment related to profit or loss in consolidation <sup>(**)</sup>	Share sale (Note 3)	Dec. 31, 2022
Akfen Renewable	9,594,493	(1,054,774)	211,610	-	-	-	8,751,329
Akfen REIT	2,783,565	245,026	(26,461)	-	-	(1,215,856)	1,786,274
Acacia Mine	1,878,582	619,717	(132,826)	-	(23,416)	(366,792)	1,975,265
Akfen Water	67,044	(18,283)	49	-	-	-	48,810
MDO	-	(1,807,973)	593,590	1,214,383	-	-	-
	<b>14,323,685</b>	<b>(2,016,287)</b>	<b>645,962</b>	<b>1,214,383</b>	<b>(23,416)</b>	<b>(1,582,648)</b>	<b>12,561,678</b>

<sup>(\*)</sup> 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, 2023 and 2022 and since the equity amount of MDO is negative, the value of the company included in the consolidated financial statements is taken as zero.

<sup>(\*\*)</sup> Acacia Mine's net assets include assets related to mineral reserves and goodwill. Depreciation expense amounting to TRY 27,833 (December 31, 2022: TRY 29,271) and deferred tax income amounting to TRY 6,958 (December 31, 2022: TRY 5,854) 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).

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

#### Akfen Renewable Energy:

The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company and Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023.

Summary financial information on Akfen Renewable Energy as of December 31, 2023 and 2022 is provided below:

	December 31, 2022
Total Assets	33,704,193
Total Liabilities	18,504,153
Net Assets	15,200,040
<b>Group's share in Akfen Renewable Energy's net assets</b>	<b>10,170,347</b>
Change in the share of partnership (*)	(1,419,018)
<b>Carrying value</b>	<b>8,751,329</b>

	January 1-December 31, 2022
Revenue	4,937,829
Gross profit	2,874,492
General administrative expenses	(115,937)
Other operating income expense, net	(5,247,946)
Operating profit	(2,489,391)
Profit before tax	(2,059,179)
Profit after tax	(1,575,721)
Profit for the year from parent company shares	(1,576,408)
<b>Group's share in Akfen Renewable's profit for the period</b>	<b>(1,054,775)</b>
Depreciation and amortization expenses	857,922

(\*) 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% in USD terms.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

**Akfen REIT:**

The summary financial information of Akfen REIT as of December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Total Assets	23,380,446	20,509,587
Total Liabilities	7,721,727	7,695,572
Net Assets	15,658,719	12,814,015
<b>Group's share in Akfen REIT's net asset</b>	<b>2,182,827</b>	<b>1,786,274</b>

	January 1- December 31, 2023 <sup>(1)</sup>	January 1- December 31, 2022 <sup>(1)</sup>
Revenue	1,094,905	946,350
Gross profit	1,057,219	908,627
General administrative and selling marketing expenses	(78,634)	(38,459)
Other operating income, net	484,104	2,190
Operating profit	51,243	222,272
Profit before tax	1,513,932	1,094,630
Profit after tax	593,716	1,547,255
Profit for the period from parent company shares	731,162	1,364,204
Group's share in Akfen REIT's profit for the period	726,414	1,332,820
<b>Depreciation and amortization expenses</b>	<b>101,262</b>	<b>245,026</b>
Revenue	5,650	7,150

<sup>(1)</sup> 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, 2023.

As of December 31, 2023 and December 31, 2022, the fair value of the investment properties owned by Akfen REIT was calculated by a real estate appraisal company included in the list of "Real Estate Appraisal Firms" registered with the CMB. The fair value of investment properties has been determined by discounting the free cash flows that these properties will generate in the coming years to the present. The valuations are based on the lease period of the relevant upper right in the projects developed on the lands with the upper right, and a projection period in accordance with the lease agreement period in the projects developed on the lands owned by Akfen REIT. The cash flows obtained from the projections were discounted to the present with a discount rate appropriate to the risk level of the economy, the sector and the enterprise, and the values of the investment properties were calculated.

As of December 31, 2023 and December 31, 2022, the discount rates used in the Euro valuation report prepared according to different versions are in the range of 9.75-12% (December 31, 2022: %9.5-11.5%), the discount rates for assets valued in TRY are determined as 24% (December 31, 2022: 24%) and the discount rates for assets valued in Ruble are determined as 12.68-13.68% (December 31, 2022: 12.93-14.93%) in the calculation of the fair values of operating investment properties.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

**MDO:**

The summary financial information of MDO as of December 31, 2023, and 2022, is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total Assets	4,886,170	8,101,537
Total Liabilities	11,530,576	13,925,572
Net Assets	(6,644,406)	(5,824,035)
<b>Group's share in MDO's net asset</b>	<b>(3,322,203)</b>	<b>(2,912,018)</b>

	<b>January 1- December 31, 2023</b>	<b>January 1- December 31, 2022</b>
Revenue	1,301,800	2,082,694
Gross profit	108,997	(3,272)
General administrative and selling marketing expenses	(124,097)	(179,219)
Other operating expense, net	(27,326)	(26,395)
Share of profit from investments accounted using the equity method	17,061	7,426
Operating profit	(25,365)	(201,460)
Loss before tax	(3,167,696)	(3,615,946)
Loss after tax	(3,167,696)	(3,615,946)
Loss for the period from parent company shares	(3,167,696)	(3,615,946)
<b>Group's share in MDO's loss for the period</b>	<b>(1,583,848)</b>	<b>(1,807,973)</b>
<b>Group share of MDO recognized as loss for the period</b>	<b>(331,139)</b>	<b>(593,590)</b>
Depreciation and amortization expenses	176,033	116,560

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

**Akfen Water:**

On January 5, 2023, the Company completed the acquisition of 50% of the shares of TASK Water B.V. in Akfen Water, and Akfen Water, which was a joint venture of the Company as of December 31, 2022, became a subsidiary of the Company as of December 31, 2023.

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

	<b>December 31, 2022</b>
Total Assets	107,666
Total Liabilities	10,045
Net Assets	97,621
<b>Group's share in the net assets of Akfen Water</b>	<b>48,810</b>
	<b>January 1-December 31, 2022</b>
Revenue	56,942
Gross profit	7,982
General administrative expenses	(23,848)
Other operating (expense)/income, net	(63)
Operating loss	(15,929)
Profit before tax	(40,144)
Profit after tax	(36,567)
Profit for the period from parent company shares	(36,567)
<b>Group's share in Akfen Water's profit for the period</b>	<b>(18,283)</b>
Depreciation and amortization expenses	394

**Acacia Mine:**

The summary financial information of Acacia Mine as of December 31, 2023 and 2022 is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total Assets	11,530,566	11,942,846
Total Liabilities	2,697,960	4,973,447
Net Assets	8,832,606	6,969,399
<b>Group's share in the net assets of Acacia Mine</b>	<b>3,753,858</b>	<b>1,777,197</b>
Mining property reserves <sup>(*)</sup>	134,650	177,302
Goodwill carried at Group level <sup>(*)</sup>	214,463	20,766
<b>Carrying value</b>	<b>4,102,971</b>	<b>1,975,265</b>
	<b>Jan.1-Dec. 31, 2023<sup>(*)</sup></b>	<b>Jan.1-Dec.31,2022</b>
Revenue	5,468,952	6,146,795
Gross profit	2,368,142	2,318,383
General administrative and selling marketing expenses	(644,658)	(542,038)
Other operating (expense)/income, net	(137,128)	125
Operating profit	1,586,356	1,776,470
Profit before tax	1,200,079	1,902,677
Profit after tax	1,927,104	2,082,716
Profit for the period from parent company shares	1,927,104	2,082,716
<b>Group's share in Acacia Mine's profit for the period before purchase price allocation</b>	<b>907,970</b>	<b>619,717</b>
<b>Group's share in Acacia Mine's profit for the period after purchase price allocation<sup>(**)</sup></b>	<b>897,004</b>	<b>596,301</b>
Depreciation and amortization expenses	823,958	940,311



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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

### Acacia Mine (cont'd)

<sup>(1)</sup> Acacia Mine's net assets include assets related to the mineral reserve and goodwill. On March 31, 2023, 20% of Acacia Maden's shares were purchased by the Group, and TRY 198,723, which is the difference between the acquired share value and the purchase price of Acacia Maden on the date of acquisition, was recognized as "Goodwill" under "Investments Valued by Equity Method" (Note 3). Depreciation expense amounting to TRY 27,833 (December 31, 2022: TRY 29,271) and deferred tax income amounting to TL 6,958 (December 31, 2022: TRY 5,854) belonging to assets related to mineral reserves in the accounting period ended December 31, 2023 were recognized under the item "Shares from profits/(losses) of investments valued by the equity method" in the consolidated profit or loss statement.

<sup>(2)</sup> After the share sale that took place on July 22, 2022, Acacia Mine's ownership percentage has decreased from 30% to 25.5%. Acacia Mine's profit or loss items have been consolidated at the ownership percentage of 30% prior to the share sale, which corresponds to the closest accounting period to the share sale date, June 30, 2022, and at the ownership percentage of 25.5% from June 30, 2022 to December 31, 2022, following the share sale on July 22, 2022. After the share sale that took place on July 22, 2022, Acacia Mining's ownership percentage has decreased from 30% to 25.5%. Acacia Mining's profit or loss items have been consolidated at the ownership percentage of 30% prior to the share sale, which corresponds to the closest accounting period to the share sale date, June 30, 2022, and at the ownership percentage of 25.5% from June 30, 2022 to December 31, 2022, following the share sale on July 22, 2022.

On April 27, 2014, Acacia Mine received an investment incentive certificate from the Ministry of Economy in the "Large-Scale Investment" plan for its mining facility in Kastamonu. Within the scope of this incentive, 40% of the total investment amount constitutes the basis for tax exemption, and 80% of the future tax amount of the company will not be paid within the scope of the incentive until the tax exemption reaches the base amount.

## 21. COMMITMENTS

### Letters of guarantee, pledges and mortgages given

As of December 31, 2023 and 2022, the Group's statements on its position related to letters of guarantee/pledges/mortgages are as follows:

GPM given by the Group	December 31, 2023	December 31, 2022
A. Total Amount of GPM Given on Behalf of Own Legal Entity	90,884,462	55,151,311
B. Total Amount of GPM Given in Favor of Partnerships which are Fully Consolidated	2,698,694	878,042
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	-	-
i. Total Amount of GPM Given in Favor of the Parent Company	2,042,818	6,423,679
ii. Total Amount of GPM Given in Favor of Other Group Companies which B and C do not comprise	-	-
iii. Total Amount of GPM Given in Favor of Third Parties which C does not comprise	-	-
A. Total Amount of GPM Given on Behalf of Own Legal Entity	2,042,818	6,423,679
B. Total Amount of GPM Given in Favor of	-	-
<b>Total</b>	<b>95,625,974</b>	<b>62,453,032</b>

As of December 31, 2023, the ratio of other GPM given by the Company to equity is 4% (December 31, 2022: 19%)

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

	December 31, 2023 <sup>(1)</sup>			December 31, 2022 <sup>(1)</sup>		
	TRY	Euro	US Dollar	TRY	Euro	US Dollar
GPM given on behalf of the Group's own legal entity	1,519,974	33,769,165	55,595,323	321,605	33,780,060	21,049,646
GPM given in favor of companies under full consolidation	323,861	373,643	2,001,190	346,936	376,780	154,326
Total of other GPMs given	562,730	46,946	1,433,142	242,216	170,016	6,011,447
	<b>2,406,565</b>	<b>34,189,754</b>	<b>59,029,655</b>	<b>910,757</b>	<b>34,326,856</b>	<b>27,215,419</b>

<sup>(1)</sup> All amounts are expressed in TRY equivalent.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**22. FINANCIAL INVESTMENTS**

**Short-term financial investments**

The details for short-term financial investments as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss	2,012,288	1,191,290
<b>Total short-term financial investments</b>	<b>2,012,288</b>	<b>1,191,290</b>

**Long-term financial investments**

The details for long-term financial investments as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss	1,855,757	2,930,401
Financial assets at fair value through other comprehensive income	9,301,237	9,365,661
<b>Total long-term financial investments</b>	<b>11,156,994</b>	<b>12,296,062</b>

**Financial assets at fair value through profit or loss**

As of December 31, 2023 and 2022, TRY 67,608 of the financial assets whose short and long term fair value differences are reflected to profit/loss consist of the currency-protected deposits and the remaining amount consists of 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, 2023, fair value loss amount of TRY 678,963 related to the mentioned assets is accounted in the consolidated statement of income or expense (Note 30) (December 31, 2022: TRY 1,136,292 fair value loss).

**Financial assets at fair value through other comprehensive income**

	2023	2022
<b>January 1</b>	<b>9,365,661</b>	<b>10,077,187</b>
Revaluation increases accounted for as other comprehensive income	(65,060)	(711,526)
Change in scope of consolidation (Note 3)	636	-
<b>December 31</b>	<b>9,301,237</b>	<b>9,365,661</b>

As of December 31, 2023, TRY 9,177,300 of other long-term investments consists of MIP, TRY 10,530 of Travalex Group Investment, TRY 98,213 of Tepe Akfen Reformer TAR shares and TRY 14,719 of Tav Investment shares.

(December 31, 2022 : MIP; TRY 9,162,119, Travelex; TRY 17,351, Tepe Akfen Reformer TAR; TRY 170,578, Tav Investment; TRY 15,405). 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 LIABILITIES**

As of December 31, 2023 and 2022, other current assets are stated as follows:

	December 31, 2023	December 31, 2022
VAT carryforward	95,787	37,588
Other	3,127	1,859
<b>Total</b>	<b>98,914</b>	<b>39,447</b>

As of December 31, 2023 and 2022, other non-current assets are stated as follows:

	December 31, 2023	December 31, 2022
VAT carryforward	73,626	139,502
Prepaid taxes and funds	14,561	1,422
Other	376	1,031
<b>Total</b>	<b>88,563</b>	<b>141,955</b>

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 23. OTHER CURRENT/NON-CURRENT ASSETS AND CURRENT LIABILITIES (cont'd)

#### Other current liabilities

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

	December 31, 2023	December 31, 2022
Advances received <sup>(1)</sup>	113,016	66,245
Other	437	731
	<b>113,453</b>	<b>66,976</b>

<sup>(1)</sup> As of December 31, 2023, TRY 98,213 of the advances received by the Group due to the sale of TAR shares and TRY 14,746 (December 31, 2022: TRY 50,828) of the advances received by the Group regarding Acacia Maden consist of the advances received by the Group.

### 24. EQUITY

#### Issued Capital

As of December 31, 2023 and 2022, the Company's capital structure is as follows:

Name of shareholder	December 31, 2023		December 31, 2022	
	Share ratio(%)	Share amount	Share ratio(%)	Share amount
Pelin Akin Özalp	47.10	428,652	47.10	428,652
Selim Akin	47.10	428,652	47.10	428,652
Hamdi Akin	3.29	29,902	3.29	29,902
Akfen Holding	2.27	20,648	2.27	20,648
Akfen Tourism	0.24	2,146	0.24	2,146
<b>Nominal</b>	<b>100</b>	<b>910,000</b>	<b>100</b>	<b>910,000</b>
Inflation adjustments on capital	100	3,010,745	100	3,010,745
<b>Total issued capital</b>	<b>100</b>	<b>3,920,745</b>	<b>100</b>	<b>3,920,745</b>

#### 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, 2023, legal reserves in the financial statements is TRY 15,776,012 (December 31, 2022: TRY 15,790,532).

#### Foreign currency translation differences

As of December 31, 2023 the translation reserve amounting to TRY 778,964 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, 2022: TRY 737,798 – 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, 2023 are TRY 41,166 (December 31, 2022: TRY 13,436).

#### Tangible asset revaluation increases

As of December 31, 2023, the amount of tangible fixed asset valuation increase fund under equity in the consolidated financial statements of the Group is TRY 185,733 (TRY 166,482 from the power plant valuation of Akfen Renewable, TRY 19,251 consists of valuations for buildings owned by Akfen Construction) (December 31, 2022: TRY 27,536 Akfen Construction). In the other comprehensive income statement for the year ended December 31, 2023, the Group recognized TRY 158,197 including deferred tax income impact (TRY 197,746 excluding deferred tax income impact) and other comprehensive expenses related to cash flow hedging (December 31, 2022: TRY 27,536 including deferred tax income impact, (TRY 34,420 excluding deferred tax income impact).

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 24. EQUITY (cont'd)

#### **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, 2023, the amount classified under non-controlling interests in the balance sheet is TRY 6,881,425 (December 31, 2022: TRY 26,250). 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 periods ended at December 31, 2023 and 2022, gains of non-controlling interests are TRY 1,413,886 and TRY 5,017, 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, 2023. It was evaluated within the scope of TFRS 9 standard and occurred in the value of financial investment. TRY 60,994 of the change of TRY 64,044, 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, 2022: TRY 675,952 net of the change in the value of the financial investment amounting to TRY 709,750 of deferred tax). As of December 31, 2023, other revaluation and measurement gains recognized under equity in the consolidated financial statements are TRY 736,925 (December 31, 2022: TRY 675,952).

#### **Reserve hedge fund**

The Group's hedging losses amounting to TRY 4,863,166 as of December 31, 2023 (December 31, 2022: TRY 5,131,488) 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 239,249 including the effect of deferred tax income (TRY 299,061, excluding the effect of deferred tax income) for period ended December 31, 2023 (December 31, 2022: TRY 217,593 - including deferred tax income effect, (TRY 271,991 excluding deferred tax income effect).

#### **Other equity shares**

As of February 16, 2023, 85.16% of Akfen Karaköy's 8.53% shares (7.25% of total shares) owned by third parties were taken over by Akfen GT as a deduction for the existing receivables of Akfen GT from the other partners of Akfen Karaköy together with the accrued interest until the share transfer date, and 14.84% of the remaining shares (1.27% of the total shares) by Akfen Holding. After the aforementioned share purchase, Akfen GYO's direct and indirect ownership in Akfen Karaköy became 98.73%. On May 2, 2023, the Company purchased the 1.27% Akfen Karaköy shares belonging to Akfen Holding for TRY 16,049 and with the aforementioned share transfer, Akfen Karaköy became a 100% subsidiary of the Company. After the said share purchase, Akfen REIT's direct and indirect ownership in Akfen Karaköy was 100% as of December 31, 2023 (December 31, 2022: 91.47%). As a result, as of December 31, 2023, the difference between the total purchase and the share value which has an impact on the Company's financials amounting to TRY (22,921) has been accounted for in other equity shares (December 31, 2022: None)

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 25. SALES AND COST OF SALES

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

	January 1- December 31, 2023	January 1- December 31, 2022
<b>Construction revenues</b>		
Yalıkavak project incomes <sup>(1)</sup>	216,592	-
Croatia project incomes <sup>(2)</sup>	177,052	-
Hatay project incomes <sup>(3)</sup>	131,742	-
İskenderun project incomes <sup>(4)</sup>	8,812	-
Amasya project incomes <sup>(5)</sup>	1,777	-
<b>Operational revenues</b>		
Electricity sales revenues	4,363,237	-
Hospital service revenues <sup>(6)</sup>	1,671,408	1,310,998
Accommodation income <sup>(7)</sup>	173,475	134,651
Commercial area revenues	170,342	132,496
Apartment sales revenues <sup>(8)</sup>	118,294	217,395
Dormitory revenues	25,692	22,783
Rent revenues	20,950	24,451
Waste management service revenues	6,646	-
Other	34,958	61,688
Sales returns (-)	(27,100)	(9,516)
	<b>7,093,877</b>	<b>1,894,946</b>

<sup>(1)</sup> These are the construction revenues of the villa project planned to be developed on the Bodrum Yalıkavak land by Akfen REIT.

<sup>(2)</sup> These are the construction revenues obtained for the project awarded and won by Akfen İnşaat and Dost İnşaat (with 60% Akfen-40% Dost İnşaat partnership) for the Renovation and Reconstruction tender of the Sister of Mercy Hospital in Zagreb, Croatia, on 14 May.

<sup>(3)</sup> The construction revenues obtained based on the completion rate of the project related to the joint venture between Akfen Construction and Dost Construction (with a partnership of 55% Akfen and 45% Dost) in the Hatay Emergency Hospitals construction tender held on September 27, 2023.

<sup>(4)</sup> The construction revenues obtained based on the completion rate of the project related to the İskenderun State Hospital construction tender, which Akfen İnşaat submitted and won together with Dost İnşaat company (with a partnership ratio of 70% Akfen - 30% Dost), on March 27, 2023.

<sup>(5)</sup> The construction revenues obtained based on the completion rate of the project related to the Amasya State Hospital construction tender, which Akfen Construction participated in jointly with Dost Construction company (with a partnership ratio of 55% Akfen - 45% Dost), on June 12, 2023.

<sup>(6)</sup> Isparta, Eskişehir and Tekirdağ City Hospitals became operational as of March 2017, October 2018 and November 2020, respectively, and the Group started to generate income from hospital management activities.

<sup>(7)</sup> Bodrum Loft Hotel became operational as of July 1, 2020 and the Group started to earn accommodation income. Accommodation revenues also include other revenues such as food, beverages, etc.

<sup>(8)</sup> The villa sales revenues of the İncek Loft project.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**25. SALES AND COST OF SALES (cont'd)**

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

	January 1- December 31, 2023	January 1- December 31, 2022
Hospital service expenses <sup>(*)</sup>	1,752,680	1,104,710
Depreciation and amortization expenses	788,643	29,258
Construction costs <sup>(**)</sup>	431,183	166,511
System usage fee	255,375	-
Personnel expenses	304,558	104,858
Maintenance and repair expense	291,819	-
Contribution fee expenses	245,465	-
Insurance expenses	133,433	33,380
Tax and duties expenses	101,557	2,165
Apartment sales expenses	93,879	-
Food and beverage expenses	76,213	64,433
Operational lease expenses	61,414	319,177
Consulting expenses	31,805	-
Energy expenses	16,994	25,637
Other	293,912	67,467
	<b>4,878,930</b>	<b>1,917,596</b>

<sup>(\*)</sup> Isparta, Eskişehir and Tekirdağ City Hospitals became operational as of March 2017, October 2018 and November 2020, respectively, and the Group started to generate income from hospital management activities.

<sup>(\*\*)</sup> It consists mostly of the expenses of the construction works related to the projects that the Group is ongoing.

**26. GENERAL ADMINISTRATIVE EXPENSES**

General administrative expenses for the periods ended December 31, are as follows:

	January 1- December 31, 2023	January 1- December 31, 2022
Personnel expenses	335,356	187,161
Consultancy expenses	161,608	47,259
Donations <sup>(*)</sup>	59,333	13,539
Travel and hosting expenses	63,308	32,500
Depreciation expenses	60,472	61,081
Rent expenses	20,277	12,658
Taxes, duties and fees	18,766	16,907
Office expenses	18,807	13,445
Insurance expenses	8,628	3,884
Advertising expenses	6,691	414
Other	30,578	17,958
	<b>783,824</b>	<b>406,806</b>

<sup>(\*)</sup> As of December 31, 2023, donations consist of earthquake donations and Akfen Construction's donations made related to the Tekirdağ project.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 27. SELLING AND MARKETING EXPENSES

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

	January 1- December 31, 2023	January 1- December 31, 2022
Dues expenses	4,581	4,322
Advertising expenses	2,008	2,325
Other	8,665	6,560
	<b>15,254</b>	<b>13,207</b>

### 28. OTHER INCOMES AND EXPENSES FROM OPERATING ACTIVITIES

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

	January 1- December 31, 2023	January 1- December 31, 2022
Increase in value due to Service Concession Agreements (Note 10)	17,931,043	9,731,861
Increase in value of tangible assets <sup>(*)</sup>	2,009,539	-
Increase in value of investment properties (Note 11)	208,417	378,335
Profit on sales of investment properties	29,053	685
Reversal of impairment of receivable	-	19,417
Other <sup>(**)</sup>	1,318,619	36,984
	<b>21,496,671</b>	<b>10,167,282</b>

<sup>(\*)</sup> It mostly consists of revaluation increases of power plants belonging to Akfen Renewable Energy.

<sup>(\*\*)</sup> As of December 31, 2023, TRY 1,081,493 of the said amount consists of income from waiver of debts to MIP and its partners

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

	January 1- December 31, 2023	January 1- December 31, 2022
Exchange difference expense	831,326	13,360
Decrease in value of tangible assets (Not 14)	193,968	-
Decrease in value of intangible assets, right of use of assets and leases <sup>(*)</sup>	180,640	-
Transfer fee expenses <sup>(**)</sup>	56,821	71,709
Provision for doubtful receivables	39,571	13,254
Impairment of receivables	7,067	-
Litigation expense	548	-
Other <sup>(***)</sup>	363,159	4,153
	<b>1,673,100</b>	<b>102,476</b>

<sup>(\*)</sup> Akfen Merter had accounted assets, right-of-use assets and liabilities arising from lease agreements related to the lease of the land leased for 30 years in Zeytinburnu Merkez Efendi Mah., Istanbul, on which the project was under development. As of December 31, 2023, TRY 79,575 of the expense from these core activities is the impairment due to the cancellation of the values created in the financial statements due to Akfen Construction's decision that it will no longer develop the relevant project (December 31, 2022: None). The remaining TRY 101,065 impairment consists of the difference between the value of Hacettepe Teknokent's upper right asset recognized under intangible assets and the fair value determined by the valuation firm registered with the CMB as of December 31, 2023 (December 31, 2022: None).

<sup>(\*\*)</sup> These are the amounts paid and anticipated to be paid to the previous shareholders of Akfen Holding's Hydroelectric Power Plants project companies belonging to Akfen Renewables in accordance with the share transfer agreement.

<sup>(\*\*\*)</sup> As of December 31, 2023, within other expenses, there is a total of TRY 322,374 consisting of Group's waived receivables (December 31, 2022: None).

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**29. FINANCE INCOMES AND EXPENSES**

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

	January 1-December 31, 2023	January 1-December 31, 2022
Exchange difference income	1,429,173	1,928,747
Interest income	201,420	320,070
Fair value increases of derivative instruments	4,871	1,626,210
	<b>1,635,464</b>	<b>3,875,027</b>

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

	January 1-December 31, 2023	January 1-December 31, 2022
Exchange difference expense	11,537,016	8,508,305
Interest expense	3,412,079	2,059,121
Other	127,553	32,253
	<b>15,076,648</b>	<b>10,599,679</b>

**30. INCOMES AND EXPENSES FROM INVESTMENT ACTIVITIES**

**Incomes from investment activities:**

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

	January 1-December 31, 2023	January 1-December 31, 2022
Gains from the disposal of affiliates, joint ventures and financial investments or changes in their shares (Note 3)	905,131	-
Fair value gains of financial assets (Not 22)	638,588	-
Dividend income <sup>(*)</sup>	293,211	269,155
Other income from business partners <sup>(**)</sup>	105,498	123,395
Currency-protected deposit fair value increases	40,375	-
Profit on the sale of tangible assets	4,499	-
Other	2,213	2,106
	<b>1,989,515</b>	<b>394,656</b>

<sup>(\*)</sup> Dividend income as of December 31, 2023 and 2022 consists of dividend income from MIP and Travelex.

<sup>(\*\*)</sup> It consist of other income from MIP.

**Expenses from investment activities:**

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

	January 1-December 31, 2023	January 1-December 31, 2022
Loss due to share sale of affiliates/subsidiaries (Note 3)	312,517	639,293
Fair value losses of financial assets (Not 22)	-	1,136,292
Other <sup>(*)</sup>	101,757	192,084
	<b>414,274</b>	<b>1,967,669</b>

<sup>(\*)</sup> The expenses from other investment activities for the year ending on December 31, 2023, consist of investment expenses related to Grup's Acacia (December 31, 2022: TRY 111,894 for Acacia-related investment expenses, TRY 80,189 for Akfen Renewable-related investment expenses).



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

### **Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## **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 25% (2022: 23%) over profits declared for interim periods in 2023 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 25% for 2023 (December 31, 2022: %23) 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.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

b) Corporate tax

The corporate tax rate is applied to the net corporate income determined by adding non-deductible expenses according to tax laws and subtracting exemptions and deductions specified in tax laws. Corporate tax must be declared by the twenty-fifth day of the fourth month following the end of the relevant year and paid by the end of that month.

Companies declare and pay provisional taxes based on their quarterly financial profits at a rate of 25% (2022: 23%) by the 14<sup>th</sup> day of the second month following the relevant period, up until the evening of the 17<sup>th</sup> day. The provisional tax paid during the year will be offset against the corporate tax calculated on the corporate tax return for the following year. If there is any remaining amount after offsetting, it can be refunded in cash 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.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 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:

	January 1-December 31, 2023	January 1-December 31, 2022
Current corporate tax expense	(71,287)	(12,323)
Deferred tax expense	115,690	1,073,627
<b>Total tax expense</b>	<b>44,403</b>	<b>1,061,314</b>

	December 31, 2023	%	December 31, 2022	%
Profit before tax	8,694,960		(2,224,700)	
Local tax rate	25%		23%	
Tax expense calculated over tax rate	(2,173,740)	(25)	511,681	(23)
Non-deductible expenses	(454,829)	(5)	(236,350)	11
Tax exemptions and exceptions <sup>(*)</sup>	557,864	6	179,095	(8)
Effect of TFRS inflation accounting	(261,641)	(3)	(1,598,467)	(72)
The effect of the shares in the profits of the investments accounted in equity method	166,032	2	(189,824)	9
The effect of the change in the prior period loss subject to deferred tax income	(69,392)	(1)	-	-
Temporary differences not subject to deferred tax income	(322,924)	(4)	-	-
Current period losses not subject to deferred tax income	(331,552)	(4)	(410,944)	18
The effect of the change in the prior period loss subject to deferred tax income	139,846	2	-	-
Deferred tax calculated on investment incentive	1,733,161	20	2,693,737	(121)
Effect of tax rate differences	(249,416)	(3)	156,562	(7)
Tax expense due to tax base increase	(31,769)	0	-	-
Deferred tax effect arising from inflation accounting adjustments in financial statements prepared in accordance with the Tax Procedure Law	1,359,143	16	-	-
Revaluation tax expense	-	-	(3,627)	0
Revaluation deferred tax difference (**)	-	-	(52,432)	2
Other	(16,380)	(0)	11,883	(1)
<b>Total tax income</b>	<b>44,403</b>	<b>1</b>	<b>1,061,314</b>	<b>(48)</b>

<sup>(\*)</sup> Discounts and exemptions consist of the Company's emission premium earnings, participation earnings and exceptions, discounts and exemptions arising from cash capital increase.

<sup>(\*\*)</sup> As of December 31, 2023, 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.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

	December 31, 2023	December 31, 2022
Current period tax expense (A)	(71,287)	(12,313)
Tax deductible (B)	56,181	11,855
<b>Current income tax (liabilities)/assets, net (A+B)</b>	<b>(15,106)</b>	<b>(458)</b>

**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, 2023 and 2022, the Group's deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Investment incentives	4,697,857	4,885,016
Accumulated losses	2,760,198	1,447,761
Service concession agreements	(5,335,390)	(3,116,780)
Construction and repair costs spread over years	27,475	(80,749)
Investment properties and fixed assets	(3,859,120)	(435,162)
Adjustments on financial borrowings	205,633	(10,114)
Derivative instruments	(140,418)	(172,018)
Financial investments	(522,579)	(390,919)
Other	99,192	89,406
<b>Deferred tax (liabilities)/assets, net</b>	<b>(2,067,152)</b>	<b>2,216,441</b>

Expiration schedule of carry forward tax losses as of December 31, 2023 and December 31, 2022, is as follows:

	December 31, 2023	December 31, 2022
2023	-	198,672
2024	269,986	69,511
2025	998,236	1,042,866
2026	1,284,209	2,066,356
2027	2,749,780	3,861,396
2028	5,738,581	-
<b>Total</b>	<b>11,040,792</b>	<b>7,238,801</b>

As of December 31, 2023, the Group has carry forward tax losses amounting to TRY 11,040,792 (December 31, 2022: TRY 7,238,801) that can be deducted from its future profits, and deferred tax asset amounting to TRY 2,760,198 (December 31, 2022: TRY 1,447,761). As of December 31, 2023, the Group has a financial loss amounting to TRY 3,266,187, on which no deferred tax assets have been created (December 31, 2022: TRY 964,063).

Deferred tax asset movements for the years ended at December 31, 2023 and 2022 are as follows:

	2023	2022
<b>January 1</b>	<b>2,216,441</b>	<b>1,108,266</b>
Recognized in the statement of profit or loss	115,690	1,073,627
Changes within the scope of consolidation	(4,403,818)	-
Recognized in the statement of other comprehensive income	4,535	34,548
<b>December 31</b>	<b>(2,067,152)</b>	<b>2,216,441</b>

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 32. RELATED PARTY DISCLOSURES

#### a) Trade receivables from related parties / Trade payables to related parties

As of December 31, 2023 and 2022, the Group's short-term trade receivables from related parties are as follows:

	December 31, 2023	December 31, 2022
Acacia Mining	103,302	-
Akfen REIT	41,022	2,508
Akfen Renewable	-	19,049
Akfen İnşaat Turizm ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Adi Ortaklığı ("Adi Ortaklık")	-	14,777
Farklı Yatırım İnşaat A.Ş.	-	2,872
Other	6,495	4,975
	<b>150,819</b>	<b>44,181</b>

As of December 31, 2023 and 2022, the Group's short-term trade payables to related parties are as follows:

	December 31, 2023	December 31, 2022
Akfen REIT	11,415	9,002
Fıratcan	766	-
Akfen Water	-	7,190
MIP	-	2,538
Other	2,293	-
	<b>14,474</b>	<b>18,730</b>

As of December 31, 2023 and 2022, the Group's long-term trade payables to related parties are as follows:

	December 31, 2023	December 31, 2022
Other	-	315
	-	<b>315</b>

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

As of December 31, 2023 and 2022, the Group's long-term other receivables from related parties are as follows:

	December 31, 2023	December 31, 2022
Company Main Partner	166,537	-
Akfen International BV	116,148	-
Company Founding Partner	74,294	-
İzbir Mine (*)	-	505,970
Acacia Mine (**)	-	216,182
Other	30,188	3,173
	<b>387,167</b>	<b>725,325</b>

(\*) As of December 31, 2022 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.

(\*\*) As of December 31, 2022 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, 2023 and 2022, the Group's short-term other payables to related parties are as follows:

	December 31, 2023	December 31, 2022
Company Main Partners	-	60,257
Other	-	37
	-	<b>60,294</b>

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**32. RELATED PARTY DISCLOSURES (cont'd)**

As of December 31, 2023 and 2022, the Group's long-term other payables to related parties are as follows:

	December 31, 2023	December 31, 2022
Acacia Mine <sup>(1)</sup>	117,034	-
Company Founding Partner	3,158	434,287
Akfen International BV <sup>(2)</sup>	-	825,222
Firatcan Tourism <sup>(3)</sup>	-	333,056
MIP Other Partners <sup>(4)</sup>	-	943,083
MIP (5)	-	353,962
Other	2,597	7,549
	<b>122,789</b>	<b>2,897,159</b>

<sup>(1)</sup> The relevant balances belonging to the Company's business partnership consist of debts whose interest rates are operated under market conditions.

<sup>(2)</sup> It belongs to the founding partner of the Company and the related balances consist of debts whose interest rates are operated under market conditions.

<sup>(3)</sup> It is a loan taken from Akfen REIT's affiliate, and interest is charged on the aforementioned debt under market conditions.

<sup>(4)</sup> As of December 31, 2022, 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.

<sup>(5)</sup> The Company is the financial investment of the shareholder and is accounted at discounted amount since the aforesaid payable has a certain maturity.

As of December 31, 2023 and 2022, the Group's short-term deferred revenue from related parties are as follows:

	December 31, 2023	December 31, 2022
Akfen REIT <sup>(*)</sup>	67,249	28,527
	<b>67,249</b>	<b>28,527</b>

<sup>(\*)</sup> 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:

		January 1- December 31, 2022	January 1- December 31, 2022
MIP	Dividend income	291,496	269,155
Travelex	Dividend income	1,715	-
MIP	Other income	1,038,329	-
MIP	Rediscount interest expense	(51,722)	(39,142)
Akfen REIT	Construction income-Yalıkavak	216,592	-
Acacia	Other income	183,548	-
Acacia	Interest income	14,328	38,422
Akfen Water	Revenue	4,622	-
Akfen REIT	Revenue	2,902	2,365
Other	Other income	8,993	16,739
Other	Interest income	44	227
Akfen Renewable	Interest income	-	100,786
Izbir Mine	Interest income	-	25,998
Akfen Renewable	Other income	-	20,370
Company main partner	Rent income	(4,319)	(5,009)
Other	Other expense	(1,756)	(2,118)
Akfen Water	Other expense	-	(34,391)

**Benefits to Senior Executives**

Total short-term benefits provided to senior managers for Akfen Holding and subsidiaries for the year ended on December 31, 2023 is TRY 109,211 (December 31, 2022: TRY 80,560).

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**33. EARNINGS/(LOSS) PER SHARE**

The Group's earnings/(loss) per share for the years ended December 31, 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
Net profit/(loss) for the period belonging to the shareholders of the parent company	7,329,510	(1,168,403)
Number of shares at the end of the period	910,000,000	910,000,000
Number of shares available during the period	910,000,000	701,150,685
<b>Earnings/(loss) per share (full TRY)</b>	<b>8.05</b>	<b>(1.67)</b>

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**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):

	Trade receivables		Other receivables			Financial assets - related to concession agreements	Bank Deposits <sup>(1)</sup>
	Related Party	Other Party	Related Party	Contract assets arising from ongoing construction and contracts	Other Party		
<b>December 31, 2023</b>							
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D+E)</b>	<b>151,626</b>	<b>800,682</b>	<b>387,328</b>		<b>- 209,815</b>	<b>27,187,566</b>	<b>10,412,878</b>
- Portion of the maximum risk that is guaranteed with a collateral, etc,	-	-	-		-	-	-
<b>A. Net book value of financial assets that are not overdue or not impaired</b>	<b>151,626</b>	<b>800,682</b>	<b>387,328</b>		<b>- 209,815</b>	<b>27,187,566</b>	<b>10,412,880</b>
<b>B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired</b>	-	-	-		-	-	-
<b>C. Net book value of assets that are overdue but not impaired</b>	-	-	-		-	-	-
- Net book value of assets that are overdue but not impaired	-	-	-		-	-	-
<b>D. Net book value of impaired assets</b>	-	-	-		-	-	(2)
- Net book value of impaired assets	-	67,287	-		-	-	-
- Impairment (-)	-	(67,287)	-		-	-	-
- Not overdue (gross book value)	-	11,929	-		-	-	-
- Impairment (-)	-	(11,929)	-		-	-	(2)
<b>E. Elements including off-balance-sheet financing</b>	-	538,989	-		-	-	-
<b>December 31, 2023</b>	<b>Receivables</b>						
	<b>Trade receiv.</b>	<b>Other receiv.</b>					
0-3 months overdue	-	-					
3-12 months overdue	-	-					
1-5 years overdue	67,287	-					
More than 5 years overdue	-	-					
Total receivables overdue	-	-					
Total provisions reserved	-	-					
Portion guaranteed with a collateral, etc.	-	-					

<sup>(1)</sup> As of December 31, 2023, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 1,724,578 and other short-term and long-term investment funds and deposits amounting to TRY 3,800,437 are included in the bank deposits.



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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)**

i. Credit risk (cont'd)

	Trade receivables		Other receivables			Financial assets - related to concession agreements	Bank Deposits <sup>(*)</sup>
	Related Party	Other Party	Related Party	Contract assets arising from ongoing construction and contracts	Other Party		
<b>December 31, 2022</b>							
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D+E)</b>	<b>44,181</b>	<b>341,928</b>	<b>725,369</b>	<b>-</b>	<b>125,062</b>	<b>25,711,053</b>	<b>9,374,838</b>
- Portion of the maximum risk that is guaranteed with a collateral, etc,	-	-	-	-	-	-	-
<b>A. Net book value of financial assets that are not overdue or not impaired</b>	<b>44,181</b>	<b>341,928</b>	<b>725,369</b>	<b>-</b>	<b>125,062</b>	<b>25,711,053</b>	<b>9,374,962</b>
<b>B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Net book value of assets that are overdue but not impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-
<b>D. Net book value of impaired assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(124)</b>
- Net book value of impaired assets	-	43,301	-	-	-	-	-
- Impairment (-)	-	(43,301)	-	-	-	-	-
- Not overdue (gross book value)	-	11,773	-	-	-	-	-
- Impairment (-)	-	(11,773)	-	-	-	-	(124)
<b>E. Elements including off-balance-sheet financing</b>	<b>-</b>	<b>486,339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>December 31, 2023</b>	<b>Receivables</b>						
	<b>Trade receiv.</b>	<b>Other receiv.</b>					
0-3 months overdue	-	-					
3-12 months overdue	-	-					
1-5 years overdue	43,301	-					
More than 5 years overdue	-	-					
Total receivables overdue	-	-					
Total provisions reserved	-	-					
Portion guaranteed with a collateral, etc.	-	-					

<sup>(\*)</sup> As of December 31, 2022, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 1,433,638 and other short-term and long-term investment funds and deposits amounting to TRY 4,075,061 are included in the bank deposits.

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

### Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 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, 2023

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3-12 Months (II)	1-5 years (III)	More than 5 years (IV)
<b>Non-derivative financial liabilities</b>						
Borrowings	37,866,085	(48,881,668)	(2,468,028)	(6,129,487)	(26,965,639)	(13,318,514)
Trade payables to third parties	1,800,055	(1,800,055)	(1,800,055)	-	-	-
Due to related parties	137,263	(137,263)	(14,474)	-	(122,789)	-
Other payables(*)	461,691	(461,693)	(190,082)	(155,667)	(115,944)	-
<b>Total</b>	<b>40,265,094</b>	<b>(51,280,679)</b>	<b>(4,472,639)</b>	<b>(6,285,154)</b>	<b>(27,204,372)</b>	<b>(13,318,514)</b>

#### December 31, 2022

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3-12 Months (II)	1-5 years (III)	More than 5 years (IV)
<b>Non-derivative financial liabilities</b>						
Borrowings	28,068,097	(36,581,463)	(991,880)	(3,269,637)	(19,553,909)	(12,766,037)
Trade payables to third parties	408,221	(408,221)	(408,221)	-	-	-
Due to related parties	2,976,183	(3,437,622)	(18,730)	(60,294)	(2,433,331)	(925,267)
Other payables(*)	266,142	(266,144)	(68,475)	(97,989)	(99,680)	-
<b>Total</b>	<b>31,718,643</b>	<b>(40,693,450)</b>	<b>(1,487,306)</b>	<b>(3,427,920)</b>	<b>(22,086,920)</b>	<b>(13,691,304)</b>

(\*) Non-financial liabilities such as deposits and advances received are not included in other liabilities.

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

### Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 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, 2023	December 31, 2022
<b>Fixed-Interest financial instruments</b>	<b>(8,534,982)</b>	<b>(4,357,249)</b>
Financial assets	4,678,185	3,720,733
Financial liabilities	(13,213,167)	(8,077,982)
<b>Floating-Interest financial instruments</b>	<b>(19,127,903)</b>	<b>(14,481,409)</b>
Financial assets	5,525,015	5,508,706
Financial liabilities	(24,652,918)	(19,990,115)

As of December 31, 2023 and 2022, 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, 2023	December 31, 2022
<b>Fixed-Interest financial instruments</b>	<b>(85,350)</b>	<b>(43,573)</b>
Financial assets	46,782	37,207
Financial liabilities	(132,132)	(80,780)
<b>Floating-Interest Financial Instruments</b>	<b>(191,279)</b>	<b>(144,814)</b>
Financial assets	55,250	55,087
Financial liabilities	(246,529)	(199,901)

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.

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**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, 2023	TRY Equivalent	US Dollar	Euro	Other <sup>(1)</sup>
1. Trade receivables	17,489	53	489	-
2a. Monetary Financial Assets (including safe and bank accounts)	8,388,585	270,479	12,928	135
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	3,022,548	30,058	65,626	-
<b>4. Current Assets (1+2+3)</b>	<b>11,428,622</b>	<b>300,590</b>	<b>79,043</b>	<b>135</b>
5. Trade Receivables	111,892	3,781	18	-
6a. Monetary Financial Assets	2,027,509	63,561	4,801	-
6b. Non-Monetary Financial Assets	9,192,019	312,248	-	-
7. Other	24,299,950	249,184	520,798	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>35,631,370</b>	<b>628,774</b>	<b>525,617</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>47,059,992</b>	<b>929,364</b>	<b>604,660</b>	<b>135</b>
10. Trade Payables	690,199	18,770	4,184	3
11. Financial Liabilities	8,030,738	168,668	93,664	-
12a. Other Monetary Liabilities	113,186	1,304	2,290	-
<b>12b. Other Non-Monetary Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13. Current Liabilities (10+11+12)	8,834,123	188,742	100,138	3
14. Trade Payables	213,252	7,231	-	-
15. Financial Liabilities	29,361,875	580,389	375,252	-
16a. Other Monetary Liabilities	653	-	20	-
16b. Other Non-Monetary Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>29,575,780</b>	<b>587,620</b>	<b>375,272</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>38,409,903</b>	<b>776,362</b>	<b>475,410</b>	<b>3</b>
<b>19. The Net Asset/(Liability) Position of off-balance sheet derivatives (9-18)</b>	<b>8,650,089</b>	<b>153,002</b>	<b>129,250</b>	<b>132</b>
<b>19a. Total amount of assets hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b. Total amount of liabilities hedged</b>	<b>9,462,136</b>	<b>320,845</b>	<b>-</b>	<b>-</b>
<b>20. Net Foreign Currency Asset/(Liability) Position (9-18+19b)</b>	<b>18,112,225</b>	<b>473,847</b>	<b>129,250</b>	<b>132</b>
<b>20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(541,930)</b>	<b>(159,246)</b>	<b>129,250</b>	<b>132</b>
<b>21. Export</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>22. Import</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2023, the Company's currency risk analysis is as follows (TRY):

**Exchange Rate Sensitivity Analysis Statement**

December 31, 2023	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	2,785,003	(2,785,003)	2,785,003	(2,785,003)
2- Portion hedged for USD (-)	-	-	-	-
<b>3- USD Net Impact (1+2)</b>	<b>2,785,003</b>	<b>(2,785,003)</b>	<b>2,785,003</b>	<b>(2,785,003)</b>
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	836,454	(836,454)	836,454	(836,454)
5- Portion hedged for EUR (-)	-	-	-	-
<b>6- Euro Net Impact (4+5)</b>	<b>836,454</b>	<b>(836,454)</b>	<b>836,454</b>	<b>(836,454)</b>
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	988	(988)	988	(988)
8- Portion hedged for other foreign currency (-)	-	-	-	-
<b>9- Other Foreign Currency Assets Net Impact (7+8)</b>	<b>988</b>	<b>(988)</b>	<b>988</b>	<b>(988)</b>
<b>TOTAL (3+6+9)</b>	<b>3,622,445</b>	<b>(3,622,445)</b>	<b>3,622,445</b>	<b>(3,622,445)</b>

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 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, 2023	TRY Equivalent	US Dollar	Euro	Other <sup>(1)</sup>
1. Trade receivables	7,677	53	184	-
2a. Monetary Financial Assets (including safe and bank accounts)	5,486,504	162,920	13,990	201
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	2,998,855	28,940	64,152	-
<b>4. Current Assets (1+2+3)</b>	<b>8,493,036</b>	<b>191,913</b>	<b>78,326</b>	<b>201</b>
5. Trade Receivables	62	2	-	-
6a. Monetary Financial Assets	3,791,445	100,459	21,199	-
6b. Non-Monetary Financial Assets	9,177,511	297,877	-	-
7. Other	23,442,676	244,597	484,262	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>36,411,694</b>	<b>642,935</b>	<b>505,461</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>44,904,730</b>	<b>834,848</b>	<b>583,787</b>	<b>201</b>
10. Trade Payables	102,150	689	2,458	-
11. Financial Liabilities	3,093,312	22,159	73,219	-
12a. Other Monetary Liabilities	623,230	17,839	2,207	-
12b. Other Non-Monetary Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>3,818,692</b>	<b>40,687</b>	<b>77,884</b>	<b>-</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	23,982,269	311,169	436,934	-
16a. Other Monetary Liabilities	2,091,122	67,750	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>26,073,391</b>	<b>378,919</b>	<b>436,934</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>29,892,083</b>	<b>419,606</b>	<b>514,818</b>	<b>-</b>
<b>19. Net Foreign Currency Asset/(Liability) Position (9-18)</b>	<b>15,012,647</b>	<b>415,242</b>	<b>68,969</b>	<b>201</b>
<b>20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>5,835,136</b>	<b>117,365</b>	<b>68,969</b>	<b>201</b>
21. Export	-	-	-	-
22. Import	-	-	-	-

<sup>(1)</sup> 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, 2023	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	2,558,706	(2,558,706)	2,558,706	(2,558,706)
2- Portion hedged for USD (-)	-	-	-	-
<b>3- USD Net Impact (1+2)</b>	<b>2,558,706</b>	<b>(2,558,706)</b>	<b>2,558,706</b>	<b>(2,558,706)</b>
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	453,089	(453,089)	453,089	(453,089)
5- Portion hedged for EUR (-)	-	-	-	-
<b>6- Euro Net Impact (4+5)</b>	<b>453,089</b>	<b>(453,089)</b>	<b>453,089</b>	<b>(453,089)</b>
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	1,409	(1,409)	1,409	(1,409)
8- Portion hedged for other foreign currency (-)	-	-	-	-
<b>9- Other Foreign Currency Assets Net Impact (7+8)</b>	<b>1,409</b>	<b>(1,409)</b>	<b>1,409</b>	<b>(1,409)</b>
<b>TOTAL (3+6+9)</b>	<b>3,013,204</b>	<b>(3,013,204)</b>	<b>3,013,204</b>	<b>(3,013,204)</b>

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**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, 2023 and 2022, the ratio of total capital to net liabilities is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total financial liability	37,866,085	28,068,097
Less: cash and cash equivalents (*)	(10,417,789)	(9,379,097)
Net debt	27,448,296	18,689,000
<b>Equity</b>	<b>48,748,748</b>	<b>34,245,466</b>
<b>Net financial debt / equity ratio</b>	<b>0.56</b>	<b>0.55</b>

(\*) Cash and bank deposits as of December 31, 2023; short-term and long-term financial investments of the Group amounting to TRY 3,800,437, excluding cash and cash equivalents, in the form of deposits and investment funds (December 31, 2022: TRY 4,075,061).

**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.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

#### Financial Instrument classifications and fair values

December 31, 2023	Amortized cost	Fair value difference reflected to profit/loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
<b>Financial assets</b>						
Cash and cash equivalents	6,549,744	-	-	6,549,744	6,549,744	5
Trade receivables from third parties	800,682	-	-	800,682	800,682	7
Trade receivables from related parties	150,819	-	-	150,819	150,819	7-32
Other receivables from third parties	209,815	-	-	209,815	209,815	8
Other receivables from related parties	387,328	-	-	387,328	387,328	8-32
Financial assets related to concession agreements	-	27,187,566	-	27,187,566	27,187,566	10
Financial investments whose fair value difference is reflected in profit / loss	-	3,868,045	-	3,868,045	3,868,045	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	9,301,237	9,301,237	9,301,237	22
Derivative instruments	-	280,821	-	280,821	280,821	12
<b>Financial liabilities</b>						
Financial borrowings	37,866,085	-	-	37,866,085	37,866,085	6
Trade payables to third parties	1,800,055	-	-	1,800,055	1,800,055	7
Trade payables to related parties	14,474	-	-	14,474	14,474	7-32
Other payables to third parties	148,125	-	-	148,125	148,125	8
Other payables to related parties	122,789	-	-	122,789	122,789	8-32

December 31, 2022	Amortized cost	Fair value difference reflected to profit/loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
<b>Financial assets</b>						
Cash and cash equivalents	5,257,406	-	-	5,257,406	5,257,406	5
Trade receivables from third parties	341,928	-	-	341,928	341,928	7
Trade receivables from related parties	44,181	-	-	44,181	44,181	7-32
Other receivables from third parties	125,062	-	-	125,062	125,062	8
Other receivables from related parties	725,369	-	-	725,369	725,369	8-32
Financial assets related to concession agreements	-	25,711,053	-	25,711,053	25,711,053	10
Financial investments whose fair value difference is reflected in profit / loss	-	4,121,691	-	4,121,691	4,121,691	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	9,365,661	9,365,661	9,365,661	22
Derivative instruments	-	861,044	-	861,044	861,044	12
<b>Financial liabilities</b>						
Financial borrowings	28,068,097	-	-	28,068,097	28,068,097	6
Trade payables to third parties	408,221	-	-	408,221	408,221	7
Trade payables to related parties	18,730	-	-	18,730	18,730	7-32
Other payables to third parties	75,961	-	-	75,961	75,961	8
Other payables to related parties	2,957,453	-	-	2,957,453	2,957,453	8-32

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)**

As of December 31, 2023 and 2022, the fair value classifications of financial assets and financial liabilities measured at fair value are as follows:

December 31, 2023	Fair Value Level		
	Level 1 TRY	Level 2 TRY	Level 3 TRY
<b>Short term financial investments</b>			
Financial assets at fair value through profit or loss (Note 22)	2,012,288	-	-
<b>Long term financial investments</b>			
Financial assets at fair value through profit or loss (Note 22)	1,855,757	-	-
Other financial investments (Note 22)	-	-	9,301,237
Interest rate swap transactions (Note 12)	-	562,250	-
Receivables from service concession agreements/ Financial assets related to concession agreements (Note 10)	-	-	27,187,566

December 31, 2023	Fair Value Level		
	Level 1 TRY	Level 2 TRY	Level 3 TRY
<b>Short term financial investments</b>			
Financial assets at fair value through profit or loss (Note 22)	1,191,290	-	-
<b>Long term financial investments</b>			
Financial assets at fair value through profit or loss (Note 22)	2,930,401	-	-
Other financial investments (Note 22)	-	-	9,365,661
Interest rate swap transactions (Note 12)	-	861,044	-
Receivables from service concession agreements/ Financial assets related to concession agreements (Note 10)	-	-	25,711,053

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.



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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 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, 2023 and 2022, 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, 2023		Discount rate change <sup>(*)</sup>	
Sensitivity level	1% decrease		1% increase
Fair value change	1,882,380		(1,690,748)

December 31, 2023		Discount rate change <sup>(*)</sup>	
Sensitivity level	1% decrease		1% increase
Fair value change	1,731,633		(1,556,410)

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, 27% discount rate is used in the valuation report (December 31, 2022: 23%)) as of December 31, 2023 and 2022, is as follows:

December 31, 2023		Inflation expectation		Discount rate change	
Sensitivity level	0.5% decrease	0.5% increase	1% decrease		1% increase
Fair value change	(11,020)	11,660	25,790		(22,880)

December 31, 2022		Inflation expectation		Discount rate change	
Sensitivity level	0.5% decrease	0.5% increase	1% decrease		1% increase
Fair value change	(11,307)	11,664	39,834		(34,442)

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

**Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023**

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**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, 2023 and 2022, 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, 2023 and 2022. 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:

		if increases	if decreases
		Profit/(Loss)	Profit/(Loss)
December 31, 2023	Sensitivity analysis	of fair value (TRY)	of fair value (TRY)
<b>Long term financial investments</b>			
<b>EBITDA multiplier</b>	0.50 basis point	104,489	(104,489)

		if increases	if decreases
		Profit/(Loss)	Profit/(Loss)
December 31, 2022	Sensitivity analysis	of fair value (TRY)	of fair value (TRY)
<b>Long term financial investments</b>			
<b>EBITDA multiplier</b>	0.50 basis point	325,329	(325,329)

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 35. EXPLANATIONS ON SHARES IN OTHER BUSINESSES

As of December 31, 2023 and 2022, information on the Group's major subsidiaries in which non-controlling interests are as follows:

#### December 31, 2023

	Hacettepe Teknokent(*)	Akfen Merter	Isparta City Hospital	Solentegre Energy	Me-Se Energy	Akfen Renewable Energy	Total
Total assets	845,074	20,038	9,496,859	372,021	413,318	34,579,916	45,727,226
Total liabilities	628,270	1,197	5,192,693	215,906	228,222	14,203,338	20,469,626
Equity	216,804	18,841	4,304,166	156,115	185,096	20,376,578	25,257,600
Profit/(loss) for the period	132,261	(11,092)	375,833	(22,606)	16,755	4,550,382	5,041,533
Non-controlling interest ratio	0.0024	0.0848	0.0012	0.1000	0.2000	0.3350	
Equity – Non-controlling interest	520	1,597	5,165	15,612	37,019	6,826,154	6,886,067
Profit/(loss) for the period – Non-controlling interest	317	(940)	450	(2,261)	3,351	1,413,483	1,414,400

#### December 31, 2022

	Hacettepe Teknokent(*)	Akfen Merter	Isparta City Hospital	Solentegre Energy	Me-Se Energy	Akfen Renewable Energy	Total
Total assets	794,104	289,941	9,520,045	-	-	-	10,604,090
Total liabilities	688,490	38,726	5,607,978	-	-	-	6,335,194
Equity	105,614	251,215	3,912,066	-	-	-	4,268,896
Profit/(loss) for the period	33,197	(25,208)	440,039	-	-	-	448,028
Non-controlling interest ratio	0.0024	0.0848	0.0012	-	-	-	
Equity- Non-controlling interest	253	21,303	4,694	-	-	-	26,250
Profit/(loss) for the period- Non-controlling interest	6,613	(2,138)	542	-	-	-	5,017

(\*) It is the information belonging to companies that have non-controlling shares of Akfen Holding and Akfen Construction.

### 36. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR

The explanation of the Group regarding the fees for the services rendered by the independent audit firms, which is prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the letter of the KGK dated August 19, 2021 are as follows:

	January 1-December 31, 2023	January 1-December 31, 2022
Independent audit fee for the reporting period	25,518	12,320
Fees for tax services	2,046	1,818
Fee for other assurance services	1,562	366
	<b>29,125</b>	<b>14,509</b>

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 37. SUBSEQUENT EVENTS

#### Akfen Holding

Akfen Holding's shares, which constitute 26% ownership in the TAR, were transferred on May 20, 2024.

#### Akfen Construction

A Protocol of Commencement of Actual Work has been issued for the construction of the 50-bed Erzin Emergency Hospital, within the scope of the contract concluded between the General Directorate of Health Investments, the Deputy Ministries of Health, Akfen Construction Tourism and Trade Inc., and Dost Construction and Project Management Inc., for the Emergency Hospitals in Hatay province, Altınözü, Erzin, and Payas districts, on January 4, 2024.

Eskişehir City Hospital Market Test Prequalification announcement was published on February 6, 2024 and the pre-qualification tender was held on March 8, 2024. Companies that have passed the pre-qualification have been invited to submit bids and a tender will be held on August 9, 2024.

Pursuant to the letter of the Company to the Capital Markets Board (CMB) on October 27, 2023, requesting the public offering of the company's shares and the amendment of its articles of association within this framework, the CMB gave an opinion in accordance with the text of the amendment of the articles of association with the letter dated February 14, 2024, and it was decided to welcome it positively by correcting the registered capital ceiling to be valid between 2024-2028. As of April 1, 2024, the documents required for the Prospectus approval application within the scope of the public offering of Akfen Construction's shares have been submitted to the Capital Markets Board for review and approval in accordance with the relevant legislation, and the process continues.

The amendment to the Company's Articles of Association was approved by the Company at the Extraordinary General Assembly Meeting held on February 28, 2024. It has been decided that the Company will switch to the registered capital system in accordance with the provisions of CMB No. 6362, and that the registered capital ceiling of the company, which will be valid for 5 years for the years 2024-2028, will be TRY 30 billion.

As of April 4, 2024, the application for the first quotation of Akfen Construction's shares has been submitted to the General Directorate of Borsa Istanbul A.Ş. in accordance with the relevant legislation and the process continues.

As of April 25, 2024, within the framework of the planned public offering of Akfen Construction, an application for MKK and KAP membership has been made to the Central Registry Corporation Inc. as a share issuer, and the process continues.

Pursuant to the contract dated June 20, 2023 for the 600-Bed State Hospital Construction Work, the construction of which was undertaken by Akfen Construction - Dost Construction Amasya State Hospital Construction Joint Venture, an actual workplace delivery report was issued on March 1, 2024 for the actual start of the work, and the work was actually started.

Akfen Construction has acquired a participation share from Akfen Real Estate Portfolio Management Inc. First Real Estate Investment Fund (the "Fund"), including;

- The purchase of participation shares is carried out in the form of payment in kind by registering the immovables belonging to the Company specified in the table below in the name of the Fund in the land registry at the prices specified in the table below,
- The purchase of participation shares is carried out at the share price to be calculated and announced on the business day before the date of registration in the name of the Fund in the land registry of the Immovables,
- To determine the total number of Fund participation shares to be given to the Company in return for the transaction price in accordance with the share price specified in article b,

It was unanimously decided on March 29, 2024 that these transactions will be carried out for a total price of TRY 358,819+ VAT specified in the table below.

In addition, it has been decided by the management of the Company to sell numbered 3 independent sections registered in 1947 island, 56 parcels in Mecidiyeköy neighborhood of Istanbul province, Şişli district, belonging to the Company, in cash with a price of TRY 20,000+ VAT. The transaction of selling the relevant independent section in cash with a price of TRY 20,000+ VAT was completed on April 17, 2024.

The transfer of the immovables other than numbered 3 independent sections registered in the Mecidiyeköy neighborhood, 1947 island, 56 parcels in the province of Istanbul, Şişli district, took place on March 29, 2024.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 37. SUBSEQUENT EVENTS (cont'd)

#### Akfen Construction (cont'd)

Property Name	Nature	Related Account	Sales Price (Excl. VAT)
Ankara Gölbaşı Karaoğlan	Land	Investment Property	82,575
Beynam	Land	Investment Property	9,900
Sincan	Land	Investment Property	5,490
Ankara Gölbaşı İncek	Land	Investment Property	9,450
Izmir Menemen	Land	Investment Property	33,750
Muğla Milas Hisar Mersinli-kuyu	Land	Investment Property	13,320
Istanbul Beşiktaş	Store	Investment Property	87,795
Levent Loft Independent Section 3	Office, Café, Shop	Investment Property	37,575
Kadıköy	Apartment	Investment Property	24,444
Istanbul Bebek	Apartment	Tangible Fixed Asset	74,520
<b>Total</b>			<b>378,819</b>

The Partnership Agreement (General Partnership) Amendment Agreement, dated May 30, 2024, and numbered 06707, signed between the Company and Dost Construction, as certified by Ankara 78<sup>th</sup> Notary Public, has amended the Company's share in Akfen Construction - Dost Construction General Partnership to 99.99%, and Dost Construction 's share to 0.01%.

The Partnership Agreement (General Partnership) Amendment Agreement, dated May 30, 2024, and registered at Ankara 78<sup>th</sup> Notary Public under journal number 06708, between the Company and Dost Construction and Project Management Inc., has resulted in a modification of the Company's share in Akfen Construction Tourism and Trade Inc. - Dost Construction Partnership to 99.99%, while Dost Construction 's share has been changed to 0.01%.

The Partnership Agreement (General Partnership) Amendment Agreement, dated May 30, 2024, and registered at Ankara 78<sup>th</sup> Notary Public under journal number 06709, between the Company and Dost Construction, has resulted in a modification of the Company's share in the Akfen Construction - Dost Construction Amasya State Hospital Construction Ordinary Partnership to 99.99%, while Dost Construction's share has been changed to 0.01%.

#### Akfen Renewable Energy

The Ministry of Environment, Urbanization and Climate Change has given a "Positive Environmental Impact Assessment" decision regarding the Gelinkaya Solar Power Plant (35.75 MWm / 30 MWe - 44.86 ha) and Electricity Storage Facility (30 MWe / 60 MWh) project planned to be built in Aşkale District of Erzurum Province by Akfen Elektrik Toptan, a 100% subsidiary of the Group. The decision was communicated by the General Directorate of Environmental Impact Assessment, Permitting and Inspection in a letter dated January 19, 2024.

Within the scope of the 90 MW "detached storage" applications of Akfen Elektrik Toptan Satış A.Ş., a 100% subsidiary of the Group, preliminary licenses were received from EMRA on March 1, 2024 for the following facilities.

- Elazığ Detached Storage facility 30MW
- Tokat Detached Storage facility 30MW
- Doğançay Detached Storage facility 30MW

At the meeting of the Board of Directors of our Company on March 27, 2024, it was decided to establish a Romania-based company with an initial capital of 200 RON (Romanian Leu) (approximately 50 Euros) together with DEVVIS SERVICES S.R.L., a company providing construction services in Romania, in order to develop possible projects in the field of energy in Romania, and that our Company will participate in the said company as a founding partner at a rate of 85%. 15% of the capital of the company to be established will be covered by DEVVIS SERVICES S.R.L. As of May 7, 2024, the application process for the establishment and registration of the SPV company under the name SUNWAY ENERGY S.R.L. in Romania has been completed.

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

## Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 37. SUBSEQUENT EVENTS (cont'd)

#### Akfen REIT

The process of increasing the issued capital of the Company from TRY 1,300,000,000 to TRY 3,900,000,000 within the registered capital ceiling of TRY 6,500,000,000 has been completed, and the new form of Article 8 of our Articles of Association titled "Capital and Shares" has been registered by the Istanbul Trade Registry Directorate on February 9, 2024.

On January 17, 2024, the transfer of all shares belonging to Akfen GT, a subsidiary of the Company, was completed for a variable price of USD 73,000,000+ and the transfer fees were collected and the sale of financial fixed assets was concluded.

At the Company's Board of Directors Meeting on April 1, 2024; The validity of the existing registered capital ceiling of TRY 6,500,000,000 for the years 2020-2024, considering that it will expire at the end of this year, has been decided to be re-determined In this context, the Board of Directors has decided,

1. To increase the Company's current registered capital ceiling to TRY 50,000,000,000 for the years 2024-2028,
2. Accordingly, to amend Article 8 of the Company's Articles of Association titled Capital and Shares,
3. To apply to the Capital Markets Board and the Ministry of Trade for the necessary approvals and to fulfill other legal procedures.

Due to the fact that the validity of the Company's current registered capital ceiling of TRY 6,500,000, which is valid for the years 2020-2024, will expire as of the end of 2024, it has been decided to amend Article 8 of the Company's articles of association titled "Capital and Shares" in order to increase the registered capital ceiling and determine it as TRY 50,000,000 for the years 2024-2028, and the approvals of the CMB and the Ministry of Commerce have been obtained. The said approved article amendment was adopted at the Company's Ordinary General Assembly Meeting dated May 17, 2024 and registered on May 21, 2024.

The loans of the Company and its subsidiary Akfen Karaköy were refinanced on May 24, 2024 as a result of the completion of the closing procedures of the 84-month maturity and improved commercial conditional loan agreement signed with Türkiye Vakıflar Bankası T.A.O.

#### Akfen GPYŞ

Pursuant to the authorization granted to the Board of Directors by the Articles of Association of Akfen GPYŞ, the request to increase the capital from TRY 18,000 to TRY 41,876, within the registered capital ceiling of TRY 45,000, was approved by the CMB and the capital increase was completed. Subsequently, the CMB was again consulted in order to amend the articles of association of Akfen GPYŞ in line with the new capital structure. Following the approval of the CMB, registration and announcement procedures will be carried out.

# Abbreviations

Abbreviations	Descriptions
Acacia Mining / Acacia Mine	Acacia Mining Operations Inc.
Accor	ACCOR S.A.
Adana Ipekyolu	Adana Ipekyolu 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 Incb.
Akfen Hospital	Akfen Hospital Services Inc.
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	Akfensu Arbiogaz Dilovası Waste Water Treatment Facilities Construction and Operation Co.
Akfen Water Güllük	Akfen Güllük Environment and Water Inv. Cons. & Operation Co.
Akfen Tourism	Akfen Tourism Investment Management Co. Inc.
Akfen Renewable Energy	Akfen Renewable Energy Co.
Akınısı / Akınısı Makine	Akinisi Machinery Industry and Trade Co. Inc.
Aquila	Aquila Capital Wasserkraft Invest GmbH ve Aquila HydropowerINVEST Investitions GmbH & Co. KG
Ayrı Real Estate	Ayrı Real Estate Investment
BISS Defense	BISS Defense Industry Co.
BİZ Mining	BİZ Mining Co. (Formerly: BISS Defense)
CAGR	Annual Compound Growth Rate
DEİK	Foreign Economic Relations Board
DSİ	General Directorate of State Hydraulic Works
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.
Fıratcan Tourism	Fıratcan Construction Trade Tourism Inc.
GDP	Gross Domestic Product
GWh	Giga Watt hour

<b>Abbreviations</b>	<b>Descriptions</b>
Hacettepe Technokent	Hacettepe Teknokent Education and Clinical Research Center Health R&D Consultancy Project Industry and Trade Inc.
HEPP	Hydro Electric Power Plant
IAS	International Accounting Standards
IBS / IBS Insurance	IBS Insurance and Reinsurance Brokerage-UIB Türkiye
İDO	Istanbul Sea Buses
Isparta City Hospital	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 CCNPP	Mersin Combined Cycle Natural Gas Power Plant
MIP	Mersin International Port
Ministry of Environment	Republic of Türkiye Ministry of Environment, Urbanization and Climate Change
MW, MWh	Mega Watt, Mega Watt hours
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 Inc.
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 HOLDING**

Koza Street No: 22 Gaziosmanpaşa  
06700 Ankara / Türkiye

[www.akfen.com.tr](http://www.akfen.com.tr)

Phone: +90 (312) 418 10 00

Fax: +90 (312) 441 07 82

