

'19



Akfen Infrastructure Holding Annual Report

akfen
intra

CONTENTS

	AKFEN INFRASTRUCTURE HOLDING AND GROUP COMPANIES
	Overview
5	About Akfen Infrastructure Holding
6	Akfen Infrastructure Holding Group Structure
9	Milestones
10	Developments in 2019
15	Activity Areas
18	Map of Domestic Investments
19	Map of Foreign Investments
20	Our partners
	Messages
22	Message from the Honorary President
24	Management's Message
	FINANCIAL RESULTS
26	Financial Results for 2019
27	Summary Financial Indicators
	Akfen Infrastructure Holding Group Companies
30	AKFEN CONSTRUCTION
36	HEALTH INVESTMENT
38	City Hospitals
39	Akfen Construction's City Hospital Investments
40	• Isparta City Hospital
44	• Eskişehir City Hospital
48	• Tekirdağ City Hospital
53	HOUSING INVESTMENTS
54	Construction Sector in Turkey
55	Foreign Contracting Services
56	General Information About Ankara
57	Akfen Construction's Housing Investments
58	• İncek Loft
62	• Bulvar Loft
65	DORMITORY INVESTMENTS
66	• Hacettepe Guest House
66	• Isparta Dormitory
66	• Kütahya Dormitory
	OTHER CONSTRUCTION PROJECTS
67	• Cyprus Bafra Hotel, TRNC
67	• HEPP Construction
68	• Bodrum Loft
	OTHER SUBSIDIARIES
69	Travellex
70	Other Subsidiaries

	AKFEN HOLDING GROUP COMPANIES
72	Companies
74	Energy Sector
76	Akfen Renewable Energy
80	Akfen Renewable Energy Portfolio
81	• HEPP Group
82	• SPP Group
82	• WEPP Group
84	Akfen Energy Generation
86	Port Sector
88	MIP
96	Copper Mining Sector
97	Acacia Mining
102	REIT and Tourism Sector
103	Akfen REIT
108	Maritime Transportation Sector
109	İDO
114	Waste Water and Solid Waste Sector
115	Akfen Environment and Water
120	Insurance Sector
121	IBS Insurance
124	TAV Construction

	AKFEN INFRASTRUCTURE HOLDING CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS
	Corporate Governance
126	Corporate Values & Perspective for the Future
128	Human Resources
130	Board of Directors
135	Management of Subsidiaries and Affiliates
141	Corporate Social Responsibility
143	• Individual Development Program
145	• Local Projects
149	• International Projects
151	• Investment for the Future of Turkey
152	• Social Responsibility
158	General Information
	FINANCIAL STATEMENTS
162	Independent Auditor's Report
169	Consolidated Financial Statement For the Year Ended on 31 December 2019
176	Footnotes for Consolidated Financial Statements
250	Abbreviations

You energize us

Fire made us human, and then fossil fuels made us modern, "says Amory Lovins, an American physicist, writer and Cofounder and Chairman Emeritus at Rocky Mountain Institute.

Many scientists, governments, companies and even citizens of the world are looking for the answer to the question; Can we find a clean, sustainable energy source without causing destruction? What will be Humanity's new fire?

The question is simple ... But so enormous!

The most mysterious question in the era of sustainability, undoubtedly. Tirelessly seeking answers is the concern of the whole world. As Akfen, we ask this question to ourselves. every day. We spend all our time to find answers. Our aim is to build one of Turkey's largest renewable energy portfolios and we believe we have made our sincerity in this matter clear.

Fire made us human, and then fossil fuels made us modern. Now the whole World seeks the answer to the question: "How can we source clean and sustainable energy without causing destruction?" As Akfen, we are looking for the answer to this question with the energy we receive from you, and we will continue doing so

As a group that creates added value for its country and its shareholders, we see our investments as a modest contribution to the sustainable growth of the World and Turkey.

So much so that in the years when no one dares to invest, we are investing billions of dollars fearlessly. We are not afraid because our energy is always at the maximum and we get this energy from our employees, partners, citizens and nature.

From our newest employee to our colleagues who have been with us since our establishment, the only unchanging thing at Akfen for 46 years has been our desire to do business and our endless energy. Our primary responsibility is to minimize our energy consumption, which we obtain from sustainable sources!



Maximum energy



Minimum carbon foodprint



About Akfen Infrastructure Holding

1

CHAPTER

Akfen Infrastructure Holding

Akfen Group, since 1976 when the first company was established, has completed many important infrastructure, construction, real estate and similar projects in Turkey. The Group has adopted "continuous growth strategy" since its establishment. As a requirement of this strategy, all the value created has been used as equity in the creation of new assets. For Akfen Holding, 1997 was also an important turning point. At this date the tender for the Istanbul Atatürk Airport International Terminal, which was built with the Build-Operate-Transfer (BOT) model, was won and this enhanced Akfen's tendency towards long-term infrastructure projects.

The accumulation of knowledge and experience that started in that period has made Akfen Group the sought-for company for nation-wide infrastructure projects, such as airport management, port management, energy, maritime

Group companies continue their organic and inorganic growth, supporting investments by using advanced financing tools effectively. This is one of the most important reasons of high profitability

transportation and water/wastewater management not only in Turkey but also in many countries of the world.

As a group strategy, the Group works with strong partners and financial institutions experienced in their sectors.

Among the fields of activity of the Akfen Group are; construction, energy, sea port management, maritime transportation, real estate, mining, insurance and reinsurance brokerage, water/wastewater and solid waste management services. As required by the Group's strategy, the Group works with strong partners and financial institutions that are experienced in their respective sectors.

Among the partnerships of Akfen Group companies, there are well-known national and international entrepreneurial partners and financial institutions such as Tepe Construction, PSA International, IFM Investors, EBRD, IFC, Accor, Souter Investments LLP and Kardan N.V.

Among the Group companies, in addition to Akfen Holding and Akfen Construction, are Akınısı Machinery

MARCH 2018

37% of IBS Insurance was transferred to Akfen Infrastructure Holding.

MAY 2018

All shares of Masanda Tourism were transferred to Akfen Infrastructure Holding.

MAY 2018

Akfen Infrastructure Consultancy was renamed Akfen Infrastructure Holding.

AUGUST 2018

99.36% of Akfen Holding shares were transferred to Akfen Infrastructure Holding.

FEBRUARY 2019

Akfen Holding transferred Akfen International shares to Hamdi Akin.

MARCH 2019

Akfen Holding bought back 9.87% of its own shares.

MAY 2019

Akfen Holding sold TAV Investment Holding shares.

In Akfen Group, as a result of the restructuring, the umbrella company has been designated as Akfen Infrastructure Holding since 2018.

(first company of Hamdi Akin, the founder of Akfen Group), Akfen Merter, Akfen Consulting and Project Development, Travelex, Akfen Real Estate Portfolio Management and Tepe Akfen Reformer.

2018 was the year of restructuring for Akfen Group. Within the scope of the restructuring steps conducted under the Akfen Infrastructure Holding umbrella, 37% of IBS Insurance shares belonging to Akfen Infrastructure Holding were transferred to Akfen Holding in March 2018. In May 2018, 100% of the shares belonging to Selim Akin in Masanda Tourism were transferred to Akfen Infrastructure Holding and the title of Akfen Infrastructure Consultancy was changed to "Akfen Infrastructure Holding". In August 2018, after a series of share transfers within Akfen Holding, Akfen Infrastructure Holding had shares corresponding to 99.36% of Akfen Holding.

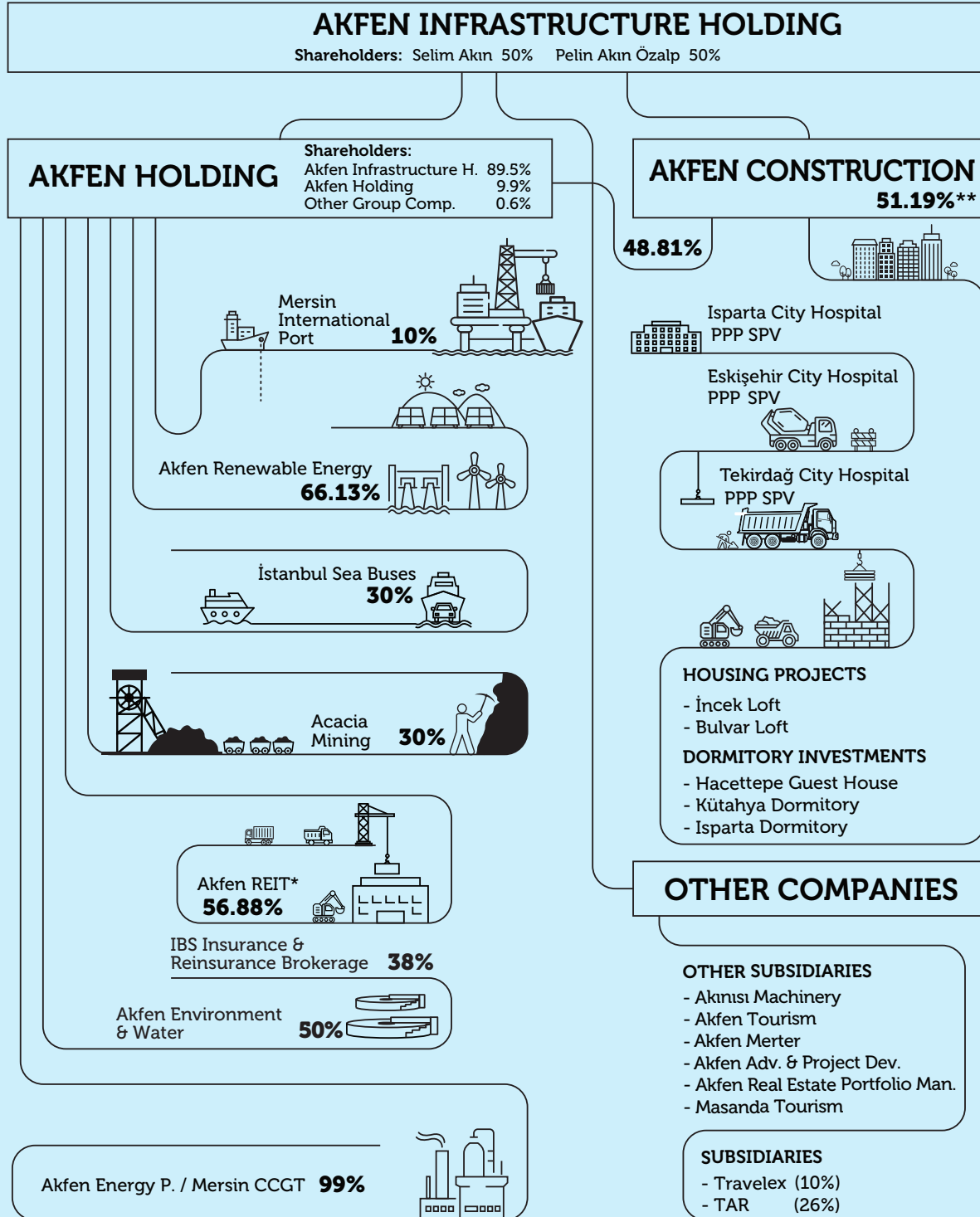
The restructuring process continued in the first quarter of 2019. In February 2019, Akfen Holding transferred its Akfen International shares to Hamdi Akin, and in March 2019, Akfen Holding repurchased 9.87% of its own shares. In May 2019, Akfen Holding sold its shares in TAV Investment Holding.

Investments in 2019 were predominantly in renewable energy, mining and hospital PPP sectors

After the restructuring, Akfen Group carries on with its "Continuous Growth Strategy". In 2019, investments continued mainly in the renewable energy, mining, hospital PPP and real estate/hotel sectors. The Group attaches importance to creating new business areas in line with its growth plans. For the company, which has a deep experience in buying and selling assets, the value created through sales is vital in terms of entering new business areas and funding ongoing investments.

Group companies continue their organic and inorganic growth and supporting investments by using advanced financing tools effectively.

This is one of the most important reasons of high profitability. With this vision, in order to increase employment and contribute to the development of the country's economy, and also to create value for its shareholders, Akfen Group, just like in the past, aims to continue making new investments by developing new business models.



* Traded on Istanbul Stock Exchange

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

Milestones

1976

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

1980

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

1990

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

1992

» DHMI Isparta Airport apron and runway construction started.

1970

1980

1990

1977

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

1986

» Akfen Construction was founded.

1993

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

1997

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

2000

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

2004

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

2006

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

2000

2005

1999

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

2003

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

2005

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

2007

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

2009

- » Akfen Holding sold its shares in TÜVTÜRK to Bridgepoint Capital Ltd.
- » Akfen launched its first renewable HEPP project.
- » TAV Gazipaşa was became operational at Antalya Gazipaşa Airport.
- » TAV Construction won the Muscat Airport MC1 package

2011

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

2013

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

2007

2010

2008

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

2010

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

2012

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

2015

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

2014**2014**

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

2015**2016**

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



2017

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

2018

2017

2018

- » Akfen Holding Board of Directors decided to split the company in June 2016. It was decided that assets other than MIP, TAV Airports and Akfen Renewable Energy would be transferred to Akfen Engineering. The split was completed in February 2017.
- » The merger of Akfen Holding and Akfen Engineering was completed in February 2018.
- » In March 2018, Akfen International was established as a 100% subsidiary of Akfen Holding in Amsterdam, Netherlands.
- » In March 2018, 37% IBS Insurance shares belonging to Akfen Infrastructure Holding was transferred to Akfen Holding.
- » In May 2018 100% of Selim Akin's shares in Masanda Tourism were transferred to Akfen Infrastructure Holding.
- » In May 2018, the title of Akfen Infrastructure Consultancy was changed to "Akfen Infrastructure Holding".
- » After the share transfer transactions made within Akfen Holding in August 2018, Akfen Infrastructure Holding owned 99.36% of Akfen Holding capital.
- » In November 2018, Akfen Holding completed the merger by acquiring Akfen Thermal Energy and Akfen Energy Distribution.

General Developments (2019)

AKFEN INFRASTRUCTURE HOLDING

Akfen Holding share buyback

On 6 March 2019, Akfen Holding purchased 9.868% of shares from Akfen Infrastructure Holding. After

this transaction, Akfen Infrastructure Holding's stake in Akfen Holding, which was 99.36% previously, decreased to 89.49%.

AKFEN HOLDING

Akfen Holding's 'TR AAA' credit rating was confirmed

On 12 December, Turkstat confirmed Akfen Holding's Long-Term National Credit Rating as TR AAA, Short-Term National Credit Rating as TR A1 and outlook as stable.

Bonds were issued to qualified investors

On 20 November 2019, Akfen Holding issued bonds with a TL 200 million nominal value and a maturity of 2 years to qualified investors.

Developments in Subsidiaries (2019)

AKFEN CONSTRUCTION

» On 7 April 2019 Akfen Construction participated in the pre-qualification tender of an 8 school PPP project with a capacity of 6,000 students in Doha-Qatar. The letter indicating that the pre-qualification tender was passed was given to the company on 23 May 2019.

AKFEN RENEWABLE ENERGY

» As of 9 December 2019, Akfen Renewable Energy has increased its capital. After the increase, the shares of EBRD and IFC increased to 16.933%, and the share of Akfen Holding became 66.134%.

» In 2019, 4 WPPs with a total installed capacity of 268.6 MW, 1 SPP with an installed capacity of 13 MW and 1 HEPP with an installed capacity of 7 MW started operations.

» In December 2019, a share purchase agreement for 2 WPPs with an installed capacity of 80 MW belonging to Zorlu Wind Energy was signed, the purchase transaction was completed in Feb. 2020.

MIP

» MIP issued USD 600 million in Eurobonds in November 2019. 5-year bonds were issued with 5.375% coupon interest rate.

» MIP made a total of USD 49 million dividend payment from 2018 profit. MIP made an advance payment of USD 38 million in dividends in July / October 2019.

AKFEN REIT

» Wholesale of independent sections in stock in Bulvar Loft project was approved by Bank of Provinces on 10

January 2019

TAV INVESTMENT

» Akfen Holding transferred its 21.68% of shares in TAV Investment Holding to Gazelle Yachting Real Estate Tourism Automotive and Trade company for USD 500.000 on 29 May 2019 and the company was informed of the transfer of shares so that the transfer be recorded in the share ledger.

ACACIA MINING

» As of 15 March 2019, Acacia Mining realized its first salable copper production.

AKFEN INTERNATIONAL

» On 7 February 2019 a share transfer agreement was signed for the sale of all Akfen International B.V. shares belonging to Akfen Holding to Hamdi Akin and the share transfer was realized.

AKFEN ENVIRONMENT & WATER

» Akfen Environment and Water sold all of its shares (75%) in Akfensu-Arbiogaz Dilovası to Kocaeli Gebze Dilovası Organized Industrial Zone (DOSB) on August 1, 2019.

IBS INSURANCE & REINSURANCE

» IBS Insurance distributed TL 26 million dividend in May / August 2019.

TRAVELEX

» On 24 July 2019 Travelex paid TL 1.82 million in dividends for 2018 to Akfen Infrastructure Holding. Additionally, Akfen Infrastructure Holding received TL 1 million advance dividend payment from Travelex on 22 October 2019.

Fields of Activity

CONSTRUCTION

Akfen Construction

Subsidiary Share	100%*
Adjusted Turnover**	USD 222 mn
Adjusted EBITDA	USD 101 mn
Total Assets	USD 1,352 mn
Number of Employees	73

* Sum of direct + indirect shares

** Adjustment made for guarantee income and IFRIC-12

In 2019, Akfen Construction's total contract value for city hospital, real estate and hotel investment projects was USD 269 million and backlog businesses were worth USD 126 million.

MINING

Acacia Mining

Subsidiary Share	30%
Turnover	USD 49 mn
EBITDA	USD 22 mn
Total Assets	USD 382 mn
Number of Employees	212
Partner	İlbak, İzbir

Production started in March 2019 in Gökırmak Copper Mine in Hanönü District of Kastamonu. In 2019, 1.28 million dry tons of ore were processed and 55.5 dry tons of copper concentrate were produced.

ENERJİ GROUP

Akfen Renewable Energy

Subsidiary Share	66.13%
Turnover	USD 89 mn
EBITDA	USD 64 mn
Total Assets	USD 667 mn
Number of Employees	217
Partner	EBRD, IFC

Akfen Renewable Energy, which has one of Turkey's largest renewable energy portfolios, continued its operations in 2019 with 13 hydroelectric, 34 solar and 4 wind power plants with a total installed capacity of 613 MW.

Akfen Energy Generation

Subsidiary Share	99%
------------------	-----

Adana İpekyolu Energy

Subsidiary Share	90%
------------------	-----

PORT MANAGEMENT

Mersin International Port

Subsidiary Share	10%
Turnover	USD 324 mn
EBITDA	USD 224 mn
Total Assets	USD 1,277 mn
Number of Employees	1,984
Partner	PSA, IFM Investors

PSA Akfen Port Management

The volume of containers handled by MIP in 2019 was 13% higher than the previous year, reaching approximately 1.94 million TEU. MIP has been the largest port in Turkey in 2019, too.

Company financial data and employee numbers in this section are as of the end of 2019.

MARITIME TRANSPORT

İDO

Subsidiary Share	30%
Turnover	USD 126 mn
EBITDA	USD 38 mn
Total Assets	USD 316 mn
Number of Employees	1,052
Partner	Tepe İnşaat, Souter, Sera

The number of passengers carried by İDO in 2019 was 34 million. The number of vehicles reached approximately 6,7 million.

INSURANCE AND REINSURANCE BROKERAGE

IBS Insurance and Reinsurance Brokerage

Subsidiary Share	37%
Turnover	USD 9 mn
EBITDA	USD 4 mn
Total Assets	USD 55 mn
Number of Employees	89
Partner	UIB, Real persons

Turkey's 3rd largest insurance brokerage company, IBS Brokerage's earned premiums in 2019 has increased by 49% to TL 454 million.

REAL ESTATE INVESTMENTS

Akfen REIT

Subsidiary Share	56.88%
Turnover	USD 85 mn
EBITDA	USD 26 mn
Total Assets	USD 448 mn
Number of Employees	21

Akfen REIT reached 3,628 rooms with 20 hotels and became one of the major players of the economic hotel sector in 2019. In 2019, average occupancy rate increased by 1.3 pp to 67%.

ENVIRONMENT AND WATER CONCESSIONS

Akfen Environment and Water

Subsidiary Share	50%
Adjusted Turnover*	USD 7 mn
Adjusted EBITDA	USD (1) mn
Total Assets	USD 11 mn
Number of Employees	31
Partner	Kardan

* Adjustment made for warranty income and IFRIC-12

The number of subscribers of Akfen Water Güllük increased by 3% in 2019 to 8,292, and the amount of invoiced water increased by 6% to 701 thousand m³. The collected waste increased to 10,836 tons with 104% increase.

OTHER

Travelex

Subsidiary Share	10%
Turnover	USD 7 mn
EBITDA	USD 5 mn
Total Assets	USD 10 mn
Number of Employees	46
Partner	Travelex, Tepe İnşaat, Sera

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

Company financial data and employee numbers in this section are as of the end of 2019.

Domestic Investment Map



City Hospital (Completed)

- Isparta City Hospital
- Eskişehir City Hospital

City Hospital (Construction Ongoing)

- Tekirdağ City Hospital



Dormitory (Completed)

- Hacettepe Guest House
- Isparta Dormitory
- Kütahya Dormitory



Office/House Projects (Completed)

- Levent Loft
- Levent Bahçe



Housing Projects (Completed)

- İncek Loft/Ankara
- Bulvar Loft/Ankara



Hotel Investments (Akfen REIT) (In Operation)

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

Hotel Investments (Akfen Costruction) (Construction Ongoing)

- Uludağ Loft
- Bodrum Loft



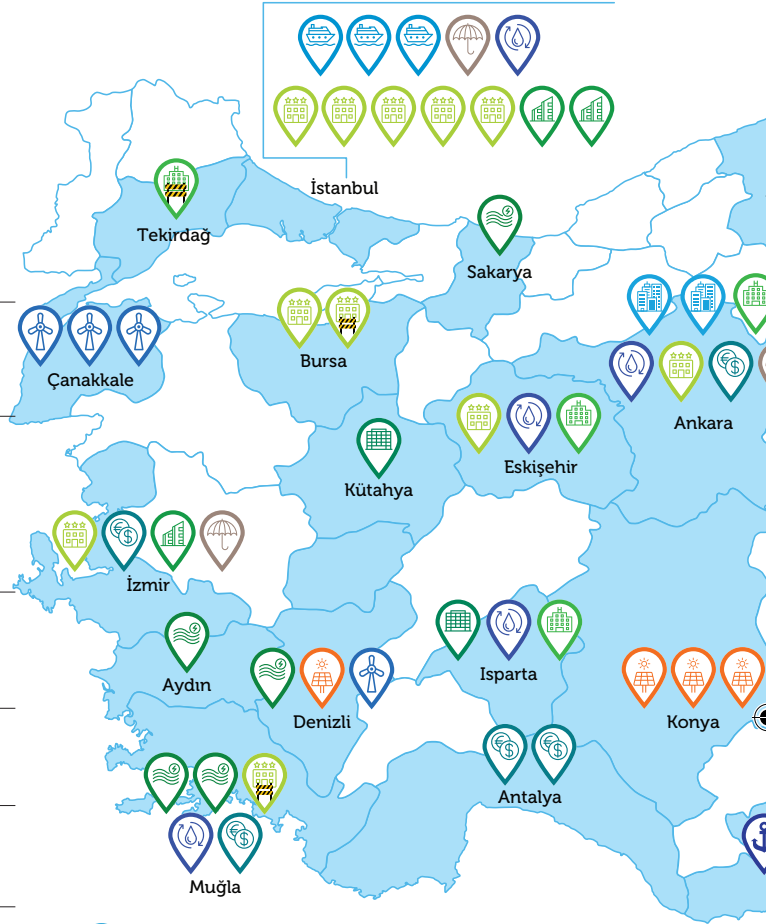
Insurance & Reinsurance (In Operation)

- İstanbul • Ankara • İzmir • Mersin



Other (Travellex) (In Operation)

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



Maritime Passenger Transportation (İDO)

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



Port Concessions (MIP) (In Operation)

- Mersin International Port / Mersin



Mining (Acacia Mining) (In Operation)

- Gökırmak Copper MineProject / Kastamonu



Thermal Power Plant Investments (Under Development)

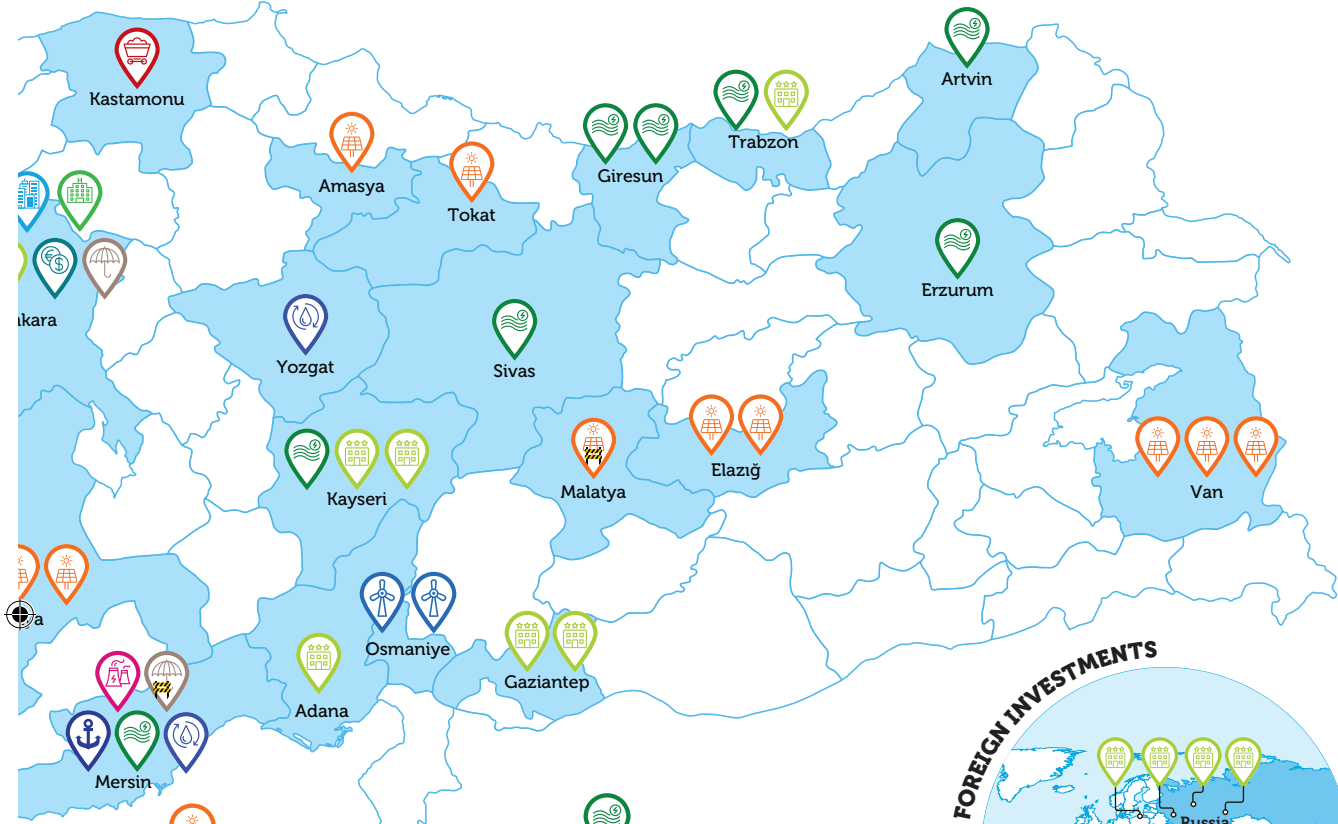
- Mersin Natural Gas Combined Cycle Power Plant



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

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

* Solid waste management services to Mersin Entegre Sağlık Kampüsü were suspended as of 17 January 2020.



SPP Investments (In Operation)

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

SPP Projects (Construction in Preparation / Development Phase)

- İOTA SPP / Malatya

WPP Investments (In Operation)

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

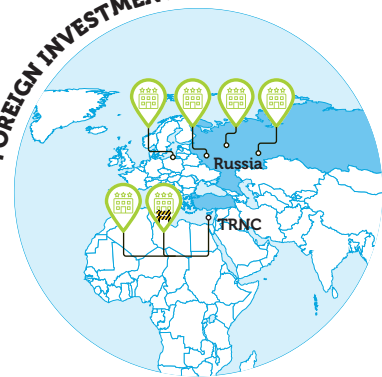
HEPP Investments (In Operation)

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

Exited Investments

- TAV Construction
- TAV Airports
- TÜV Türk Vehicle Inspection Stations
- Kuşadası Yolcu Limanı / Aydın
- Kuşadası Cruise Port / Aydın
- Karasu-1 HEPP / Erzurum
- Karasu-2 HEPP / Erzurum
- Karasu-4.2 HEPP / Erzincan
- Karasu-4.3 HEPP / Erzincan
- Karasu-5 HEPP / Erzincan
- Pirinçlik HEPP / Karabük

FOREIGN INVESTMENTS



Foreign Investments (Akfen REIT) (In Operation)

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

Foreign Investments (Akfen Construction) (Construction Ongoing)

- Kıbrıs Bafra Hotel / TRNC

** 80 MW Santepe and Demirciler WPP located in Osmaniye were included in Akfen Renewable Energy's portfolio as of 5 February 2020.

Our Partners


SOUTER INVESTMENTS

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

Travellex

worldwide money

TRAVELEX

Travellex, headquartered in London, is the representative of a 140-year tradition of in the field of foreign exchange and related services. Travellex operates in more than 70 countries with more than 1,200 service points at airports and non-airport locations. Travellex has created a platform to globally reinterpret the cross-border movement of physical and digital currency. Through this platform, it provides financial institutions with a reliable, effective and accurate international money transfer service and complements this service with secure cash delivery service in all currencies.


UIB

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

IFC

International Finance Corporation
WORLD BANK GROUP

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


ACCOR
ACCOR

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

EBRD

European Bank
for Reconstruction and Development

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

KARDAN N.V.**KARDAN N.V.**

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

İLBAK HOLDING**İLBAK**

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

TEPE CONSTRUCTION

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

PSA

PSA, one of the largest port operators in the world, was established in Singapore in 1972. Serving at 50 ports in 19 countries, PSA handled a total of 85 million TEU containers in all ports worldwide in 2019.

IFM

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

Dear Shareholders,

We in Turkey spent 2019 with an election, war in neighboring countries, fluctuations in exchange rates, Brexit, China-US trade wars and fighting difficult economic circumstances. The biggest sources of uncertainty throughout the year were the Middle East and the Eurozone, where economic activity signaled a slowdown, and the Coronavirus outbreak at the end of the year changed the world's agenda!

The Corona virus outbreak (COVID-19), which started in China and spread all over the world, points out that it will cause serious damage in 2020 to all economies, regardless of them being developed, underdeveloped or developing.

Turkey, having completed 2018 with a growth of 2.8%, was able to end 2019 with a growth of 0.9%, small but a growth nonetheless. In 2019, after the negative growth in the first two quarters, the growth in the last two quarters - especially 6.0% growth in the last quarter - increased optimism before the Corona epidemic. Even the OECD's 2020 growth forecast for Turkey was increased from 1.6% to 3%. However, we are in an extraordinary situation due to the Corona pandemic. In summary; 2020 may be a lost year for not only Turkey, but the whole world. After the Corona pandemic, economies will try to compensate the losses of the first half of 2020 in the second half of the year.

Such risks are always present in business. What happens today is happening to everyone. In such periods, nobody should think differently. If necessary, employees also make sacrifices, but companies must make sure that they will support their employees til the end.

It is believed that 2021 will be the year of a "takeoff" in the global economic literature. Such a period may lead to the beginning of a controlled growth in Turkey, too, to compensate for the deferred growth in the economy.

TL 8 billion investment plan

Although uncertainties are severe today, we as Akfen believe that the business world should take their pens in hand and start working on investment plans. Even in this period, we, as the Akfen Group, decisively look ahead.

In 2017-18, with our inexhaustible energy, we invested TL 6.8 billion and created

employment for 5,523 people, exceeding our targets for the period by 28.5%. Akfen Group is entering the period of 2020-2021 with another ambitious investment program. Our target in the two-year plan is to provide employment to 3,380 people with an investment TL 8 billion 32 million!

As Akfen Group, we have determined that the biggest investment area will be renewable energy. We planned an energy investment of TL 2.8 billion in 2020 and TL 1.6 billion in 2021. These investments will increase our current installed capacity in renewable energy of 750 MW to 1,000 MW. When the target is reached, public offering or block sale may be considered.

An investment of more than TL 1.5 billion is planned at Mersin International Port (MIP). Akfen's new business area, mining operations, will also see an investment of more than TL 1 billion.

Launched in March 2019, Accacia Mining caused us to ask ourselves the question "Why haven't we entered the mining sector before?" Kastamonu Gökırmak Copper Mine, which is an open-pit mining operation, is Turkey's largest and is among the top five globally... We are exporting all the copper produced. The investment cost is high but it will provide good returns.

We are planning to complete Tekirdağ City Hospital in 2020. Digital businesses are also under the lens of Akfen Group. We believe that the second generation will make such investments more successfully. We will start investments in this area.

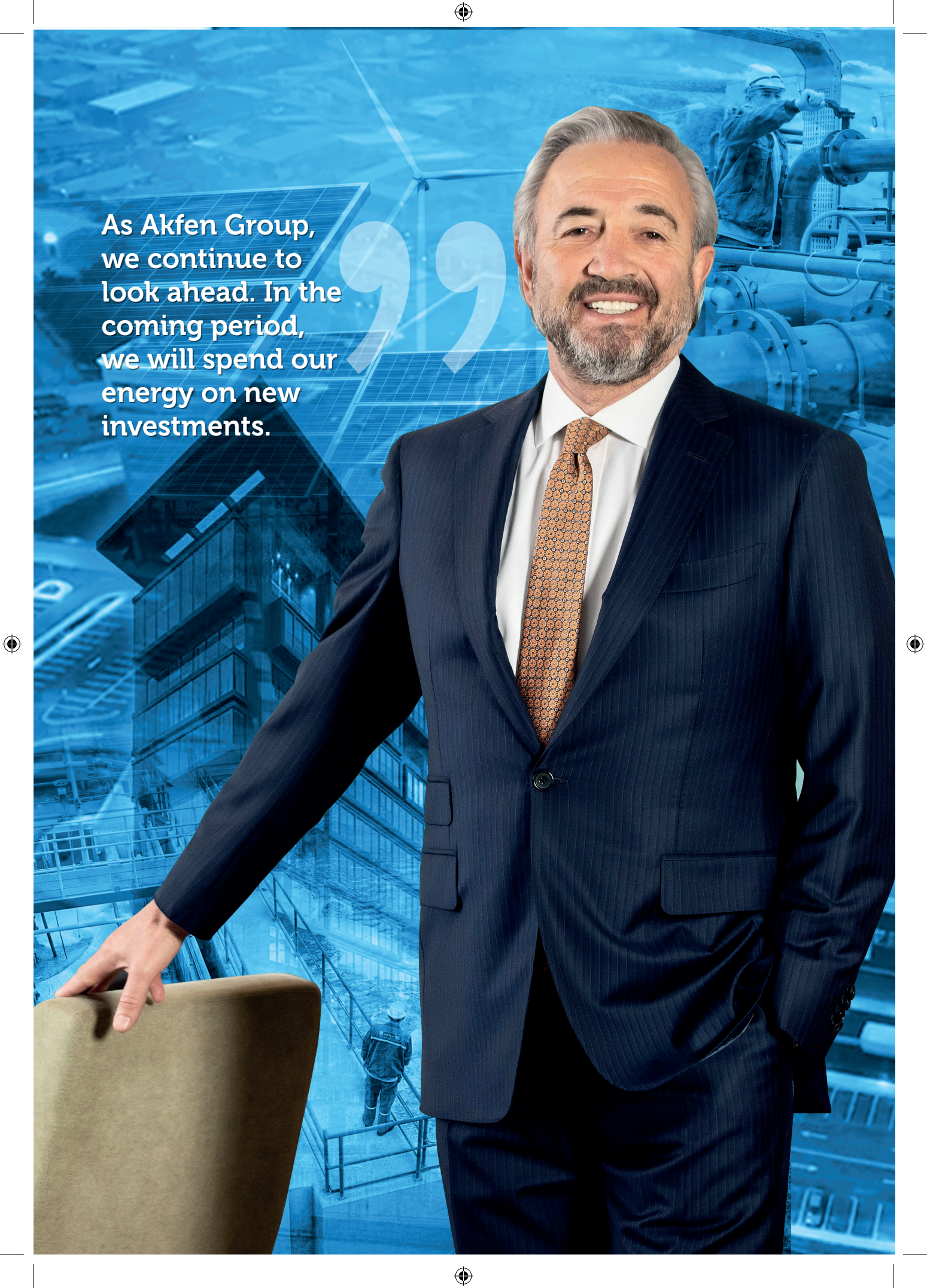
After 2020 growth will be on Turkey's agenda again. Of course the deciding factors will be the length of time needed to heal the wounds of the outbreak, Turkey's local conditions and its relations with its neighbors. Although the future is still uncertain, once the war against Coronavirus is won and the war in the Middle East is over, Turkey will one more time be the star of the region.

As Akfen, in the coming period as in the past, we will be spending our energy on new investments

With Regards

HAMDİ AKIN

Honorary President of Akfen Group

A man with grey hair and a beard, wearing a dark blue pinstripe suit, white shirt, and patterned tie, stands in the foreground. He is smiling and has his right hand resting on a brown bag. The background is a blue-tinted collage of industrial and renewable energy images, including a wind turbine, solar panels, and a worker on a platform. A large, faint white quotation mark is visible behind the man.

As Akfen Group,
we continue to
look ahead. In the
coming period,
we will spend our
energy on new
investments.

Dear Stakeholders,

In the statement we made in 2017 as Akfen Group, we had declared a planned investment of TL 5.3 billion for the 2018-19 period. Despite the fluctuations in the world economy within this period, we managed to invest TL 6.8 billion, an achievement 28.5% above the target we announced, and created new employment opportunities for 5,232 people.

Akfen Group completed 2019 also with success, awards received and records broken. If we look at the major developments;

The installed capacity of Akfen Renewable Energy reached 632 MW at the end of 2019. Our goal in 2020 is to reach 1,000 MW. We have succeeded in completing a total of 12 power plants for clean energy (two hydroelectric power plants with a total capacity of 16 MW, six solar power plants and four wind power plants) totally domestic and totally renewable. In 2019 in the Çanakkale province, Kocalar WPP (31 MW) became operational in March, Üçpınar WPP (112 MW) in June, Hasanoba WPP (51 MW) in September and Denizli WPP (75 MW) in October.

We took over Zorlu Energy's WPPs

As Akfen Renewable Energy, in the last days of 2019, we took over the Demirciler and Santepe WPPs of Zorlu Wind Energy Electricity Generation Inc. operating in Osmaniye. With this transfer, our installed capacity reached 712 MW.

We have received many awards for the USD 530 million loan we received from six domestic and foreign banks for the 13 WPP and SPP investments. In the 2019 Turkey Bonds & Loans Awards, which is considered one of Turkey's prestigious awards, ours was selected

as the ECA/Export Finance Deal of the Year and we took second place in the Natural Resources Finance Deal of the Year category.

As one of the first groups that come to mind when it comes to financing achievement, we successfully completed our TL 200 million bond issuance for qualified investors in Turkey in November 2019. With the ninth bond issue since 2010, we have achieved a total of TL 1.43 billion and the resource created will be used for Akfen's new investments.

Record breaking ports!

While our expansion and technology investments continue in MIP, the company broke records with its business volume. In 2019 in Turkey MIP was the first port to surpass the 1.9 million TEU limit and the daily volume of 7,940 TEU was also another record. The success of the port has led to it being selected as the "Port Operator of the Year" for the ninth time at the Atlas Logistics Awards.

Having completed the city hospitals in Isparta and Eskişehir, we will also complete Tekirdağ City Hospital in 2020. For this investment, we have committed an expenditure of TL 980.5 million.

We aim to increase the operating period of Acacia Maden's Gökırmak Copper Mine, which started production in March 2019, from 12 years to 20 years. We also managed to complete the Bulvar Loft, Isparta and Kütahya Student Dormitory projects.

We also transferred our remaining shares in TAV Investment Holding, which we have helped become one of the most important airport construction companies in the world.

IBS Insurance and Reinsurance

An inexhaustible energy lies behind the success of the Akfen Group. In 2020, the TL 8 billion we will invest and 3,380 employment we will create will be our most important resource to keep our energy at the top.



PELİN AKIN ÖZALP

Akfen Infrastructure Holding
Vice Chairwoman

SELİM AKIN

Akfen Infrastructure Holding
Chairman of the Board of Directors

Brokerage started to work on the insurance and reinsurance process of Çanakkale Bridge, one of the biggest projects in the history of the Republic. We also carry out the insurance program of Istanbul Airport.

We continue to undertake important social responsibility projects. With the support of Akfen Holding and representation of TIKAV, the Duke of Edinburgh International Award Program entered its 16th year in Turkey, and in 2019 reached 4 thousand 599 students in 121 schools in 19 cities. The program, which has reached 17 thousand young people so far, is expected to reach at least 30 thousand students in the next five years.

TIKAV, which focuses on children, youth and women, implements a Personal Development Program (PDP) for university students studying in

their own regions and this program had its latest graduates. 36 students studying at Elazığ Fırat University received their certificates in the 20th year of PDP, which provides equal opportunities in education and prepares students for business life.

The "Hygiene is Health" project, which brings hygiene education to women, has reached 1,200 women in 15 regions in 26 rural areas where 26 power plants exist.

Akfen Group's inexhaustible energy lies behind its success. TL 8 billion 32 million investment to be made in the country's economy in the 2020-21 period and creating employment for 3,380 people will be our most important resource to keeps our energy at a maximum.

With Regards

Akfen Infrastructure Holding Financial Results (2019)



The main changes in the subsidiary portfolio of Akfen Infrastructure Holding, which significantly affected the financial results in 2019, are summarized below:

- After the 9.87% share buyback realized by Akfen Holding on 6 March 2019, Akfen Infrastructure Holding's stake in Akfen Holding decreased to 89.49%.
- Additionally, there were some changes in Akfen Holding's subsidiary portfolio in 2019.

These changes can be summarized as follows;

- Akfen Holding transferred 100% of its shares in Akfen International to Hamdi Akın on 7 February 2019.
- Akfen REIT, which became a subsidiary of Akfen Holding after the change in the Board of Directors due to the transfer of privileged shares as of 31 December 2018, has been evaluated as a "business partnership" valued by equity method in the consolidated financial report after 31 March 2019.
- Akfen Holding signed a sales agreement for its 21.68% share in TAV Investment. As a result, as of 31 December 2019, TAV Investment has been recorded as "fixed assets classified for sale" in the financial statements.
- On 1 August 2019, Akfen Environment & Water, a participation of Akfen Holding (50%), transferred all of its shares (75%) in Akfensu-Arbiogaz Dilovası to Kocaeli Gebze Dilovası Organized Industrial Zone.
- On 5 December 2019, Akfen Renewable Energy's capital was raised to TL 959 mn with premium, and Akfen Holding's share decreased to 66.13% (end of 2018: 68.04%).

Summary Financial Results (million TL)

Summary Balance Sheet	2019	2018	Change
Total Current Assets	3,068	3,282	-7%
Cash and Cash Equivalents	2,085	2,032	3%
Financial Investments	20	240	-92%
Financial Assets Related to Concession Agreements	423	378	12%
Receivables from Ongoing Construction, or Service Contracts	77	0	n.m.
Other Receivables	91	18	393%
Stocks	71	331	-79%
Other Current Assets	298	282	6%
Assets Reclassified as Held for Sale	3	0	n.m.
Total Fixed Assets	11,174	11,222	0%
Financial Investments	2,415	1,940	24%
Financial Assets Related to Concession Agreements	4,361	3,814	14%
Receivables from Ongoing Construction, or Service Contracts	707	154	359%
Other Receivables	535	493	8%
Investments Accounting Using the Equity Method	1,368	1,068	28%
Property, plant and equipment	110	111	-1%
Intangible assets	98	102	-4%
Investment Properties	875	2,815	-69%
Deferred Tax Assets	627	555	13%
Other Non-Current Assets	78	171	-54%
Total Assets	14,242	14,504	-2%
Financial Liabilities	7,039	7,447	-5%
Trade Payables	1,261	1,907	-34%
Other Liabilities	901	850	6%
Total Liabilities	9,201	10,205	-10%
Equity Att. to Equity Holders of the Parent	5,066	3,987	27%
Non-Controlling Interests	-25	313	n.m.
Shareholders' Equity	5,041	4,299	17%
Total Liabilities and Equity	14,242	14,504	-2%

Consolidated Assets:

Akfen Infrastructure Holding's consolidated assets totaled TL 14.2 billion in 2019, with a decrease of 2% compared to 2018. As a result of the start of Akfen REIT's accounting with equity management in 2019, the decrease in balance sheet items, mainly in investment properties, was the main reason for this decrease in total assets.

Consolidated Equity:

At the end of 2019, Akfen Infrastructure Holding's consolidated equity increased by 17% compared to the previous year to TL 5.0 billion.

Consolidated Financial Debt:

Akfen Infrastructure Holding's total consolidated financial debt in 2018 was TL 7.3 billion and it was TL 7.0 billion in 2019. On the other hand, the Company's net financial debt, which was TL 4.35 billion in 2018, was TL 4.40 billion in 2019.*

* Financial debt is stated excluding the convertible bonds issued by Akfen REIT, all of which were purchased by Akfen Holding.

Main Financial Indicators

Revenues:

Akfen Infrastructure Holding's 2019 revenue was TL 835 million (2018: TL 1.4 billion). Completion of major projects such as Eskişehir Hospital and Bulvar Loft in 2018 was effective in the decline compared to 2018.

Operating Profit:

Gross profit was realized as 188 million TL in 2019 (2018: TL 539 million). In 2019, Akfen Infrastructure Holding's operating profit was TL 901 million. On the other hand, EBITDA of Akfen Infrastructure Holding adjusted for IFRIC-12 (for hospital guaranteed rental income) reached TL 530 million in 2019 with an increase of 91% (2018: TL 277 million). In this context, adjusted EBITDA margin, which was 35% in 2018, reached 42% in 2019 **.

Profit for the Period:

Net profit for the period, which was TL 1.1 billion in 2018, amounted to TL 667 million in 2019. Other developments that significantly affected net profit in 2019 are summarized below:

Income from Investment Activities, net:

Income from net investment activities, which was TL 112 million in 2018, increased by 326% to TL 476 million in 2019. The main reasons for the increase are the fair value increase of financial assets amounting to TL 219 million, and earnings arising from the sale of shares of subsidiaries amounting to TL 139 million resulting from the transfer of Akfen International in 2019.

Net Financing Expenses:

Net financing expenses increased by 6% in 2019 and reached TL 729 million.

Summary Income Statement (million TL)

	2019	2018	Change
Revenues	835	1,416	-41%
Gross Profit	188	539	-65%
Operating Profit	901	1,706	-47%
Income / Expenses from Investment, Activities, Net	476	112	326%
Financial Expenses, Net	-729	-686	n.m.
Profit Before Tax	647	1,132	-43%
Net Profit for the Period	667	1,085	-39%
Non-Controlling Interests	-23	23	n.m.
Equity Holders of the Parent	690	1,062	-35%

Summary Cash Flow Statement (million TL)

	2019	2018	Change
Cash Flows from Operating Activities	-10	197	n.m.
Cash Flows from Investment Activities	103	-2,353	n.m.
Cash Flows from Financing Activities	-122	1,878	n.m.
Net (Decrease) / Increase in Cash and Cash Equivalents	-30	-278	n.m.
Cash and Cash Equivalents at the Beginning of the Period	2,032	2,310	-12%
Cash and Cash Equivalents at the End of the Period	2,002	2,032	-1%

Financial Indicators

	2019	2018	Change
Current Ratio	1.2	1.2	0.0
Liquidity Ratio	1.2	1.0	0.1
Total Financial Debt / Equity	1.4	1.7	-0.3
Financial Leverage	1.1	1.2	-0.1

** Akfen Infrastructure Holding's adjusted revenues in accordance with IFRIC-12 was TL 1.266 million in 2018 (2018: TL 800 million).



Akfen Infrastructure Holding Group Companies and Projects

2 CHAPTER

Akfen Construction

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

Housing Investments

- İncek Loft
- Bulvar Loft

Dormitory Investments

- Hacettepe Guesthouse
- Isparta Dormitory
- Kütahya Dormitory

Other Construction Projects

- HES Investments
- Bafra Hotel, TRNC
- Bodrum Loft

Other Subsidiaries

- Travelex
- Akınısı Machinery
- Akfen Tourism
- Tepe-Akfen Reformer
- Akfen Real Estate Portfolio Man.
- Akfen Consulting and

Project Development

- Masanda Tourism
- Akfen Merter

Akfen Construction

Akfen Construction, the flagship of Akfen Infrastructure, increases its energy with new areas of expertise it adds to its portfolio. Starting from 2013, new areas have been added to the existing highly specialized projects of the construction industry, such as hotels, airport terminals, runways, industrial facilities, hydroelectric power plants and pipelines.

At the top of these areas are hospitals. Akfen Construction quickly gained great experience in the construction of city hospitals built with the Public-Private Partnership (PPP) model. Among the city hospital projects whose construction started in Isparta, Eskişehir and Tekirdağ, Isparta city hospital was completed after a short period of 12 months and 12 days in March 2017 and Eskişehir city hospital was completed in October 2018.

Tekirdağ City Hospital will become operational in 2020. Akfen Construction has lifted its expertise to a higher level by adding giant housing projects such as Bulvar Loft and İncek Loft to its existing office-residences in Istanbul Levent built with a loft concept.

Akfen Construction, which is the 'Flagship' of Akfen Infrastructure Holding, has completed more than USD 3.2 billion construction projects in 35 years since its establishment

The company has successfully completed many superstructure construction projects such as hospitals, dormitories, schools and mixed type real estate projects, as well as different infrastructure projects such as airport terminals and connected infrastructure works, hydroelectric power plants, water distribution, sewage systems and wastewater treatment. The total of projects completed exceeds USD 3.2 billion.

As of 31 December 2019, the total contract amount of the company's ongoing projects is USD 269 million, cumulative progress payment is USD 143 million and the backlog amount is USD 126 million.

The experience of Akfen Construction, a significant contribution to group activities, has played an important role as a driving force of the growing economy of Turkey.

Akfen, which works by creating a strong network with prominent partners from every sector in the world, continued working in these projects with national or regional governments and major local industrial groups that enhance the Company's reputation at home and abroad.



Akfen Infrastructure's Flagship

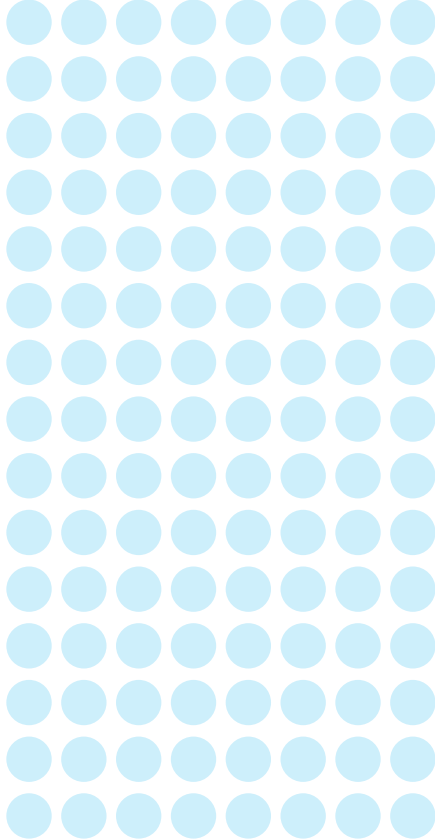
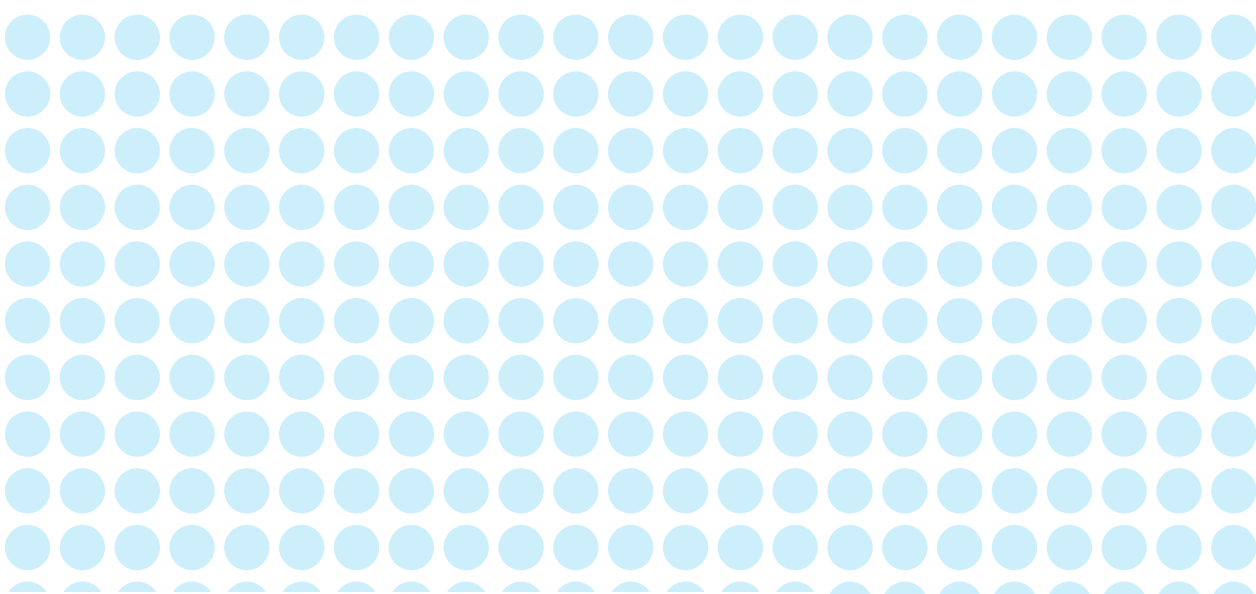
Akfen Construction Shareholding Structure



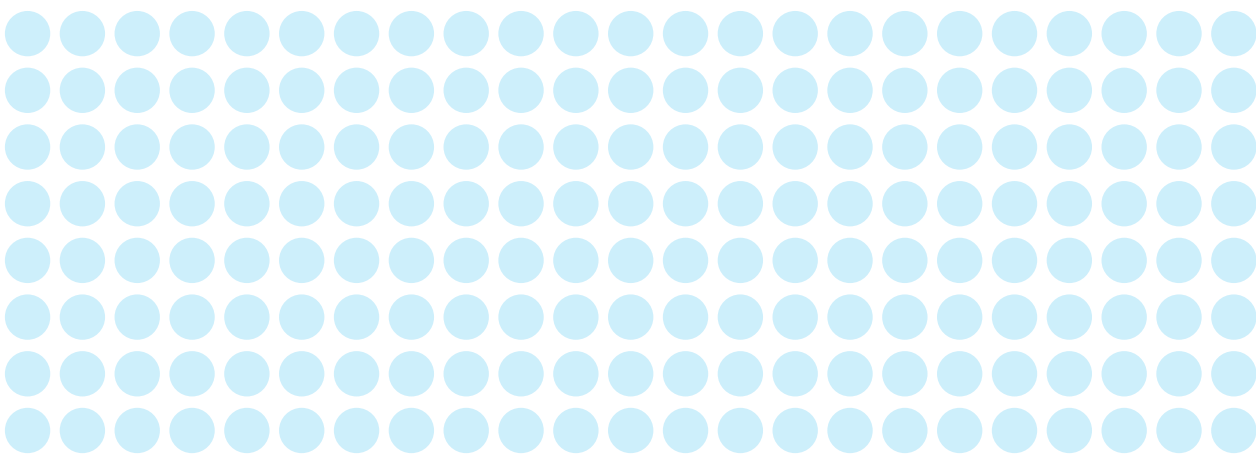
Shareholders	Share
Akfen Infrastructure H.	51.19%
Akfen Holding	48.81%

Akfen Construction Ongoing Projects

Project	Akfen Construction Share	Contract Amount (USD)	Physical Progress 31.12.2019	Backlog (USD)
Tekirdağ City Hospital	100%	235,480,300	48.6%	113,789,979
Bodrum Loft Project	100%	18,366,437	84.6%	11,724,674
Çiçekli HEPP (Engineering Works)	100%	15,337,810	100%	52,989
Grand Total		269,184,547		125,576,641



Following the
restructuring of
the Turkish Health
Care Sector Akfen
Construction
undertook three of
the PPP Hospital
projects





City Hospitals



Health Sector in Turkey

Globally, investment and expenditure in health sector has caused the eyes of the world to turn to Turkey. Despite the double-digit growth, Turkey had one of the lowest health spending among OECD member countries, but health spending has caught up quickly with developed countries while healthcare quality increased.

The spending data that the OECD calculates with respect to purchasing power parity (PPP) reveals that health spending

USD 990 among OECD member countries.

According to the "Health at a Glance 2019" report* published by the OECD, Turkey has spent 4.2% of its GDP for healthcare. Although this figure is far behind the Western countries, which spend 9-12%, this gap is closing rapidly with quality health service.

According to the latest data published by TURKSTAT, health spending completed 2018 with a growth of 17.5%, just like in 2017. In 2018, public and private sector expenditures were recorded as TL 165.2 billion. 77.5 percent (TL 128 billion) of the spending was made by the public and TL 8.1 billion TL of this was used for investments. The remaining part was current health expenditure. In 2018, with the investment expenditures of the private sector, investments in the health sector exceeded TL 10.2 billion.

According to OECD data, in 2014 Turkey was the last in per capita health spending with USD 990, but has increased per capita health spending to USD 1,227, leaving 6 countries behind

per capita in Turkey has shown significant increase. According to the agency, per capita health expenditure, which was USD 1,088 in 2017, rose by 12.7% to USD 1,227 in 2018. This increase Turkey has surpassed South Africa, Colombia, China, Indonesia and India.

4.2% of GDP

In 2014 Turkey was the last in per capita health spending with

PPP: Purchasing Power Parity
* OECD, Health at a Glance 2019

Per Capita Health Expenditure in OECD (PPP-2018/USD)



CITY HOSPITALS

Increase in investments expected

Health investments made with the PPP method are expected to rapidly increase in Turkey. With the completion of 20 hospitals, long waiting times are beginning to drop and as a result demand and therefore health spending are expected to rise and the gap with other countries is expected to decrease.

Expenditure excludes investments, unless otherwise stated.

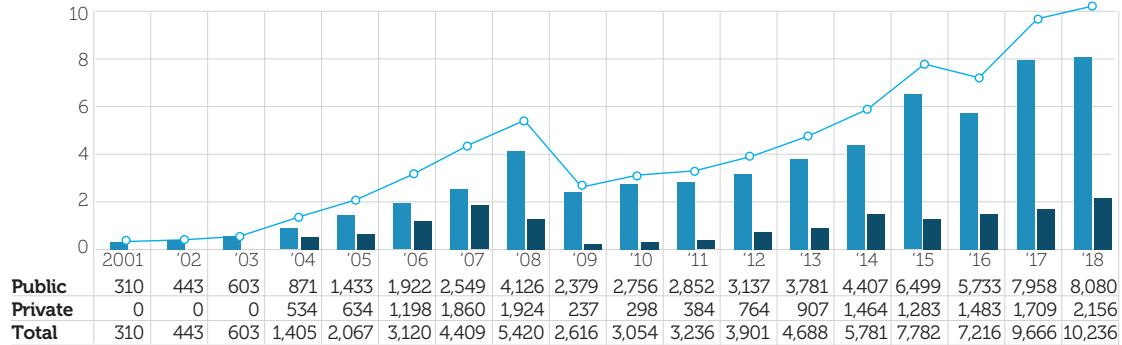
¹ Australian expenditure estimates exclude all expenditure for residential aged care facilities in welfare (social) services.

² Includes investments.

Source: OECD Health Statistics 2017, WHO Global Health Expenditure Database

Health Investment (billion TL)

Source: TurkStat



City Hospitals

City hospitals were put into practice to meet Turkish people's need for quality and modern health care. The first of the projects implemented with PPP went into service in January 2017.

The system is based on the private sector building hospitals and giving all of the main services in return for a certain rent from the public. The target in this model, which is managed by the Ministry of Health, Public Private Partnership Department, is to increase the quality of public healthcare services with lower expenditure. The construction and completion process in the project covers 28-29 years, 1 year of which is preparation, 2-3 years investment and 25 years of operation. At the end of the

contract the hospitals will be transferred to the public.

According to the current information on the website of the Ministry of Health, General Directorate of Health Investments, a total of 33,215 beds in 20 PPP projects will be offered to the Turkish people. Contracts were signed for these 20 projects and transfers to the Ministry started.

From among city hospitals under the scope of the Law No.6428 on "Law for Receiving Construction, Renovation and Management Service by the Ministry of Health and the Amendment of Some Laws and Decrees", published in the Official Gazette dd. 9 March 2013, Aydın, Antalya, Diyarbakır, Aydın, Denizli, Samsun, Trabzon, Ordu and İstanbul Sancaktepe tenders were canceled.

City Hospitals Built With PPP Model

	Bed Capacity	Opening/ Targeted Finish Date		Bed Capacity	Opening/ Targeted Finish Date
PROJECTS WITH CONTRACTS SIGNED					
Mersin City Hospital	1,300	January 2017	Ankara Etlik City Hospital	3,577	2020
Yozgat City Hospital	475	January 2017	PMR and HSFP Hospitals*	2,400	2021
Isparta City Hospital	755	March 2017	Konya Karatay City Hospital	838	2020
Adana City Hospital	1,550	Sept. 2017	Gaziantep City Hospital	1,875	2020
Kayseri City Hospital	1,607	May 2018	Tekirdağ City Hospital	480	2020
Elazığ City Hospital	1,038	Aug. 2018	Kocaeli City Hospital	1,180	2020
Eskişehir City Hospital	1,081	Oct. 2018	Kütahya City Hospital	600	2020
Manisa City Hospital	558	Oct.2018	İzmir Bayraklı City Hospital	2,060	2020
Ankara Bilkent City Hospital	3,704	Marvo 2019	İstanbul İkitelli City Hospital	2,682	2020
Bursa City Hospital	1,355	Aug. 2019	Şanlıurfa Health Campus	1,700	2021

* Physical Medicine & Rehabilitation, Psychiatry and High Security Forensic Psychiatry Hospitals

Akfen Construction's City Hospital Investments

Akfen Construction undertook three of the city hospitals that started to be built with the PPP model after the restructuring in the Turkish health sector. Of the 20 health complexes that the state approved for construction, Akfen Construction won the tender for the construction and operation of three city hospitals in Isparta, Eskişehir and Tekirdağ, and has committed to make a total investment of USD 1.1 billion in this area.

From among the three city hospitals whose construction started, Isparta City Hospital was transferred to the Ministry of Health with a ceremony held on 24 March 2017. Isparta City Hospital operates with a performance above its capacity and has served 4 million 850 thousand patients in 33 months since its opening.

The Eskişehir City Hospital, which was opened on 27 October 2018, exceeded 2 million patients in one year.

Tekirdağ will be completed in 2020

The Tekirdağ City Hospital, whose investments continue, is expected to be completed and transferred to the Ministry of Health in 2020. From Akfen Infrastructure Holding's total TL 4.8 billion planned investment for 2020, TL 980.5 million will be for Tekirdağ City Hospital.

Having undertaken the construction and operation of three city hospitals in Isparta, Eskişehir and Tekirdağ, Akfen Construction will complete the Tekirdağ City Hospital in 2020 after the completion of Isparta and Eskişehir City Hospitals

With the opening of Tekirdağ City Hospital, the three hospitals undertaken by Akfen Group will provide services with a total of 2,316 beds, 74 operating rooms and 544 polyclinics.

State-of-the-art devices of modern medicine are used in these hospitals which cover a total construction area of 705,960 square meters. The Ministry of Health stated that Isparta City Hospital, with its construction and hospital equipments, is considered exemplary for many ongoing hospital investments.

Just like in the completed Isparta and Eskişehir City Hospitals, seismic isolators were used in the construction of Tekirdağ City Hospital to increase resistance to earthquakes. This is a technology that was not used in hospitals before.

Isparta City Hospital

Isparta City Hospital, after a construction period of just 12 months, started operations in March 2017 and has served 4.8 million patients so far



Isparta City Hospital is the first city hospital of the Akfen Group to enter service. Isparta City Hospital, established on an area of 178 thousand square meters, started accepting patients after the ceremony held on 24 March 2017. On its first day, the 755-bed hospital gave service to a total of 2,733 patients, 300 of which were emergency outpatients.

In its first year of service, Isparta City Hospital treated 1 million 58 thousand people in polyclinics and 2,374 births took place. More than 3.5 million laboratory tests and 42,543 surgeries were performed.

A 25 year-tenancy

In the Isparta City Hospital, which provides free healthcare to citizens as a public hospital, the Ministry of Health will be a tenant for 25 years. While the responsibility of medical services remains on the public in this system, the employment regime of the health personnel does not change



either. The total number of employees across the facility, including 940 new jobs, was 1,528. All services such as IT, security, cleaning, dining hall and parking lot are provided by Akfen Construction, which undertook the construction and operation of the hospital.

The construction of Isparta City Hospital was completed in record short time (12 months 12 days). Isparta City Hospital, built as a smart building, produces 35 percent of the electricity it uses thanks to its trigeneration system and solar panels. On the campus, there is an open car park for 404 vehicles and an indoor car park for 1,607 vehicles, as

well as a heliport.

One of the most remarkable features of the hospital, which is designed to provide polyclinic services to an average of 10,000 people every day, is how in each unit of the hospital, corridors are marked with different colors. With these colors, patients can easily find the outpatient clinic or units they would like to go to. Additionally, there is a "hotel for mothers" for parents whose babies are treated in the hospitals, but who do not reside in the city. The annex, which covers a 1,000 square meter nursery and a 150 square meter sports center, was built for employees.

HISTORY

26 AUGUST 2014

Date when project contract was signed

JANUARY 2015

Date when credit agreement was signed

16 FEBRUARY 2016

Construction started

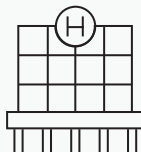
1 MARCH 2017

Construction completed

With the Isparta City Hospital, base isolation method was used for the first time in a healthcare facility in Turkey. This method decreases the effect of earthquakes on a building. With this feature, the hospital was listed among the structures having the best seismic isolation in the world by ENR, a reputable construction publication.

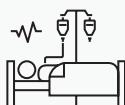
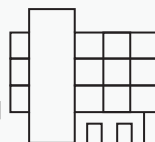
TOTAL AREA

179
thousand m²



CONSTRUCTION
AREA

221 thousand m²



POLYCLINIC

167 units



OPERATING
ROOMS

20 units



TOTAL BEDS

755 units



akfen
infra



Isparta City Hospital

OPENING DATE

2017 March



OPERATING
DURATION

25 years



Isparta City Hospital,
which came into service
in March 2017, provides
free health services to
the public as a public
hospital



POLYCLINIC
SERVICES

10

thousand
people/day



Eskişehir City Hospital

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



Eskişehir City Hospital, which is the second city hospital of the Akfen Group to come into service after Isparta, is built on an area of 188 thousand square meters. The hospital, which started service on 27 October 2018, is the largest of the three projects undertaken by the Akfen Group with a total bed capacity of 1,081. The hospital serves on an area of 333 thousand square meters and covers a land of 189 thousand square meters.

On the first day of its opening, there were a total of 4,865 examinations and 53 operations, including emergency services. There are hybrid ones among the operating theaters.

The hospital, which meets an important need of the region, has a very high occupancy rate.

The average occupancy rate in the hospital was 92%.

Total bed capacity 1,081

Twelve burn units were added to the hospital's total bed capacity of 1,081. 710 beds were allocated to general health units, 117 beds were allocated to the oncology unit, 154 to the cardiovascular unit and 100 beds to the High Security Forensic Psychiatry (YGAP) unit.

The hospital also has special areas such as nursery for children treated, dialysis and burn units. The hospital is a leading one in its region with its 249 polyclinics and world-class state-of-the-art medical equipment. With 37 operating rooms, it serves not only to Eskişehir but also to patients from the surrounding provinces.



6 THOUSAND BIRTHS

"Baby Friendly Hospital"

Eskişehir City Hospital served 2 million patients in a year. In addition to the treatment of 60 thousand inpatients at the hospital, approximately 44 thousand operations were performed. In the city hospital, which is named a "Baby Friendly Hospital" and has a "Baby Friendly Newborn Intensive Care", 6 thousand births were seen in 1 year. Also, as a result of the Quality Standards in Healthcare (QSH) evaluation conducted by the Ministry of Health, Eskişehir City Hospital received 99.21 points out of 100 and was named one of the best hospitals in Turkey.

AWARDS

"Best Healthcare Project"

A € 344 million project financing with a term of 18 years realized by Eskişehir City Hospital, Garanti Bank and İş Bank together received two awards from Europe. The project was selected as the "Best Healthcare Project" in both EMEA Region and also in the Central and Eastern Europe Region in the "EMEA Finance Project Finance Awards 2016" organized by EMEA Finance, one of the leading financial publications in Europe, Middle East and Africa.

HISTORY

20 AUGUST 2015

Date when project contract was signed

AUGUST 2016

Date when credit agreement was signed

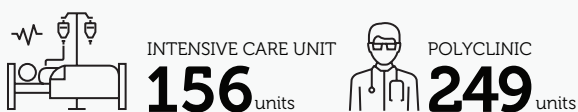
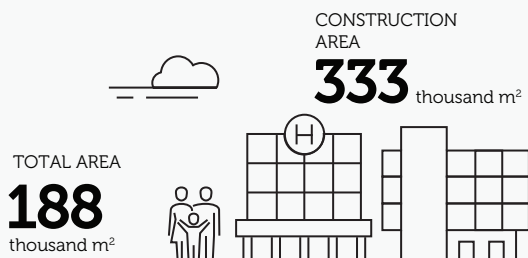
30 DECEMBER 2016

Construction started

27 OCTOBER 2018

Construction completed

As a result of the Quality Standards in Healthcare (QSH) evaluation conducted by the Ministry of Health, Eskişehir City Hospital received 99.21 points out of 100 and was named one of the best hospitals in Turkey.



TOTAL BEDS
1,081
units



SINGLE ROOMS
695
units



DOUBLE ROOMS
193
units



akfen
Altyapı



Eskişehir City Hospital



INVESTMENT
AMOUNT

512
million USD

OPENING DATE

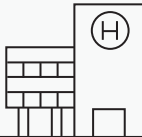
2018



OPERATING
DURATION

25 years

Achieving 92 percent occupancy rate at the end of the first 4.5 months, Eskişehir City Hospital served approximately 5,000 citizens on the first day of its opening



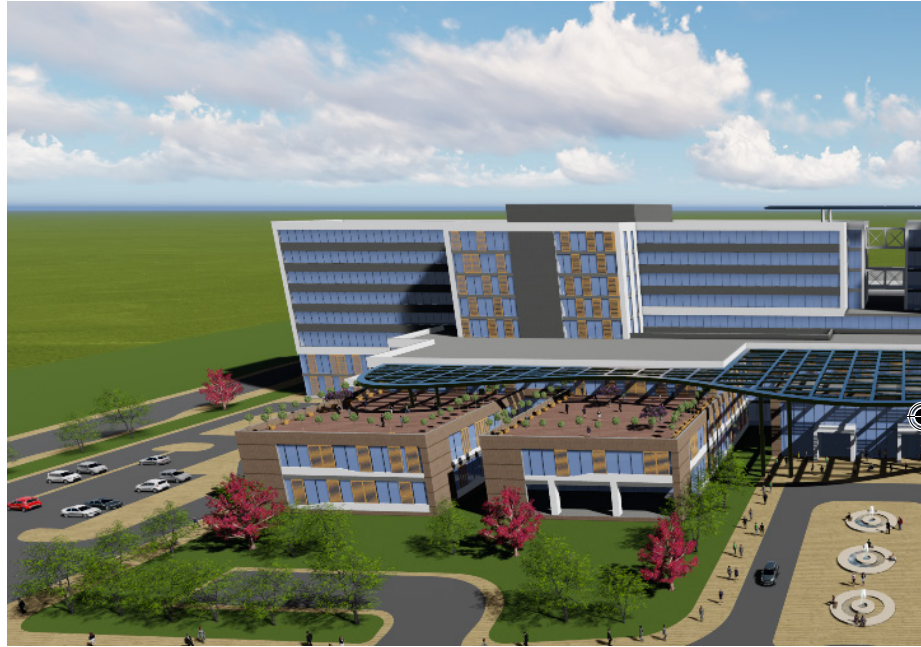
POLYCLINIC
SERVICES

10
thousand
people/day



Tekirdağ City Hospital

The hospital, which is expected to become operational in 2020, will be the largest health campus in the Thrace Region



Tekirdağ City Hospital, with a total bed capacity of 480, stands out as the largest hospital in the Thrace Region. A contract was signed with the Ministry of Health on 12.08.2016 for the hospital established on an area of 114 thousand square meters.

The hospital that will serve with 128 polyclinics also has 18 operating rooms, 102-bed intensive care service and 20-bed dialysis unit. The hospital will also include a newborn intensive care unit, 8 high-security forensic psychiatry and two burn units, and a delivery room.

Tekirdağ City Hospital is designed as a smart hospital, just like the other two hospitals. In accordance with the Ministry of Health specifications, it is equipped with earthquake isolators and state-of-the-art technological equipment.

When Tekirdağ City Hospital is opened, it will have an indoor parking area of 45 thousand square meters with a capacity of 1,152 vehicles.

Tekirdağ City Hospital, which is expected to reach USD 260 million in investment, is planned to become operational in 2020. Akfen Group plans to spend TL 980.5 million TL for the Tekirdağ City Hospital this year. As of the end of 2019, the physical progress rate of the project is 49%.



HISTORY

12 AUGUST 2016

Date when project contract was signed

DECEMBER 2017

Date when credit agreement was signed

1 NOVEMBER 2018

Construction started

2020 3rd QUARTER

Construction completed

Akfen Group has allocated an investment budget of TL 980.5 million this year for the Tekirdağ City Hospital, the last hospital it will deliver.

TOTAL AREA

114

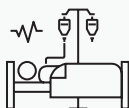
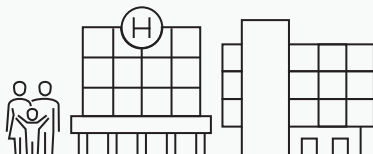
thousand m²



CONSTRUCTION
AREA

159

thousand m²



INTENSIVE CARE UNIT

96

units



POLYCLINIC

128

units



OPERATING
ROOMS

16

units



TOTAL BEDS

480

units



SINGLE ROOMS

172

units



DOUBLE ROOMS

100

units



akfen
Altyapı



Tekirdağ City Hospital



INVESTMENT
AMOUNT

260

million USD

AKFEN'S COMMITTED
INVESTMENTS IN 2020

981

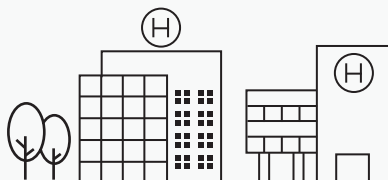
million USD

OPERATING
DURATION

25 years



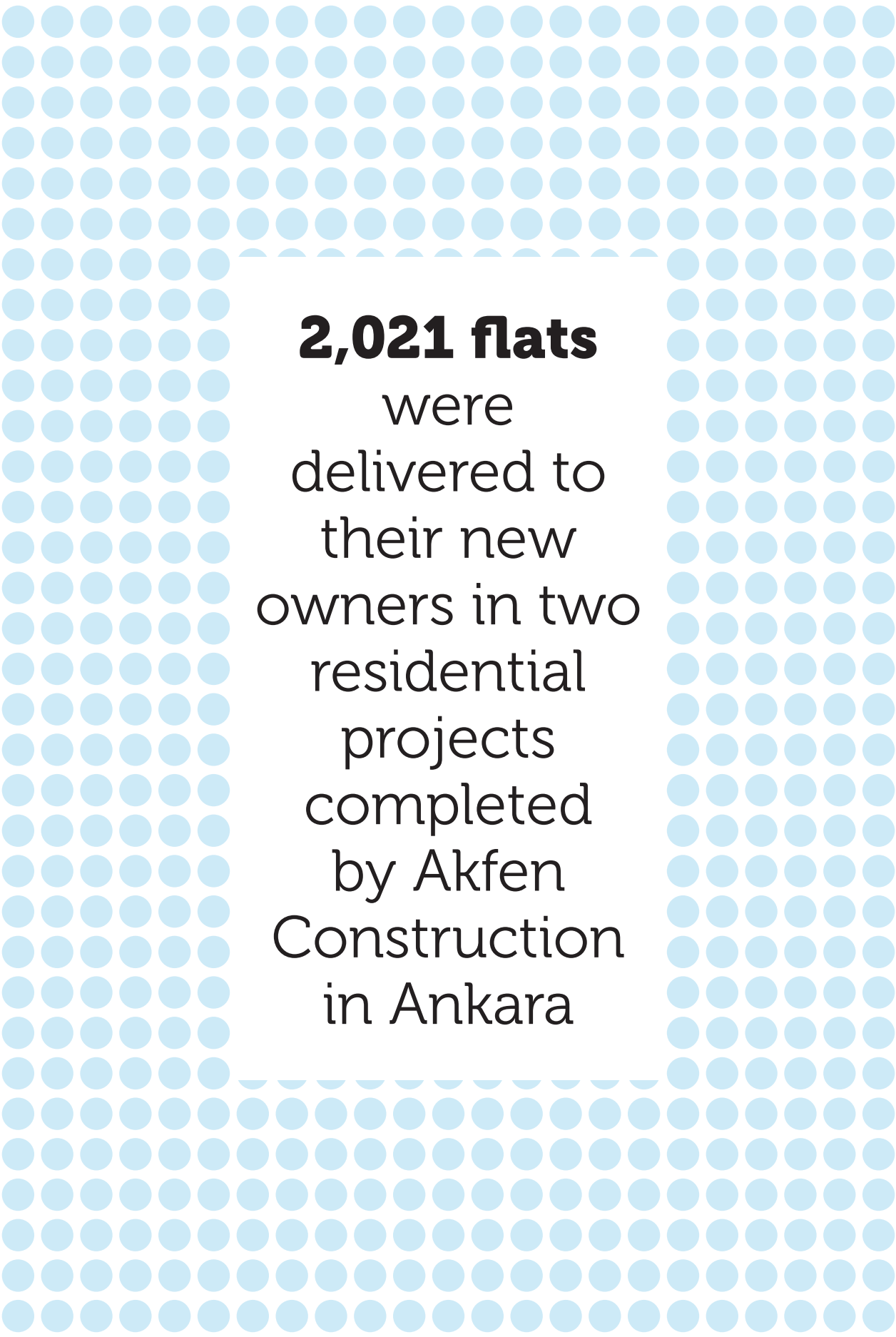
128 polyclinics and
16 operating rooms
will serve at
Tekirdag City
Hospital, which will
be realized with an
investment of USD
260 million



TARGETED OPENING DATE

2020



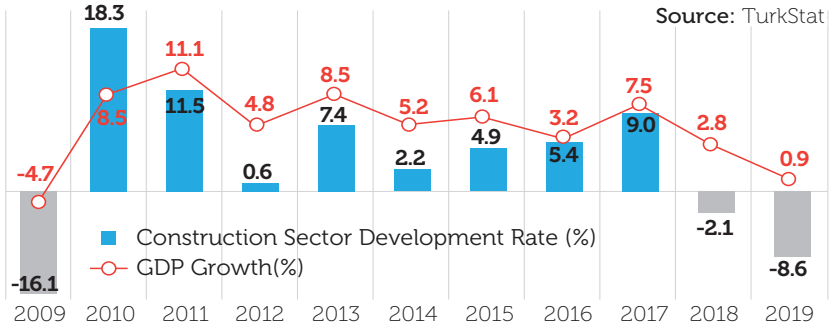


2,021 flats
were
delivered to
their new
owners in two
residential
projects
completed
by Akfen
Construction
in Ankara





Construction Sector Development



Construction Sector

The downward trend in residential sales throughout 2019, has been reversed over the last two months. Although 2020 started well, Corona virus outbreak is expected to affect the industry negatively

Negative developments in the market, particularly as a result of the loss of value of TL due to the increasing interest rates in Turkey caused the construction sector to shrink in 2019 like it did in 2018. According to the chained volume index adjusted for price effects announced by TURKSTAT, GDP increased by 0.9% in 2019 and the construction sector shrank over four quarters and closed the year with an average shrinkage of 8.6%.

Although GDP growth, especially the 6% growth during the last quarter, increased the hopes for 2020, the Corona virus outbreak, which started in China and which affected the first half of 2020, increases the uncertainty coefficient.

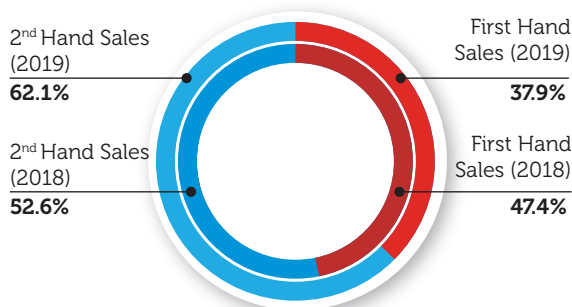
The decline in the construction sector also reflected in the residential sales statistics. According

to TURKSTAT Residential Sales Statistics, the number of residential sales, which reached 1 million 98 thousand in 2018, decreased by 7.5 percent (82 thousand 357 units) in 2019 to 1 million 16 thousand units. However, over the last two months of the year, residential sales increased by 32 thousand units when compared with the same period of the previous year. The increase was mainly due to second-hand sales.

Over the first months of 2020, when it was believed that the Corona virus would not become an epidemic, sales increased by more than 50%, due to very low sales figures in the first months of 2019 (base effect) and the reduction in mortgage interest rates.

However, in the following months, the effects of the Corona virus epidemic would also adversely affect housing sales.

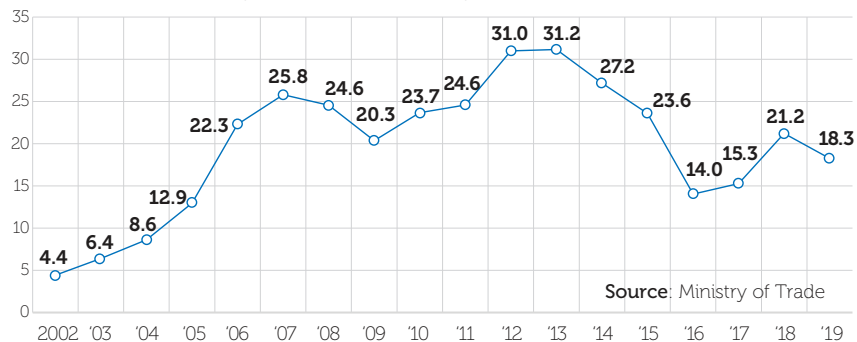
First Hand House Sales



Distribution of House Sales (units)

Years	First Hand Sales	Second Hand Sales	Total Sales
2015	598,667	690,653	1,289,320
2016	631,686	709,767	1,341,453
2017	659,698	749,616	1,409,314
2018	651,572	723,826	1,375,398
2019	511,682	837,047	1,348,729

Turkish Foreign Contracting Services (billion \$)



International Contracting Services

44 companies from Turkey are among the top 250 global contracting companies. Turkey is second on the list after China

Turkish contracting firms have undertaken 10,108 projects with a total volume of USD 400.4 billion in 126 countries from 1972 when they first ventured into the international markets until the end of 2019.

The sector undertook 438 projects abroad in 2019, with a total volume of USD 18 billion. Because of the fluctuations in the world economy and the political issues around Turkey the volume didn't exceed USD 20 billion annually, but the target of 10 thousand projects was exceeded.

The highest performance by Turkish companies seen in the past was over 2012 and 2013 with USD 31 billion. However, this number decreased to USD 14-15 billion annually in 2016-2017 due to the global political and economic developments, the decline in oil prices and the problems experienced in the Russian market.

The countries with the highest number of contracts for Turkish companies in 2019 are Russian Federation, Qatar, Kuwait, Kazakhstan, Uzbekistan,

Turkmenistan, Saudi Arabia, Iraq, Hungary and Serbia. In the leading market, Russia, the companies undertook 56 projects with a total volume of USD 6.1 billion; Qatar follows with 7 projects with a total volume of USD 1.2 billion and Kuwait with 8 projects with a total volume of USD 1 billion. Among the top 10 markets are Hungary and Serbia from Europe, with a project volume of USD 400 million.

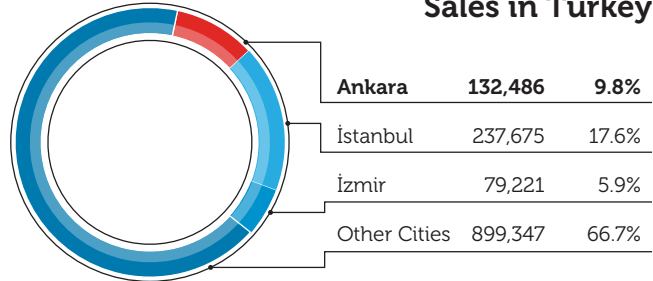
Average project value is USD 41.2 million

The average value for projects undertaken abroad was USD 86.8 million in 2015, a record breaking level; it decreased to USD 65.6 million in 2018 and then to USD 41.2 million due to economical and political conditions and smaller scale projects being undertaken.

Among the sectors with the most projects abroad so far, the top 5 are housing, highway / tunnel / bridge, trade centers, power plants and airports. The fact that highway / tunnel / bridge projects (15.9%) exceeded residential projects (13%) in 2019 implies that the added value of the projects increased.

About Ankara

Distribution of Residential Sales in Turkey



The population density is increasing with each passing day in Ankara.

The Ankara province covers 3.19% of Turkey in terms of surface area. According to official data of 2019, 5.639 million people live in Ankara, Turkey's most populous city is after İstanbul. Population growth rate was 24 per thousand in 2019 compared to the previous year. This rate is higher than in previous years, when it was 10-14 per thousand.

The second-most city for residential sales

According to Turkstat, Ankara produced TL 330 billion as of the end of 2018, 8.9% of the total TL 3.7 trillion GDP for all Turkey.

In 2019, 132 thousand dwellings were sold in Ankara

out of a total of 1 million 349 thousand in Turkey. Ankara came second, after İstanbul, for residential sales Turkey with a share of 9.82%. In 2018 this ratio was 9.5%.

It is observed that the sharp decline in mortgage sales in 2018 (-43.9%) recovered in 2019 (26.8%). The decline in loan rates led to this recovery.

In Turkey, in 2019, 332,580 units were sold on mortgage overall and in Ankara this number was 40,482 with a share of 12%.

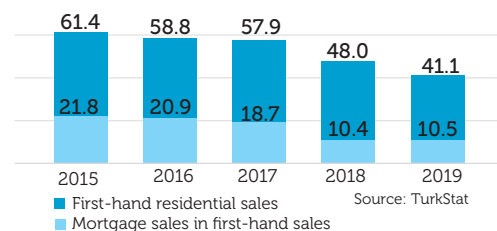
While one in every 3 units in Ankara was sold on mortgage in 2017 and before, this rate decreased to one in 4 in 2018 and 2019. With the revival in loans, it is thought that this number will return to its previous level.

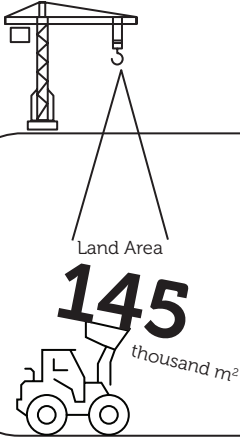
Residential Sales in Three Major Cities

Cities	First Hand Sales	Second Hand Sales	Total Sales
İstanbul	92,381	145,294	237,675
Ankara	41,107	91,379	132,486
İzmir	28,079	51,142	79,221
Other Cities	350,115	549,232	899,347
Turkey	511,682	837,047	1,348,729

Source: TurkStat

The share of the first sales and mortgage sales in Ankara (000 units)





Residential Investments of Akfen Construction

Providing engineering, project design and construction services in superstructure projects as well as infrastructure constructions, Akfen Construction has provided Ankara with more than 2 thousand modern apartments

Akfen Construction has an important investment portfolio in superstructure projects as well as infrastructure projects. The company gives engineering and construction services in a wide range projects, including mass housing, luxury housing, hotel, shopping mall, hospital, school, library, military housing and functional building construction projects. It successfully completed two important residential projects in Ankara beside Levent Loft, which was built in Istanbul with the Loft concept.

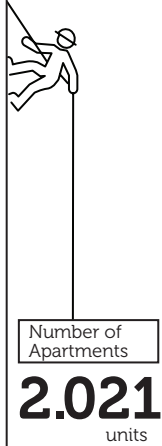
Akfen Construction completed its first investment in 2016 in the İncek Region, which is rapidly growing as the new residential area of the city and is called the "golden triangle". İncek Loft, with its proximity to educational and health zones, rapidly sold out the 1999 apartments.

After this success, the second project was Bulvar Loft. The 822-apartment project was completed at the end of 2018. Thus, Akfen Construction has provided over 2 thousand modern, luxury apartments to the Ankara housing market.

Environmentally friendly residential projects

Akfen Construction, which has built approximately half a million square meters of construction on a total of 145 thousand square meters of land, has been respectful to nature in its residential projects. Just as the group has turned to renewable resources for energy, it provides, to the urban population and the population in general, healthy living opportunities with its social facilities and landscaping reaching 70% of the total area in its projects.

Offering investment opportunities as well as peaceful living spaces, Akfen Construction's residential projects have provided high returns to its investors over the last 2-3 years, despite the ups and downs of the economy.



İncek Loft Project

İncek Loft, built in Ankara's "Golden Triangle" is by far the most beautiful real estate project in the city with its silhouette



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

The project offers significant opportunities to the real estate investors with regards to price/performance ratio, the product segment used and visual aesthetics. Akfen Construction works at İncek Loft with Tabanlıoğlu Architecture, which was also the architect of the iconic Levent Loft and Loft Bahçe projects in Istanbul. İncek Loft includes buildings that meet different lifestyle and investment demands.

Residential areas

One of the most important

features of İncek Loft is that 68% of the project consists of landscaping and social areas reflecting respect for urban values and natural resources. In the project the garden, terraces and all residences are designed to make optimum use of daylight and scenery.

Commercial areas

In the project, the shopping area called the "Loft street", which consists of open, semi-open and closed areas and is open to pedestrian access at street level, is designed to serve also customers who come from outside. İncek Loft has 43 commercial areas spread over 8,027 square meters. Akfen Tourism was established in order to operate these commercial areas by opening restaurants such as Big Chefs and Ters Köşe.

İncek Loft has 43 commercial areas spread over 8 thousand square meters. A company titled Akfen Tourism was established for the management of commercial areas



LOFT STREET

Shopping and promenade valley

"Loft Street", which is open to pedestrian access from the street level, is organized as open, semi-open and closed areas, and aims to be a center of attraction with its inviting atmosphere. This area, with its cafes and restaurants, is shaped as a lively urban meeting place where natural streets-shapes are created with the canyon design. There is a space for each flat in the closed parking lot. The complex has a parking capacity of 2,065 vehicles and a guest parking lot for 186 vehicles at the entrance.

FIRST PROJECT IN İNCEK

Life started in 2016

In İncek Loft, which was launched on 25.04.2014, life started with 300 families in 2016. Currently, the number of families has increased to 930. It is estimated that the investors of İncek Loft, which is offered for sale at very attractive prices as it is the first project in the İncek Hacılar District, will acquire much higher profits once the projects in the district are completed.



Turkish Bath



Pony Club



Sports Bar



Fitness Center



Cinema Center

İncek Loft

SOCIAL FACILITIES
AND LANDSCAPE AREA

68%

NUMBER OF
COMMERCIAL
AREAS

43

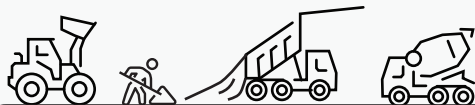
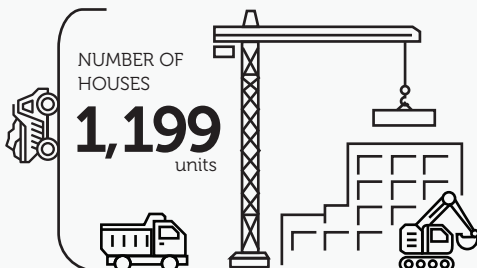
units



NUMBER OF
HOUSES

1,199

units



OPENING DATE

2016

April



Bulvar Loft

NUMBER OF HOUSES

822
units

NUMBER OF
COMMERCIAL
AREAS

31
units

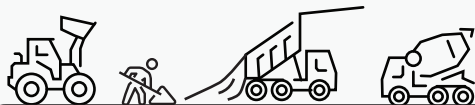
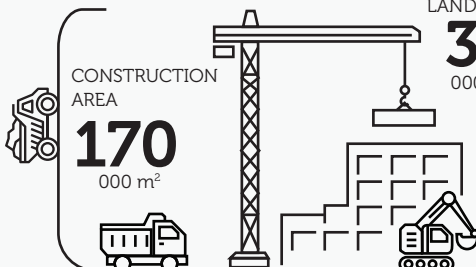


CONSTRUCTION
AREA

170
000 m²

LAND AREA

37
000 m²



OPENING
DATE

2018

December



Bulvar Loft Project

Life has begun in the project with a total of 822 apartments. In Bulvar Loft, which started delivery in May 2019, 200 families moved in in the first 45 days



Akfen Construction after the completion of Levent Loft, Loft Bahçe and İncek Loft, completed its fourth project, Bulvar Loft, in May 2019, earlier than promised.

Bulvar Loft, which is the second housing project Akfen Construction completed in Ankara, is located in the southwest of the capital, just like the first project.

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

In the Bulvar Loft project,

which consists of 6 blocks, has an investment value of TL 556 million and rises on a 37-decare land, there are 16 different apartment types with 1 + 1, 2 + 1, 3 + 1, 4 + 1 and 5 + 1 rooms.

75% green space and landscape

In the Bulvar Loft project, 75 percent of which is devoted to green spaces, landscaping and social spaces, there is a commercial center with 31 commercial spaces on 10 thousand square meters.

As credit interest rates decreased in mid-2019, Bulvar Loft, along with Ankara in general, has experienced an unprecedented liveliness in sales that was not seen in the last two years.



Akfen Construction performs sales and leases within the company under the Loft Trade brand.

One element that makes Bulvar Loft a center of attraction is its proximity to educational and living spaces. Within 10 kilometers of the project, there are 11 primary schools, 10 high schools and 7 universities (METU, Bilkent, Ufuk and Atılım Universities, Bahçeşehir High School, TED Ankara College, Doğa College, etc). According to a research, as of 2016, 13,500 people were living within 3 kilometers of Bulvar Loft. As of today the population within the same area is 23,500 and is expected to reach 70 thousand in 2023. In other words, the population will increase 5-fold over the next 7 years with Bulvar Loft and nearby settlements.

On Ankara's south-west axis the population will go up to 230 thousand, when the previous settlements, modern housing projects and planned villa areas are taken into consideration. Additionally, with 13 thousand people who are not living in the region but working in the region due to schools, it is clear that an accelerated development will be observed.

A-DESIGN SIGNATURE

Target is upper and middle segment

Bulvar Loft, which has the signature of A-Design, the capital's largest architectural office that has also designed many other major projects in Ankara, is focused on living spaces, a different characteristic from İncek Loft. The project has been developed to address middle / upper socio-economic groups.

600 M² COURTYARD FOR ACTIVITIES

Seven acres of commercial space

A 169.750 square meter construction area on 36.947 square meter land, Bulvar Loft is designed to have 822 apartments in 6 blocks. As of 31 December 2019, 318 houses were sold in the project.

The project has a range of flats ranging from 1 + 1 to 5 + 1 rooms, between 66 and 350 square meters, and there are 7,080 square meters of commercial space.

The most striking part of the commercial area of Bulvar Loft, where a total of 31 commercial areas are planned, is an activity courtyard of approximately 600 m² and gourmet restaurants are built on the right and left-hand sides of the street facing this courtyard.

ACTIVITIES

Well-equipped sports center

It is planned that the sports center in the project will be better equipped than many sports centers operating with a membership system, and will be free of charge. Boccia, chess, basketball courts and children's playgrounds will make a difference in the project.

The activity courtyard will host concerts, shows, mobile playgrounds and other activities throughout the year.



Isparta and Kütahya
dormitories meet the
demand for modern
accommodation for over
7,000 students



Dormitory Investments



Dormitory & Guest House Projects



Hacettepe Guest House

Hacettepe Guesthouse Project, developed and operated at Hacettepe University Beytepe Campus in Ankara, started with the transfer of shares of 15 May 2014.

Akfen Construction acquired 45% of the shares of Hacettepe Technocity Education and Clinical Research Center Health R&D Consultancy Project Industry and Trade Inc. and took over the project.

The project was originally planned as 7 blocks with a total capacity of 7,300 beds on a land of 68,000 square meters, and the bed capacity can be increased to 15,000 over time. An agreement was reached with TSKB (Industrial Development Bank of Turkey) regarding financing. Two buildings were completed in the first quarter of 2016 and five are under development.

Hacettepe Guesthouse

Allocating By	Hacettepe University
Cons.Area (1 st Stage-2 Blocks)	27,450 m ²
Cons.Area (2 nd Stage-5 Blocks)	83,600 m ²
Number of Beds	2,264 / 5,036
Starting Date	2014 2.Q.
Delivery Date (1 st Stage)	Sept. 2016



Isparta Student Dormitory

Another dormitory project of Akfen Construction is the Isparta Dormitory Project, which was built in the commercial area of Isparta City Hospitals opened in March 2017.

The complex consists of 6 blocks and there are 4 dormitory blocks and 2 social facility blocks. There are 1,016 rooms and 4,032 beds in the dormitory part designed as ground + 7 floors.

The project was completed in May 2018. An agreement was signed with KYK (Institution of Student Loans and Dormitories) about the leasing of the building. The dormitory became operational and started accepting students.

Isparta Dormitory

Employer	Isparta Dormitory Inv. Inc.
Land Area	31,848 m ²
Construction Area	67,000 m ²
Number of Beds	4,032
Right of Use	25 years
Delivery Date	May 2018
Design	Ediz Architecture



Kütahya Student Dormitory

With the tender of Dumlupınar University, the usufruct right of the land within the university has been acquired for 29 years. The project was started in 2017 and completed by the end of 2018.

Kütahya Student Residence built on Kütahya Dumlupınar University's Evliya Çelebi Campus has a total bed capacity of 3,032. The dormitory which covers 59 thousand square meters was delivered in January 2019.

An agreement was signed with KYK for the renting of the building.

Kütahya Dormitory

Construction Area	59,000 m ²
Number of Beds	3,032
Starting Date	April 2017
Delivery Date	January 2019
Right of Use	29 years

Other Construction Projects



Bafra Hotel, TRNC

The Bafra Hotel Project is located on the Bafra Village Coast of TRNC. The land has been allocated to Akfen Tourism by the TRNC Forest Administration for a period of 49 years. On an area of 224,527 square meters the construction will occupy 85,364 square meters.

The construction area of the hotel project, which will consist of two stages, is planned as 50,924 square meters, in the first stage and 34,440 square meters in the second stage. The first stage consists of 201 rooms and 522 beds, the second stage consists of 202 rooms and 520 beds. Additionally, the project includes 50 villas with a total of 200 beds. When the project is completed, it will serve as a hotel with 453 rooms and 1,242 beds. The construction permit for the project was obtained on 03.10.2016.

TRNC Bafra Hotel in Numbers

Allocating By	TRNC Forestry Administration
Land Area	224,527 m ²
Permitted Floor Area	78,585 m ²
Construction Area	85,364 m ²
Number of Rooms / Beds	453 rooms / 1,242 beds
Allotment Period	49 years (30.12.2059)
Design	YPU Architecture



HEPP Costructions

Another of Akfen Construction's specialized construction projects other than hospitals, hotels, and airports is the construction of hydroelectric power plants.

Akfen Construction, a subsidiary of Akfen Infrastructure, undertook the construction of 14 hydroelectric power plants of Akfen Renewable Energy, another company of the group.

Last delivered HEPP was Çiçekli

Akfen Construction, which has delivered 14 HEPPs to date, has recently completed the construction of the Çiçekli HEPP in Artvin on 26.09.2019. The total installed capacity of HEPPs delivered to date has reached 235.7 MW. Additionally, Karasu HEPP, which was completed in 2012/13 and has been sold to the Aquila Group.

Bodrum Loft Project



Number of Blocks

19

Number of Villas*

36

Number of Rooms

128

* Consists of 12 units of 3+1, 4 units of 4+1, 12 units of 2+1 houses.

In Turkey, one of the world's leading countries in tourism, touristic facility investments continue. Among these, the most prominent place for hotel investments is the favorite holiday resort of Bodrum.

The hotels opened and planned over the last 3 years in Bodrum, which is in high demand for many local and foreign tourists especially in the summer, attract particular attention. The world famous tourism brands enter the Bodrum tourism market one after the other, and the town is shown by industry representatives as the future of tourism in Turkey.

In Bodrum, where the world-famous giant hotel chains are flocking to, Akfen Infrastructure

Holding has embarked on a project, too. Within this scope, the Bodrum Loft project is a five-star holiday village built on the land allocated by the Ministry of Culture and Tourism, 15 kilometers from the center of Bodrum.

The project is given to Masanda Tourism Investments Inc. and the allocation period is 49 years. The project land area is 57,000 m² and the floor area is 14,517 m².

The concept design and architecture of the project is carried out by Tabanlıoğlu Architecture. The project will be completed and operational in the first quarter of 2020. As of 31.12.2019, the completion rate of the project is 85%.

Bodrum Loft in Numbers

Allocating By	Ministry of Culture and Tourism
Land Area	57,000 m ²
Construction Area	22,586 m ²
Allotment Period	49 years
Delivery Date	2020
Design	Tabanlıoğlu Architecture

Other Subsidiaries

Travelex

Number of Countries

26

Number of Locations

1,250

Number of ATMs

1.500
Number of Customers
Served With Cash or
Prepaid Card
27 million
Number of Customers
Served in Airports
1.7 billion

Number of Offices in Turkey

12


Travelex, headquartered in London, and as a representative of more than 140 years of tradition in foreign exchange and related services, carries the travel checks of the past to future digital payment solutions.

Travelex operates in more than 26 countries, with more than 1,250 service points both at airports and off-airport locations. Using its expertise and experience, it created a platform to re-interpret the physical and digital money movement across borders globally, thus ensuring that all of his customers stay one

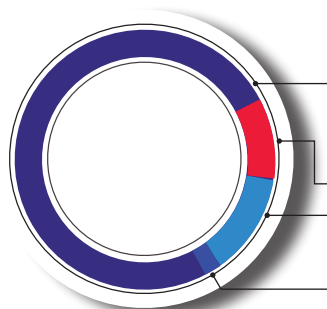
step ahead of the competition.

Through this platform, it provides financial institutions a reliable, effective and functioning international money transfer service and complements this service with secure cash delivery service in all currencies.

Activities in Turkey

In Turkey Travelex operates at Ankara Esenboga, İzmir Adnan Menderes, Antalya and Alanya Gazipaşa airports and Kusadasi Cruise Port.

After the sale to Travelex in 2014, Akfen Infrastructure's share has become 10%.



Travelex Shareholding Structure

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

Other Subsidiaries

Shareholding Structure

AKINISI MACHINERY	The company was established in 1976 to operate in the industrial heating sector and is now idle and owns a piece of land in Ankara.	 Akfen Infrastructure 100%
AKFEN TOURISM	It operates the 56-room, 122-bed Akfen Club hotel in Kuşadası, and also coordinates the company's potential tourism investments.	 Akfen Infrastructure 100%
TEPE AKFEN REFORMER (TAR)	Founded in Poland, the company is a landowner there. The company follows the opportunities for developing a real estate project on this land.	 Akfen Infra. 26% Tepe Cons. 30% Other 44%
AKFEN REAL ESTATE PORTFOLIO MANAGEMENT	Akfen Real Estate Portfolio Management was established in 2017. The main activity of the company is the establishment and management of real estate investment funds in accordance with the provisions of the Capital Markets Law and related legislation.	 Akfen Infrastructure 100%
AKFEN CONSULTING AND PROJECT DEVELOPMENT	Founded in 2016, the company is responsible for sales of real estate projects such as İncek Loft and Bulvar Loft.	 Akfen Infrastructure 100%
MASANDA TOURISM	Founded in 2012, the company has a 5-star holiday village project currently under construction in Bodrum ('Bodrum Loft').	 Akfen Infrastructure 100%
AKFEN MERTER	The property is owned by the General Directorate of Foundations of Istanbul. It is located in Zeytinburnu District, Merkezefendi Neighborhood, Çörekçi Nalbant Çukurları Street. The estate is located in block 3284 parcel 47 and is rented for 30 years with the "Rental Contract with a Construction Condition" dated 21 October 2011 in accordance with Build-Operate-Transfer Model. Project development continues for a real estate project, office and trade center, fuel-service station on the land.	 Akfen Infrastructure 44.60% Akfen Construction 46.92% Keskin Holding 8.47% Other 0.01%



Akfen Holding Group Companies

Akfen Renewable Energy
Mersin International Port
Acacia Mining
Akfen REIT
İstanbul Sea Buses
Akfen Environment & Water
IBS Insurance
TAV Investment

3 ■ CHAPTER



Akfen

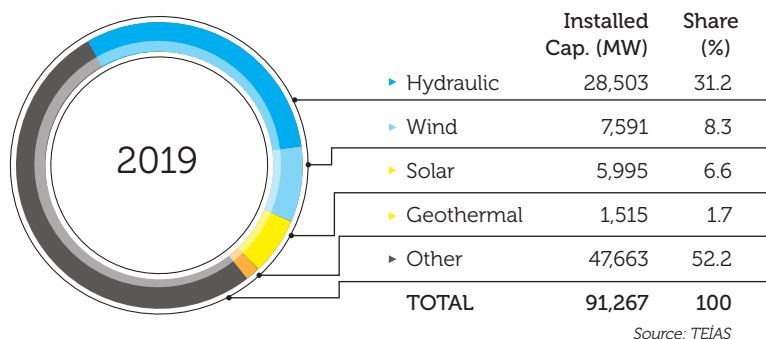
Renewable Energy



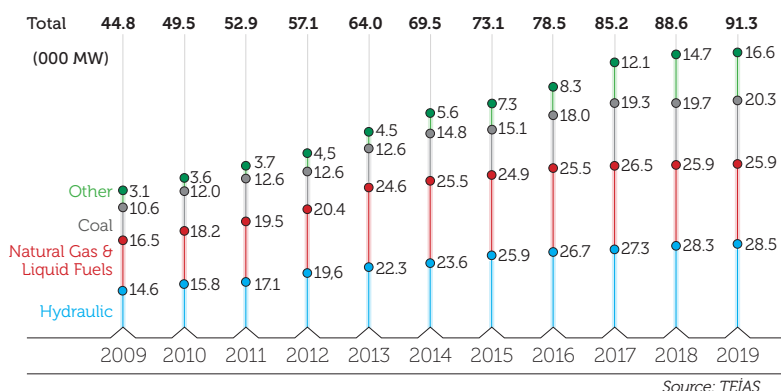
Energy Sector

The share of renewable energy in the total installed capacity of Turkey in 2009 was 34% and by the year 2019 it reached 48%

Share of Renewable Energy in Total Installed Capacity



Development of Installed Capacity by Sources (MW)



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

Turkey, although it tries to reduce dependence on foreign energy, still has to mainly import the primary raw materials and machinery -equipment used in the production of electric energy. Foreign dependence is prevalent in high-tech machinery and equipment used, especially for the generation of energy from wind, solar, geothermal and biomass.

On the other hand, arising from Turkey's 2030 targets in renewable energy, it is expected that a nearly USD 25 billion equipment market will be created over the next 11 years.

Growth targets in the electricity

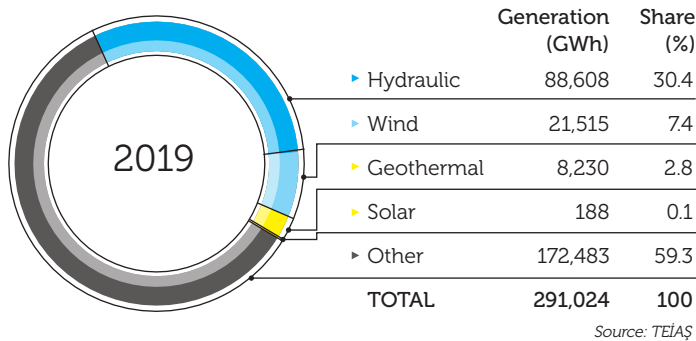
market is directly proportional to Turkey's 2023 vision. In this context, electricity consumption is expected to be over 375 TWh in 2023. In order to meet this demand, the targeted installed capacity is 110 thousand MW for the same year.

Coal's share is high

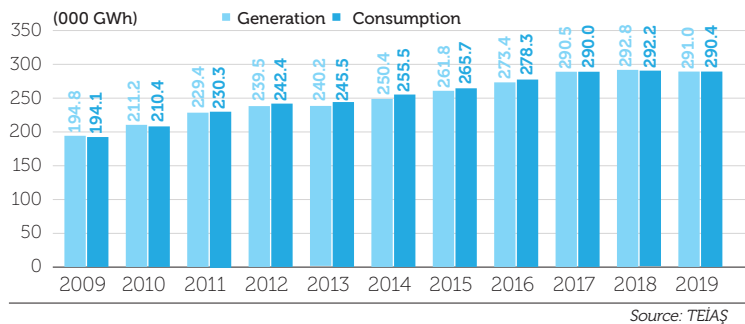
Another target for the development of the country's electricity generation portfolio is to increase the share of renewable energy and to create diversity in resources. In the long run, Turkey's electricity generation portfolio is planned to include: 30% from hydraulic, 30% from thermal, 30% from renewable resources and 10% from nuclear.

Trends in renewable energy in Turkey follow a parallel

Share of Renewable Energy in Total Generation



Generation & Consumption in Turkey (GWh)



development globally. Economy management has taken important steps in reducing energy costs recently. These steps have led to renewable energy having an increased share in Turkey's total installed capacity.

While the share of renewable energy power plants in installed capacity was 34% in 2009, this rate increased to 48% in 2019.

The installed capacity has doubled over the last 10 years (103.9% increase). Turkey has reached a total of 91,267 MW of installed capacity in 2019, with 3.1% growth with respect to the previous year.

The highest share in the installed capacity development based on resources is hydraulic

with 31.2% (28,503 MW). Natural gas + LNG (28.4%), coal (22.2%), wind (8.3%), solar (6.6%), other power plants like geothermal-biomass (3.3%) follow.

Rapid increase in renewable energy sources

Arising from changes in energy generation in Turkey over the last 10 years, there has been a significant increase in installed capacity from renewable sources other than hydraulic.

Although the share in the total installed capacity is low, the capacity of wind power plants increased by 8% compared to the previous year and reached 7,591 MW, while for solar power plants it increased by 18% and reached 5,995 MW.

Generation and consumption rise in parallel

- As in many countries in the developing world, in Turkey, too, consumption and generation of electricity over the last 10 years have grown parallel to each other (annual avg. 4.1%).
- In terms of resources for energy generation, natural gas power plants led the sector in 2009 with 49.3% share, and coal and hydraulic power plants followed with 28.6% and 18.5% shares respectively.
- In 2019, the share of electricity generation from coal reached first place with 38.0% share. Hydraulics followed with 30.4%, natural gas with 18.9%, wind-solar-geothermal with 10.5% and renewable waste power plants with 2.2%.
- The share of renewable energy has increased rapidly over the last 10 years. While 19% of the electricity generation in 2009 was supplied from renewable sources, this rate increased to 41% in 2019. In 2009, the share of renewable power plants, consisting of geothermal, wind and solar power plants, excluding hydroelectric power plants, was only 1.0%, while the rate increased to 10.5% in 2019.
- There is a linear relationship between social and economic development and energy consumption. Energy consumption is increasing in parallel with the increase in economic and social welfare.
- Over the last 10 years Turkey's GDP increased by 5.8% on average, but the demand for energy remained at 4.1% on average. This suggests that Turkey's energy sector has a long way to go.

Akfen Renewable Energy

As of today, Akfen Renewable Energy has a total installed capacity of 712.8 MW, including 693 MW operational and 19.8 MW under construction. The target is to achieve an installed capacity of 1,000 MW from clean energy sources by 2021



Akfen Holding began investing in the energy sector long before the increased interest and has become one of the most important energy producers in Turkey.

Akfen Energy entered the sector in 2007 with its HEPP investments, to meet Turkey's growing energy needs and provide a significant contribution to reducing the current account deficit. In 2009, Sirma HEPP was the first HEPP project to be operational. Akfen Energy has completed 18 HEPP projects, sold five and still operates 13 of them.

The development of the SPP projects started in 2013 and the

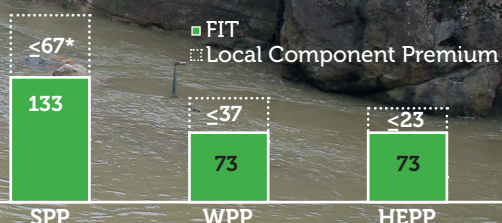
development of WPP projects started in 2014 with the wind measurements.

Akfen Holding established Akfen Renewable Energy Inc. in December 2015, after its subsidiaries operating in the field of renewable energy, Akfenhes, Akfenres, Akfen Toptan and following its transfer to the company Karine SPP, all companies were gathered under one roof. Akfen Renewable Energy has partnered with EBRD and IFC in 2016. Investments made by the two institutions so far have been the largest capital investments in Turkey's energy sector. With these investments, Akfen Renewable

Energy has become one of the

Feed-In Tariff (US\$/MWh)

*Photovoltaic



industry's most important players in the field of renewable energy.

The installed capacity portfolio of the company is 712.8 MW in total, 693 MW of which is operational and 19.8 MW is in the construction phase. This portfolio consists of HEPP / SPP / WPP projects.

Target: 1,000 MW installed capacity

Akfen Renewable Energy aims to increase its portfolio which currently has an installed capacity of 712.8 MW from clean energy sources such as wind, solar and water to an installed capacity of 1,000 MW by 2021.

In addition, Turkish Electricity Transmission Inc. announced an additional WPP capacity of 2,000 MW in 2016. Akfen Renewable is working on 10 WPPs corresponding to 560 MW of this capacity.

All generation is sold at FIT

Akfen Renewable Energy utilised the generation of all power plants in operation in 2019 at FIT (Renewable Energy Resources Support Mechanism). Except for Sirma HEPP, which will not be included in FIT in 2020, all other power plants will be making use of FIT in 2020.

The price for all HEPPs is 73 Şcents / kWh; for all licensed SPPs including domestic contribution it is 13.74 Şcents / kWh; for Hasanoba WPP, Üçpınar WPP, Kocalar WPP and Denizli WPP projects, including domestic contribution it is 79 Şcents / kWh; for Santepe and Demirciler WPP which were added to the portfolio on 5 February 2020, including domestic contribution it will be 8.7 Şcents / kWh within the scope of FIT

RIGHT TO BENEFIT: 10 YEARS

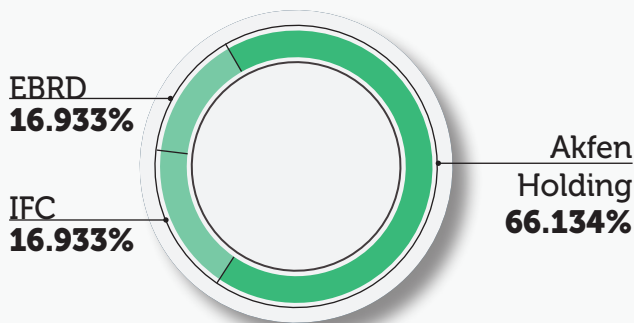
Dollar-based purchase guarantee

HEPP projects have the right to benefit from the government's purchase guarantee of at least 73 Şcents / kWh for 10 years from the date of commissioning, if they obtain the Renewable Energy Resources Certificate and complete their investments by 31 December 2020.

Within the scope of this support mechanism, if the investments are completed by 31 December 2020, the WPP portfolio can also benefit from a minimum 73 Şcents / kWh purchase guarantee and the SPP portfolio a minimum of 13.3 Şcents / kWh purchase guarantee.

Akfen Renewable Energy

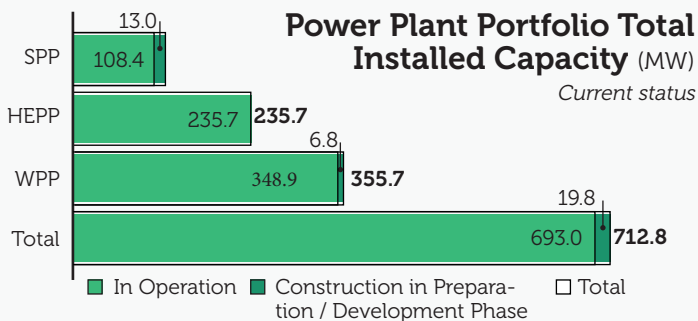
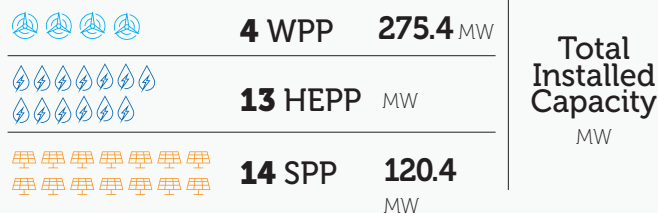
Shareholding Structure*



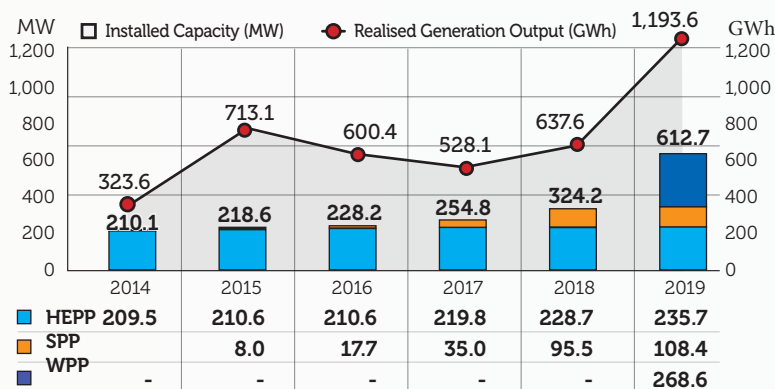
* As of February 17, 2020, Akfen Holding's share is 66.91%, EBRD's share 17.10% and IFC's share 15.99%.

Akfen Renewable Energy Portfolio

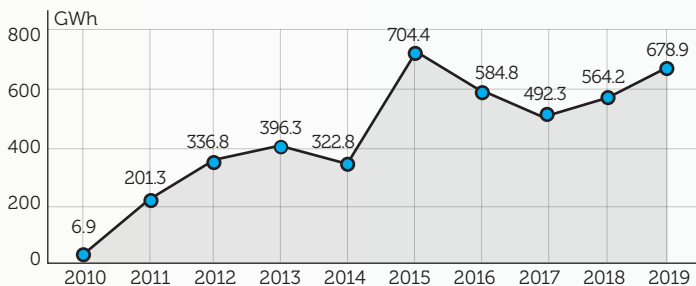
(As of the end of 2019)



Development of Generation and Installed Capacity

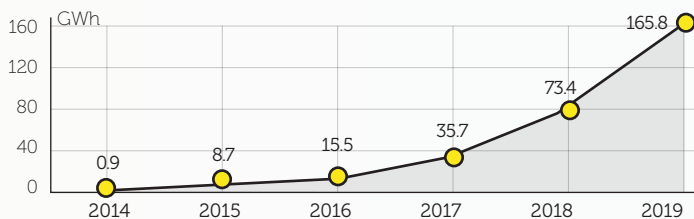


Realised Generation Output of HEPPs*



* As of 30 November 2012, 40% of Karasular Energy Production Inc. has been transferred to Aquila HydropowerINVEST Investments GmbH & Co KG. With the transfer of 60% remaining in June 2013 to Aquila, five plants with a total installed capacity of 26 MW left the portfolio. Data on the chart are shown excluding Karasular.

Realised Generation Output of SPPs*



Akfen Renewable Energy Portfolio Distribution

HEPP Group

As of 31 December 2019, 13 HEPPs belonging to Akfen Renewable Energy have an installed capacity of 235.7 MW. The annual power generation capacity of these power plants is 916.8 GWh. Total electricity generation in 2019 was 678.9 GWh with an increase of 20% compared to 2018.

SPP Group

The energy generation of the solar energy group in 2019 was 165.8 GWh. While the installed capacity was calculated as 108.4 MW for 2019, the installed capacity the licensed projects prepared for construction was 12.0 MW. When the SPP portfolio is completed, the installed capacity will reach 120.4 MW.

WPP Group

4 WPP Projects in the portfolio of Akfen Renewable Energy become operational in 2019. Only 6.8 MW portion of Hasanoba WPP, which is part of Kovanci Energy, will come into operation in 2020. As of the end of 2019, 268.6 MW installed capacity become operational. The energy generation of the WPP Group was 348.9 GWh in 2019.

Akfen Renewable Energy signed a share purchase agreement in December 2019 with Zorlu Wind Energy Electricity Generation Inc. for the company's Santepe and Demirciler WPP projects in Osmaniye with an installed capacity of 80.3 MW. After Santepe-Demirciler WPP joined the portfolio, which was the biggest purchase agreement of 2019, the installed capacity from WPP in Akfen Renewable Energy portfolio reached 348.9 MW in February 2020.

HIGHLIGHTS OF 2019

THE SHARE OF EBRD AND IFC HAS INCREASED

Akfen Renewable Energy's total capital reached TL 959.41 million after the capital increase on 5 December 2019. In this context, while the share of Akfen Holding decreased to 66,134%, EBRD's share was 16,933% and IFC's share was 16,933%.

ÇİÇEKLİ HEPP STARTED GENERATION

Çiçekli HEPP (7 MW) built in Artvin started commercial energy generation as of 27 September 2019.

PSİ ENGİL 207 SPP STARTED GENERATION

The acceptance of PSİ Engil 207 GES (13 MW) in Van by the Ministry of Energy took place on 25 July 2019.

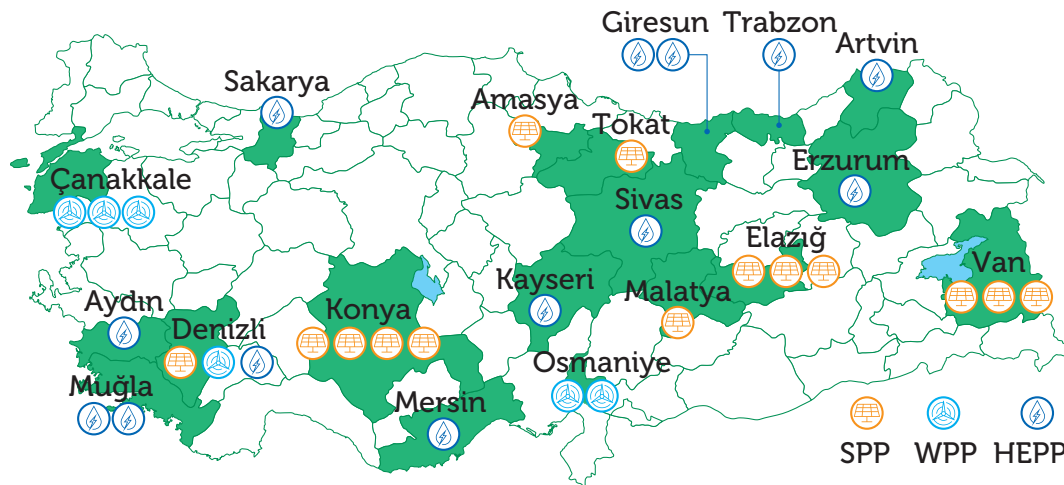
FOUR WPPs STARTED GENERATION

Generation started at Kocalar WPP (30.6 MW) on 14 March 2019 and 15 turbines of Üçpınar WPP corresponding to 51 MW installed capacity started generation on 11 May; 18 turbines of the remaining 61.2 MW installed capacity started generation on 18 June 2019. The first 7 turbines of Hasanoba WPP with a capacity of 23.8 MW started generation on 2 August and 8 turbines with 27.2 MW capacity started generation on 6 September 2019. 14 turbines of the Denizli WPP Project with an installed capacity of 47.6 MW started commercial generation on 13 September and 8 turbines with an installed capacity of 27.2 MW on 10 October 2019.

THE BIGGEST "GREEN ENERGY" LOAN

Akfen Renewable Energy, which aims to reach 1,000 MW installed capacity for "clean energy" by 2020, received the largest green energy loan in Turkey for its solar and wind energy projects amounting to US\$ 530 million.

Distribution of Renewable Energy Investments



HEPP Projects-2019

Company	HEPP	Installed Capacity (MW)	Generation Cap. (GWh/years)	Commercial Operation Date	Realized Generation Output 2019	Realized Generation Output 2018
Beyobası	Otluca	48.8	224.0	April 2011	214.7	172.9
	Sırma	6.7	23.2	June 2009	15.3	10.1
	Sekiyaka II HEPP	3.5	17.1	Jan.2014- Aug.2015	16.8	14.1
Çamlıca	Çamlıca III	28.5	104.5	April 2011	64.9	25.1
	Saraçbendi	26.3	100.5	May 2011	64.0	45.3
Pak	Demirciler	8.7	34.5	August 2012	21.9	17.8
	Kavakcalı	11.4	44.3	March 2013	38.2	26.9
	Gelinkaya	7.1	25.8	June 2013	12.2	13.5
BT Bordo	Yağmur	9.2	31.5	November 2012	22.2	24.4
Elen	Doğançay	31.6	171.7	Aug.-Sept. 2014	112.1	105.7
Yenidoruk	Doruk	28.9	75.5	Eylül 2014	67.5	86.4
H.H.K. Enerji	Çalıkobası	18.1	42.3	June 2017-May 2018	27.0	22.2
Kurtal	Çiçekli 1-II	7.0	21.9	Eylül 2019	2.0	-
HEPP PORTFOLIO TOTAL		235.7	916.8		678.9	564.2

WPP Projects - 2019*

Company	Project Name	Installed Cap. (MW)	Location	Realized Generation Output (GWh-2019)
Power Plants in Operation - 2019				
İsıder Enerji	Kocalar	30.6	Çanakkale	79.1
Derbent Enerji	Üçpınar	112.2	Çanakkale	189.6
Kovancı Enerji	Hasanoba	51	Çanakkale	38.1
Korda Enerji	Denizli	74.8	Denizli	42.2
Total		268.6		348.9
Power Plants Under Construction			Location	Operation Date
Kovancı Enerji	Hasanoba	6.8	Çanakkale	2020
Total		6.8		
WPP PORTFOLIO TOTAL		275.4		

* Santepe and Demirciler WPP in Osmaniye with an installed capacity of 80.3 MW were included in the portfolio on 5 February 2020.

SPP Projects - 2019

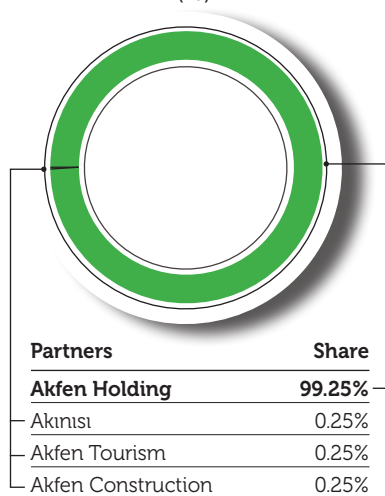
Project Name	Type	Installed Cap. (MW)	Location	Realized Generation Output (GWh-2019)
Power Plants in Operation - 2019				
Yaysun	Unlicensed	0.6	Konya	0.9
Denizli Projects	Unlicensed	74	Denizli	12.1
Solentegre	Licensed	9.1	Elazığ	13.5
Solentegre	Unlicensed	0.6	Elazığ	0.9
Amasya	Unlicensed	11.2	Amasya	17.2
Karine	Unlicensed	0.6	Elazığ	0.9
Tokat Projects	Unlicensed	5.6	Tokat	8.4
Omicron Engil	Licensed	12.1	Van	21.7
Omicron Erciş	Licensed	12.1	Van	21.6
Yaysun	Licensed	12.1	Konya	19.6
ME-SE	Licensed	12.1	Konya	18.9
MT Doğal	Licensed	12.1	Konya	19.8
PSİ	Licensed	13.0	Van	10.4
Total		108.4		165.8
Power Plants Under/Ready for Construction			Location	Operation Date
IOTA	Licensed	12.0	Malatya	2020
Total		12.0		
SPP PORTFOLIO TOTAL		120.4		



Akfen Energy Generation

Mersin CCGT Project, which will strengthen the country's energy infrastructure, has a total installed capacity of 1,150 MW

Akfen Energy Generation Shareholding Structure (%)



Akfen Infrastructure Holding Annual Report / 2019



Akfen Holding has planned to invest, through Akfen Energy Generation Inc, in thermal energy, too, so as to consolidate its presence in Turkey's energy infrastructure, to diversify resources and to make electricity generation sustainable.

For this purpose, studies on the combined gas power plant (CCGT) project based on natural gas in Mersin continued. Generation license has been obtained in Mersin CCGT with a total installed capacity of 1,150 MW, the EIA report has been approved and capital liabilities have been fulfilled as of 13 January 2014. Construction of 154 kV substation was completed and started operation after its transfer to the Turkish Electricity Transmission Inc.

EIA positive certificate regarding the 380 kV Mersin CCGT – Konya Ereğli TM Energy Transmission Line, which is planned to be constructed by the

Turkish Electricity Transmission Inc within the scope of the project, was also received. Turkish Electricity Transmission Inc has also approved the project and expropriation plans for the 380 kV transmission line. The dismantling of the old fuel oil plant in the field and the cleaning of the site were completed in October 2015, and EIA works were completed. Land side development plans of the project have been approved and the approval process of the construction plans related to marine structures is ongoing.

The investments for the natural gas power plant in the period 2008-2018 reached USD 32 million.

The application of Akfen Energy Generation for Mersin CCGT license term amendment was approved by EMRA on 5 September 2017 and the completion date of the facility was determined as 8 January 2024 with an additional period of 66 months.



Mersin International Port



Port Sector

MIP has handled 1.9 million of the total of 11.3 million TEUs handled in Turkey in 2019

The Development of World Container Volume



World Container Volume Distribution by Region (2019)



90% of goods globally and 87% goods in Turkey are transported by sea. The most important reason for the preference of maritime transportation is the lower cost when compared to land and air transportation.

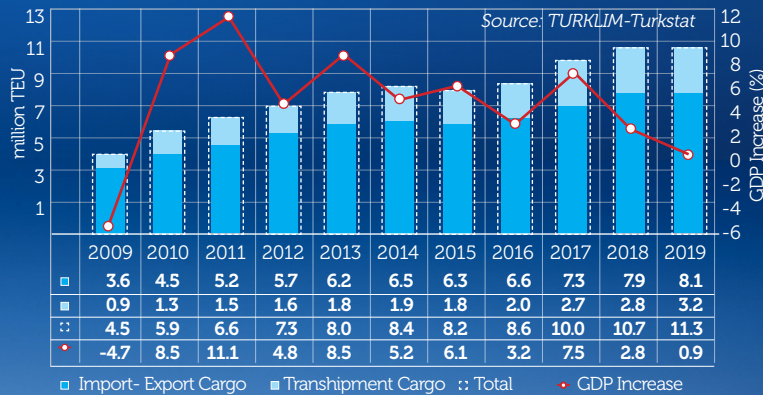
In Turkey in addition to the lower cost, Turkey's geographical location, proximity to the Asian, European and African continents are important factors in the advantage and development of the maritime transport industry. Additionally, there has been

large investments in port companies over the last ten years, and therefore capacity and container numbers have doubled. Maritime transport has become a very common and preferred mode of transport in Turkey. Ports such as İzmir Port, Ambarlı Port, Mersin Port have been pretty active in both foreign trade and passenger transportation to neighboring countries.

Share of maritime transport in imports is 65-70%

Maritime transportation has the biggest share in both

The Development of Container Handling in Turkey



The Development of Conventional Cargo in Turkey



import and export activities. Maritime transportation has a share of 65-70% in import operations. The share of the highway follows a decreasing trend in imports, and almost 20% of import cargoes are carried by road. Airline transportation, on the other hand, has increased its share in import transportation since 2009. The share of railways in imports is less than 1% since 2012.

Container port industry is affected by the negative developments observed

in the global economy. Container volume and economic growth show parallel development. On the other hand, the anticipated improvement in containerized trade flows is expected to lead to growth in the handled goods volume in global container ports.

According to the Drewry Container Expectation Report 2019, the amount of containers handled worldwide is expected to reach 802 million TEU in 2019 with an increase of 2.6%.

The sector is growing rapidly in Turkey

REASONS FOR GROWTH

The increase in the volume of foreign trade in Turkey, the increase in trade with neighboring countries and private equity investments in port operations lead to a rapid growth in the industry.

CONTAINER HANDLED

According to TURKLİM data, the amount of containers handled in import-export and domestic transportation in 2019 reached 8.1 million TEU (2018: 7.9 million TEU), while the volume of transshipment cargo was 3.2 million TEU (2018: 2.8 million TEU).

HANDLED CARGO

The amount of cargo handled in 2019 reached 11.3 million TEU (2018: 10.7 million TEU).

CONVENTIONAL LOAD

The conventional load amount was 1278 million tons (2018: 1278 million tons).

GROWTH IN 2019

GDP in Turkey grew by 0.9% in 2019 and the growth in container volume handled was 5.6%.

10 YEARS OF GROWTH

During the 10-year period between 2009 and 2019, container volume growth was above the country's growth. The average container transport reached a growth of 9.6% for the last 10 years while Turkey's economy grew by 5.8%. The average growth over the last 10 years for conventional cargo was 4.4%.

Mersin International Port

MIP managed to finish 2019 as the sector leader, as the largest container port in Turkey



As the largest multi-purpose export-import container port in Turkey, MIP, with its land, air, and rail links, is Turkey's leading container port. MIP with its 6,200 regular customers worldwide, has 16% market share among Turkish container ports and 21% market share in terms import-export-transit container volume.

Leading port with a unique location

MIP is Turkey's leading port with its strategic location, capacity, and road, air and rail links and the transport options offered to bordering countries and industrialized cities of Turkey. It also has a fast-growing hinterland diversified with an established ecosystem.

MIP is directly connected to

the adjacent Mersin Free Zone with a total area of 836,322 m². A high quality infrastructure, skilled human resources, and strong relations with its customers and shipping companies enables MIP to be one of the world's 100 largest container ports and is Turkey's door to 190 countries for bilateral trade.

MIP plays an important role in the regional trade, primarily with industrialized cities like Adana, Ankara, Gaziantep, Kayseri, Kahramanmaraş and Konya, and is an important port of transit for trade with neighboring countries.

With its 112-hectare area, MIP is Turkey's largest multi-purpose port for container, conventional, Ro-Ro and shipping services and provides regular service to 6,200 customers worldwide. MIP, which



has more than 2,000 employees and gives 32 different items of service, has a 75% market share among the Eastern Mediterranean ports (MIP, Assan and Limak).

MIP's way crossed with Akfen Holding's as a result of the tender launched by the Privatization Administration in 2007. The Akfen-PSA partnership won the 36-year operating right transfer for MIP with a bid of USD 755 million.

MIP, which handled 800,000 TEUs in 2007 when it was taken over from Turkish State Railways, was handling 1.6 million TEUs in 2017, when Akfen Holding sold 40% shares to Global InfraCo SP NEUM SLU.

Akfen Holding sold 40% of its shares in MIP to Global InfraCo SP NEUM SLU for USD 869 million. The signature regarding the sale was signed on 28 July 2017, and the sale was completed on 27 October 2017.

Investments exceeded USD 1.2 billion

In accordance with the concession agreement signed in 2007, between 2007-2019, a total investment expenditure of USD 360 million was made in order to increase operational efficiency (USD 115.0 million) and capacity (USD 280 million). Including the USD 755 million USD paid in return for the right to operate, the investment cost has exceeded USD 1.2 billion. The capacity of the port, which was 900 thousand TEU in 2007 before the concession right was transferred, increased by approximately 3 times and reached 2.6 million TEU in 2016 after the investments. The first phase of the EMH project, which helped it reach this capacity and started to be built in 2014, was completed on August 8, 2016.

The first phase worth USD 152.8 million

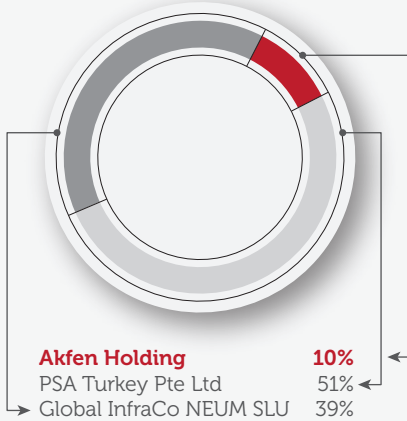
In the first phase of the EMH Project, a total investment of USD 152.8 million was made, including USD 52.5 million in equipment and USD 100.3 million in infrastructure investments.

Thanks to this investment, berth capacity has reached 2.6 million TEU and the field capacity has reached 2.2 million TEU. Additionally, the port can serve ships with a depth up to 15 meters and a length up to 387 meters.

As of the end of 2017, work on EMH Phase-2 has started. When EMH Phase-2 is completed, berth capacity will increase to 3.5 million TEU and two mega ships can be served simultaneously. The goal is to gradually increase the port's handling capacity to 4.6 million TEU in 10 years.

Mersin International Port

MIP Shareholding Structure



Subsidiary Structure

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

MIP Capacity Projection

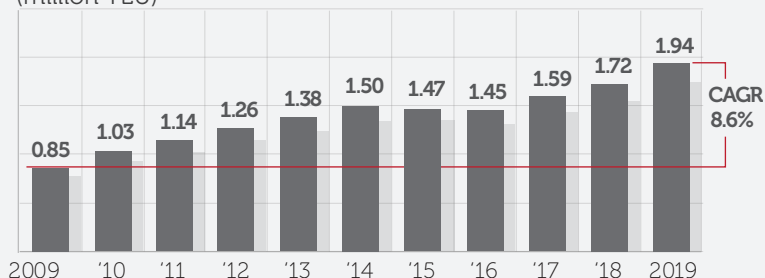
2033	4.6 million TEU
2023	3.5 million TEU Capacity to be reached with EMH Stage-2
2016	2.6 million TEU EMH Stage-1 investment completed US\$ 152.8 million
2007	900.000 TEU Before transfer of operation rights US\$ 755 million

MIP Port Development

	2019	2007
Capacity (million TEU)	2.6	0.9
Container	9	6 Allocated, 3 multi purpose
Max Ship Size (thousand TEU)	18	5
Gantry Crane	12	5
Mobil Crane (MHC)	5	1
Container Stacking Site	38 ha	20 ha
- RTG	0	7
- E-RTG	38	0
- Full Container Handling Machine (Reach Stacker)	17	10
- Empty Container Handling Machine (ECH)	16	13
Number of Container Slots	13,460	7,000
Crane Efficiency (Movement/Hour)	25	18-20

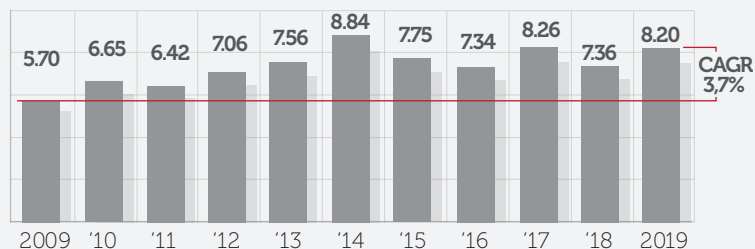
MIP Container Handling Development

(million TEU)

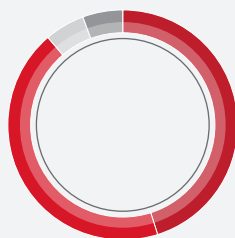


MIP Conventional Cargo Development

(million tons)

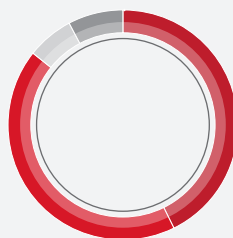


Container Regime Breakdown (%)



2018

■ 45.1	Import
■ 43.6	Export
■ 5.6	Transit
■ 5.6	Transshipment
0.0002	Cabotage



2019

■ 42.7	Import
■ 43.0	Export
■ 6.5	Transit
■ 7.7	Transshipment
0.0003	Cabotage

Source: MIP

MIP's Position in the Mediterranean Basin Strengthened

MIP continues to increase its power in the Mediterranean with its docks, environmentally friendly equipment, its own transformer center and technology investments

In addition to EMH investments, MIP's position in the Mediterranean basin was further strengthened with its 500 meter long dock, state-of-the-art and environmentally friendly equipment, 15,500-volt transformer center that meets the electricity it needs, and 106,000 m² of back space. As a result of all these investments, MIP has now become a port that handles 1.94 million TEU containers annually, has a conventional cargo capacity of over 10 million tons and an annual transaction volume of over 30 million tons.

USD 600 million in bond issuance

MIP, which constantly improves its port capacity, is getting financially stronger, too. Through international banks, MIP issued a new USD 600 million bond in November 2019 as part of the refinancing of the USD 450 million bond issued abroad in 2013 and made an early repayment of USD 450 million in December 2019. S&P rated the USD 600 million bond issued in November 2019 as BB- and Fitch as BB-. As of 31 December 2019, the price of the bond was USD 103.209 USD and its return was 4.63%.

Increase in dividend payment

MIP made a dividend payment of TL 273 million in March 2019 over its 2018 profit. Additionally, in July and October 2019, it made a total dividend payment of TL 216 million in advance for the first and second quarters of 2019.

HIGHLIGHTS OF 2019

CONTAINER VOLUME HAS GROWN 13%

MIP's growth in transaction volume in 2019 was above Turkey's average. Container handling volume increased by 13% from 1.72 million TEU in the previous year to 1.94 million TEU in 2019. The main factors affecting the increase in container volume were, increased export and import volume thanks to the potential in the region and the increase in the volume of transit trade to neighboring countries.

IMPORTANT INVESTMENTS THROUGHOUT THE YEAR

STACKING MACHINE INVESTMENTS:

In order to provide faster service in field operations, 4 full and 6 empty container stacking machines were ordered in 2019.

LOADER AND FORKLIFT INVESTMENTS:

Two loaders were purchased in 2019 to be used in general cargo dock operations. Also, in 2019, 4 mini loaders and 7 forklifts were purchased to be used in CFS operations.



Awards

RANKED 211th IN THE BIGGEST 500 COMPANIES LIST

In 2019 MIP was ranked 297th in the "Turkey's Top 500 Private Companies" list by Capital magazine, and 211th in Fortune magazine's "Turkey's Top 500 Private Companies" list.

STRONG MEDIA 'LEADER BRAND' AWARD

In Turkey's Leader Brands Awards organized by Strong Media in 2019, MIP received the "Port Management Brand of the Year" award.

ATLAS LOGISTICS 'PORT OF THE YEAR' AWARD

MIP, which won the "Port of the Year" award in Atlas Logistics Awards in 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018, crowned its success by being chosen as the "Port of the Year" for the ninth consecutive year.

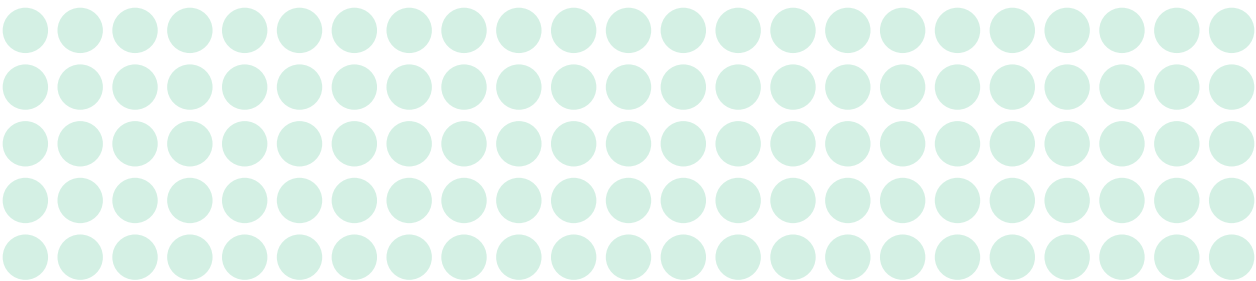
91ST IN LLOYD'S LIST

MIP ranked 91st in the "World's 100 Largest Container Ports" list published by Lloyd's List magazine.

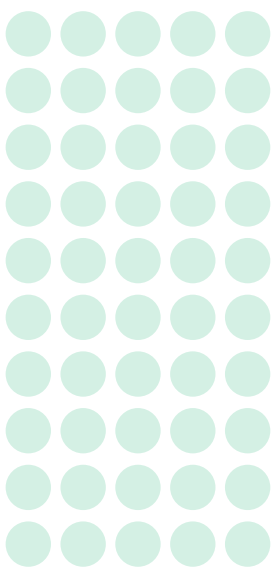
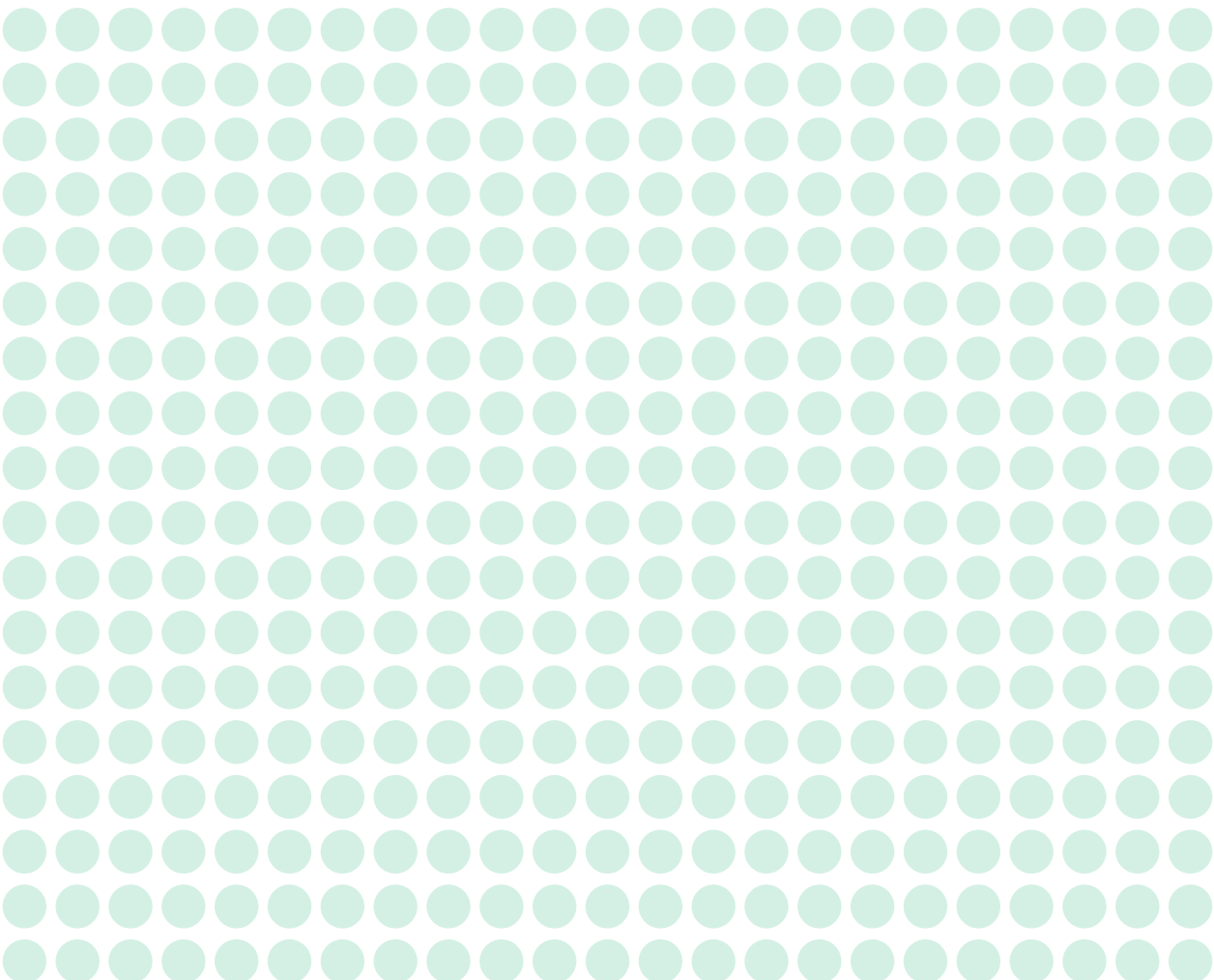
27TH LARGEST EXPORTER OF SERVICES IN TURKEY

MIP was ranked 27th in the "Turkey's 500 Largest Service Exporters Survey" by Turkish Exporters Assembly.





Throughout the mine
life **1,100 people** will be
employed, 750 people
directly and 350 people
indirectly.





Acacia Mining



Copper Mining Sector

Having the best conductivity among industrial metals, copper is used effectively in energy, communication, construction, transportation vehicles and industrial machinery manufacturing industries. The wide usage areas of copper and increased consumption force copper producers to look for new beds.

The largest production in the world is in South America. In this region, Chile accounts for over a quarter of the world's copper mine production. Countries with the most copper mines in the world are Chile, Peru, China, USA, Africa, Australia, Mexico, Russia, Kazakhstan and Canada.



According to the International Copper Working Group (ICSG) data, the production of copper mines in the world has decreased by 0.7% in 2019 compared to the same period of the previous year and was 20.4 million tons.

ICSG announced that the deficit in the global copper market in 2019 decreased from 391,000 tons to 341,000 tons compared to the same period of the previous year. In 2019, refined copper production decreased by 0.6% to 23.9 million tons, while consumption decreased by 0.8% to 24.3 million tons.

Half of the consumption is in China

In 2019, China consumed nearly 50% of the world's copper production. China produces 39% of the world's refined copper by converting the imported copper raw material into refined copper.

In 2019, the copper price started the year with USD 5,800 per ton and increased to USD 6,400 per ton towards the middle of the year. As a result of this increase and the trade war between China and the USA, there was uneasiness in consumption in China and prices started to decrease gradually starting in May 2019. In the last quarter of 2019, the first phase of trade disputes between America and China resulted in an agreement, which led to a rapid rise in copper prices. In January 2020, the price rose to USD 6,300. However, the global COVID-19 epidemic adversely affected the copper sector and prices fell to USD 5,600 in March 2020.

Copper Mining In Turkey

- The majority of the minerals used in industry worldwide can be found in Turkey. According to the General Directorate of Mineral Research and Exploration survey, dolomite, marble, lignite coal, bituminous coal, rock salt, boron, copper and pumice are among the most abundant ores that can be found in Turkey.

- Turkey's exports of 220,000 tons of copper and imports 540,000 tons of copper annually.

- Turkey's annual copper production

from ore is about 100,000 tons, while consumption is 460,000 tons.

- According to the General Directorate of Mining and Petroleum Affairs data, 5.5 million tons of copper ore was processed in our country in 2019, and the copper concentrate produced was worth 100,000 tons of copper metal approximately. (2018: 6.6 million tons).

- According to the ICSG 2019 ranking, Turkey was 6th in refined copper imports, and 7th in copper metal consumption with an annual consumption of 460,000 tons.

Acacia Mining

Production started in March 2019 at the copper mine that was established in Kastamonu Gökırmak with an investment of USD 315 million

Acaria Mining Operations Inc., where Akfen Holding has partnered with İlbağ Mining and İzbir Mining, operates the copper mine in Kastamonu province. Gökırmak Copper Mine is located 70 km from Kastamonu city center and is on the borders of Hanönü District in the east.

The company was founded by İzbir Mining in 2007 and İlbağ Mining became a partner in 2011. Akfen Group joined the partnership in 2016 with 30% share. The company still carries out its activities as a partnership of Akfen Holding, İlbağ Mining and İzbir Mining.

USD 315 million investment

A total of USD 315 million including post-production investments was invested in Acacia Mining, which produces copper concentrate from copper ore. Copper concentrate production started in March 2019, and a total of 20 million tons of ore worth 265 thousand tons of copper metal will be produced during its 10-year mine life, including production in 2019.

Acacia Mining produces copper concentrate, an intermediate product in the metallic copper production process, by processing copper ore in flotation facilities within the Gökırmak Copper Mine complex. Although operation started relatively recently, the company produced 55,470 tons of concentrate with a copper content of approximately 11,600

tons over the period of March-December 2019, and it exported USD 63 million of product.

The target is to increase mine life over 20 years

48% of the USD 315 million investment in the project (including the amount of investment after production) was provided from equity, and the remainder was provided as project finance from a consortium of BNP Paribas S.A., ING European Financial Services, Société Générale and Traxys.

The project has the potential to grow with its strong equity structure and foreign financing support. It is expected that the mine reserve will be increased and mine life will be lengthened to more than 20 years with additional drillings throughout the mine life.

Throughout the mine life 1,100 people will be employed, 750 people directly and 350 people indirectly. It is anticipated that approximately TL 12 billion worth of product will be exported during the 10-year mine life.

In the region where Gökırmak Copper Mine is located, there are 8 mining licenses belonging to Acacia Mining. The area covered by the licenses is 14,000 hectares and the open pit, where copper is mined, covers an area of approximately 120 hectares. Acacia Mining operates with a single license and reserve determination studies are continuing for the rest of this license and other licensed areas.

Acacia Mining

Acacia Mining Shareholding Structure



Partners	Share
Akfen Holding	30%
İlbağ Madencilik	30%
İz Bir Maden	40%



The life of the
mine is

10 years



Project investment
amount

US\$ 315 million



Copper ore

20 million tons



Copper metal content

265 thousand tons

Acacia's contributions to Turkey's economy

- Approximately 20 million tons of copper ore will be converted to **265 thousand tons of metallic copper** over the 10-year mine life.
- Gökırmak Copper Mine will produce **copper concentrates equivalent to 26 thousand tons** of copper.
- Turkey's annual copper consumption is 400 thousand tons, 100 thousand tons of which is produced in the country. **Gökırmak Copper Mine will meet a quarter of this demand.**
- During the mine life **employment for 1,100 people** will be provided, 750 people directly and 350 people indirectly.
- The corresponding exports will bring **TL 12 billion** worth of foreign currency.



Features of Gökırmak Copper Mine

2 MILLION TONS OF COPPER ORE PRODUCED EVERY YEAR:

A total of 86,000 meters of drilling was done and a reserve containing 20 million tons of ore with an average of 1.4% copper was discovered. Mine production method is "open pit". Gökırmak Copper Mine is Turkey's largest "open pit" copper mine. 2,000,000 tons copper ore containing 1.4% copper will be produced annually from the open pit for 10 years.

THE COPPER MINERAL IS TRANSFORMED TO COPPER CONCENTRATE WITH 22% COPPER:

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

A MINE PROJECT IMPORTANT FOR TURKEY:

Turkey's annual consumption of copper and copper products is 400 thousand tons and annual

production of copper equivalent from scrap and mining activities is about 100 thousand tons. The difference of 300 thousand tons (2 billion USD) is covered by import and scrap. Acacia produces copper concentrate equivalent to 26 thousand tons of copper annually at Gökırmak Copper Mine. This corresponds to 25% of our country's production.

CREATES ADDED VALUE IN MANY FIELDS:

Socioeconomic effects: The project creates added value in areas such as local industry, employment, transportation, material supply, engineering and contracting services, local construction industry, local public support programs, electricity consumption, tax, other mineral exploration and project investments, and exports.

EMPLOYMENT FOR 1,100 PEOPLE:

The project also makes great contributions in terms of employment. Throughout the mine life, 1,100 people will be provided with jobs. Giving priority to local population for employment, prioritizing local firms for construction and installation works during and after the investment period, and direct and indirect employment lead to reduced unemployment rate in the region.



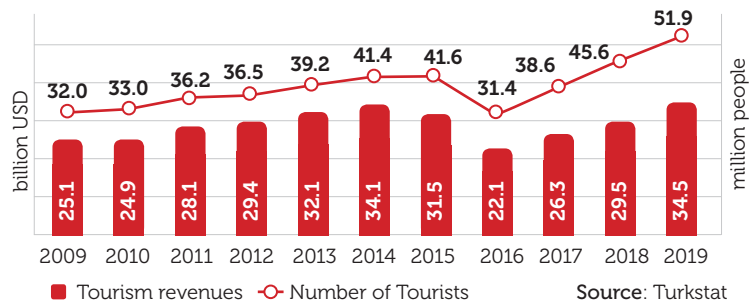
Akfen REIT



REIT and Tourism Sector

The number of tourists in 2019 increased by 13.7% compared to the previous year and reached 52 million people

Turkey's Tourism Revenues & Number of Tourists



The tourism sector makes a significant contribution to the country's economy. The number of tourists, which was around 10 million in the 2000s, reached 52 million as of the end of 2019.

The Ministry of Tourism data shows the progress made by Turkey in the field of tourism over the last quarter of the century. In 2016 occupancy rates and prices of hotels in Turkey have seen a serious decline due to the general slowdown in tourism. In 2017, due to the depreciation of the Turkish Lira, occupancy rates increased. In 2018, for Turkey the occupancy rate continued to increase and was 66%, while in İstanbul it was 71.1%. The average room price for Turkey over the same period was Euro 70.44, while in İstanbul it was Euro 82.73.

The improvement that started in 2017 continued in 2019. According to a study done by the Hotel Association of Turkey based on data from STR, the world's leading research and analysis firm, in 2019 the

average occupancy rate in Turkey increased by 1.4 p.p. to 67.6% and room rates (ADR) increased by 10% to Euro 77.5.

The number of visitors arriving in Turkey in 2019 increased by 13.7% to 51.9 million. 44.7 million of the visitors are foreigners and 7.1 million are citizens residing abroad.

Tourism revenues

Tourism revenues in 2019 increased by 17% compared to the previous year and reached 34.5 billion USD. 83.5% of the income was obtained from foreign visitors and 16.5% from citizens living abroad.

According to the December 2019 Destination Performance Report prepared by STR, the average occupancy rate of 35 European destinations was measured as 72.2% in 2019. The average occupancy rate of İstanbul was 74%. On the other hand, the average room price (ADR) of 35 European destinations was Euro 113.39, while in İstanbul it was Euro 89.67.

Akfen REIT

The first city hotel concept in Turkey began with Akfen REIT. Akfen REIT, which has been serving the tourism sector since 2007, has reached a portfolio of 20 hotels

Akfen REIT, with its "Contemporary City Hotels" project that it pioneered in the sector since 2007, achieved a 20-hotel portfolio. Thus Akfen REIT, with Accor expertise, has become one of Turkey's leading hotel investors. In 1997 the company was founded with the title Aksel Tourism Investments Inc. and was transformed into a real estate investment trust in 2006.

The company has taken action to fulfill the need for 3 and 4 star hotels with an international brand, especially in cities outside Istanbul. After the IPO process in 2011, Akfen REIT shares started to be traded on Borsa İstanbul on 11 May 2011. The actual free float rate is around 24.26%. At the end of 2019, Akfen REIT share closing price was TL 4.05 (Closing market capitalization: TL 745.2 million).

Strategic Partnership with Accor

Since Akfen REIT started a strategic partnership in 2005 with Accor, the world's leading

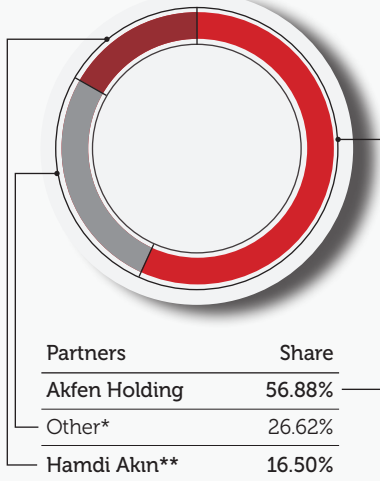
hotel chain, it has been obtaining regular and predictable rental income by signing long-term lease agreements with the hotels it opened in Turkey and in Russia.

Akfen REIT has a warranty for minimum rental income in contracts with Accor regarding Akfen REIT's hotels (excluding Russia and Cyprus). For the hotels in Turkey, rental income has been determined as the higher one of a certain percentage of gross income or adjusted hotel gross profits. This method has the potential for minimum income guarantee and also for taking a share of the income increase provided by the performance of the hotels. With this business model, within the framework of strategic cooperation between Akfen REIT and Accor, city hotel projects under the Novotel and Ibis brands are being developed. The domestic investments of the company focus on getting the maximum share from the potential of the growing middle class and from the steadily increasing mobility of the Turkish business world in the sector.



Akfen REIT

Akfen REIT Shareholding Structure



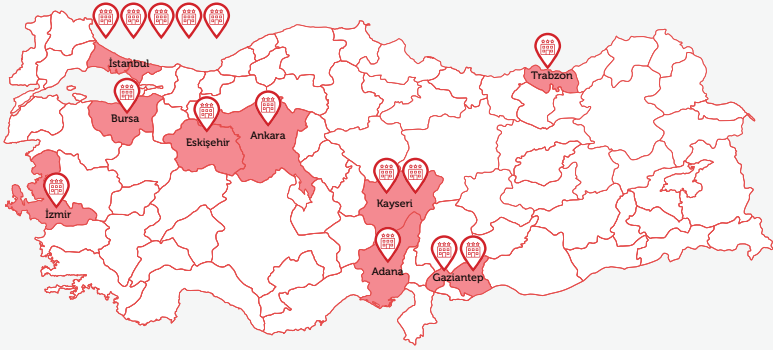
* 6,233,384 shares corresponding to 3.39% of the publicly traded shares were purchased as part of Akfen REIT buyback programs. ** As of 3 March 2020, Hamdi Akın's share increased to 18.76%.

Subsidiary Structure

Akfen Gayrimenkul Ticareti ve İnşaat A.Ş.	100%
Russian Hotel Investment BV	97.72%
Russian Property Investment BV	95.15%
Hotel Development Investment BV	100%
Akfen Karaköy Gayrimenkul Yat. ve İnş. A.Ş.*	91.47%
Akfen İnşaat Turizm ve Ticaret A.Ş. ve Akfen GYO A.Ş. Adi Ortaklığı	99.00%

* Of Akfen Karaköy Real Estate Investments and Construction Inc. capital, 19.90% belongs to Akfen Real Estate Investment Partnership Inc. and 71.57% to Akfen Real Estate Trade and Construction Inc.

Akfen REIT Domestic Hotel Portfolio



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

Operational Performance of Hotels

Number of Rooms*	2019	2018
Turkey total	2,477	2,477
Russia total	865	865
Grand total	3,342	3,342
Occupancy rate		
Turkey total	69%	66%
Russia total	61%	63%
Grand total	67%	65%
Revenue per room (€)**		
Turkey total	25	22
Russia total	25	28
Grand total	25	24
Total revenue per room (€)***		
Turkey total	32	29
Russia total	35	38
Grand total	33	31

* The 286-room Merit Park Hotel in the TRNC is not included.

** Revenue Per Room=Average Room Fee x Occupancy Rate

*** The total room revenue include room fees and other revenues (food & beverage, seminar-congress, banquet income).

Share Buyback Program Contributes to Value

Akfen REIT contributes to the share and company value by reducing debt and strengthening its financial structure on the one hand, and through share buyback programs on the other. The casino and hotel of the 5-star Merit Park Hotel, located

in Gime, TRNC, is in the portfolio of Akfen Trade, a Akfen REIT subsidiary, and since 2013 it is being operated by Voyager, a group company of Net Holding. As of 31 December 2019, the number of employees of Akfen REIT and its subsidiaries is 21.

HIGHLIGHTS OF 2019

BULVAR LOFT SALE

With the approval of the Bank of Provinces dated 10.01.2019, wholesale of the independent sections in stock has been realized and as a result of this transaction, Akfen Construction and Akfen REIT Ordinary Partnership's obligation to pay the Bank of Provinces from its the Total Income From Minimum Bank Share From Land Sale within the scope of Bulvar Loft Agreement has expired. Provisional Acceptance of the Project was approved by Bank of Provinces on 29.01.2019.

ZEYTİNBURNU LAND ALLOCATION DURATION EXTENSION

The allocation period of the Treasury land allocated in favor of Akfen REIT on 18.11.2002, on which Zeytinburnu Novotel and Ibis Hotels are built, has been extended for 49 years upon the approval of Akfen REIT's application to the Ministry of Culture and Tourism and related formal deed entered into force on 29.05.2019 with the journal number 7354.

BUYBACK PROGRAM

Share buyback was made between 08.08.2019-29.08.2019 within the scope of the "Company Share Buyback Program", which was accepted at the General Assembly Meeting of Akfen REIT dated 16.04.2019 and detailed in the General Meeting Minutes.



İstanbul Sea Buses





Maritime Transport Sector

88.3% of the passengers and 92.2% of the vehicles transported over seas were on Marmara Sea lines

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

The cabotage line passenger and vehicle transportation is carried out mainly by TDİ (Turkey Maritime Organisation) passenger ships and ferries, and İDO ferries and sea buses. Additionally, there are private motorboat operators in urban sea transportation.

New highways, bridges, high-speed train services and cheap flight tickets affect sea transportation negatively. The Eurasia Tunnel, Yavuz Sultan Selim Bridge and especially Osmangazi Bridge which opened in 2016, dampened interest in the maritime transport. Additionally, the 3-storey tunnel project which will be built under the

Marmara Sea and will connect the European and Asian continents when completed, will also be an alternative to maritime transport.

Despite the alternative travel methods, in Turkey the number of passengers carried on sealines increased by 7.7% in 2019 compared to the previous year to 150.3 million and the number of vehicles has increased 2.0% to 13.4 million. Looking at the averages of the last 10 years, vehicles transported on sealines have grown by 3.7%, while passengers decreased by 0.6%.

Almost all of the passengers and vehicles transported on sealines in 2019 were in Marmara and Aegean seas. 88.3% of the passengers were transported in the Marmara Sea and 11.7% in the İzmir Region. 92.2% of the vehicles were transported in the Marmara Sea and 7.7% in the İzmir Region. 66.8% of the transports in the Marmara Sea were carried out in the Marmara basin and 25.4% in the Çanakkale Region.

Istanbul Sea Buses

İDO, one of the largest maritime transportation companies in the world, serves 16 lines with 52 ships

IDO, one of the largest maritime transportation companies in the world with its large fleet and high vehicle and passenger carrying capacity, is carrying out a mission of economy, comfort, speed and travel safety over its 16 lines served by 52 ships.

Akfen Holding, Tepe, Souter, Sera Joint Venture won the tender for the privatization by block sale of 100% shares of İDO, which was established by İBB in 1987 for a consideration of US\$ 861 million. İDO, with its 52 vehicles, 35 piers and over 16 lines, serves to minimize travel times on the Bosphorus, Marmara and Gulf areas, thus contributing to the economy and the environment by saving time and fuel for passengers.

As of the end of 2019, İDO provides service with its modern fleet consisting of 52 sea vehicles (24 water buses, 20 car ferries, 7 speed ferries and 1 service ship). It operates in the Sea of Marmara on 16 lines, with a passenger capacity of 35.021 in summer and 28.903 in winter, and a vehicle capacity of 2,577 for both periods.

As of 31 December 2019, İDO has 1,052 employees. The latest collective labour contract with Turkish Union of Seafarers has expired as of 31.12.2019. Negotiations have started for the new period.

In 2019, a total of 4,407,205 liters of fuel was saved. Thus, carbondioxide emission was reduced by 11,680 tons.

4 AWARDS FOR THE ANNUAL REPORT

İDO 2018 annual report has won the gold award in the Interior Design Category at the ARC Awards. İDO received the silver award in LACP Transportation and Logistics Category and silver award for activity reports in the Print Category at the Stevie Awards, one of the most prestigious award programs in the world. In total, İDO won 4 different awards from 3 different global award programs.

TOP 50 IN THE BEST ANNUAL REPORT LIST

İDO proved to be the best in the world in its sector in the LACP, where over a thousand companies around the world attend with their annual activity reports every year. This year, İDO won the silver award by getting 97 points out of 100. It was also listed in the "Top 50 Annual Report of the Region" covering Europe, Central Asia and Africa regions.

İstanbul Sea Buses

İDO Shareholding Structure



Partners	Share
Akfen Holding	30%
Souter Capital LLP	30%
Tepe İnşaat	30%
Sera Gayrimenkul ve Yat. İşl. A.Ş.	10%

Subsidiary Structure

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



Number of Passengers and Vehicles

	2019	2018	Change
Fast Ferry	7,126,032	7,222,102	-1.3%
Sea Bus	2,766,812	3,143,490	-12.0%
Conventional Ferry*	24,073,433	23,057,165	4.4%
Total No. of Passenger	33,966,277	33,422,757	1.6%
Fast Ferry**	1,409,261	1,347,679	4.6%
Conventional Ferry	5,304,025	5,165,830	2.7%
Total No. of Vehicles	6,713,286	6,513,509	3.1%

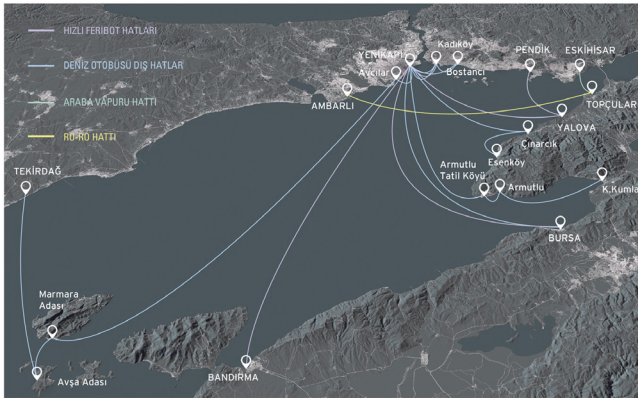
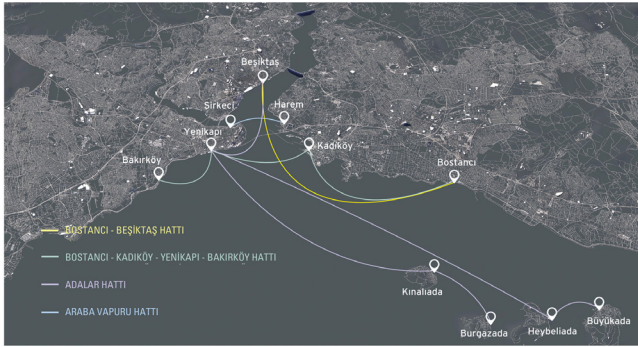
* In-car passenger coefficients, determined according to vehicle class, are used in the calculation of the total number of in-car passengers on Eskihişar-Topçular car ferry line. The coefficient assumptions are as follows:

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

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

Vehicle Class	Coefficient	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		

İDO-Innercity and Intercity Line Map



HIGHLIGHTS OF 2019

"CHILDREN RIDING BIKES!"

İDO has been collaborating with the Cyclists Association for "Children Are Riding Bicycles on Children's Day!" activity performed on 21 April. A 500-person group consisting of children and their families took the car ferry with their bicycles and traveled from Sirkeci to the Maltepe coast and had a pleasant day.

THEATER PLAY WITH MAPFRE INSURANCE

Fundacion MAPFRE, which carries out the social responsibility projects of MAPFRE Insurance, entered its fourth year of fun educational theater plays for children. The play was performed for children on 4-9 August 2019 on İDO trips.

CAT-DOG HOUSE FOR İDO TERMINALS

The cat and dog houses designed within the scope of 4 October Animal Protection Day were placed in Yenikapı, Bostancı and Eskişehir İDO terminals initially.

COOPERATION WITH UNICEF

As in 2018, İDO guests were brought together with UNICEF at İDO terminals throughout 2019. UNICEF reached more than 1,500 people and 439 new supporters were created.

FREE TRAVEL FOR DISABLED PASSENGERS

In cooperation with TSD (Turkish Association for the Disabled), İDO made the Avşa trip free for disabled citizens included in the association's "Avşa Barrier-Free Summer Camp" program.

CREATING AWARENESS WITH LÖSEV POSTERS

LÖSEV posters were placed in İDO ferries and terminals, and sensitivity and awareness for leukemia, cancer, and healthy life were increased.

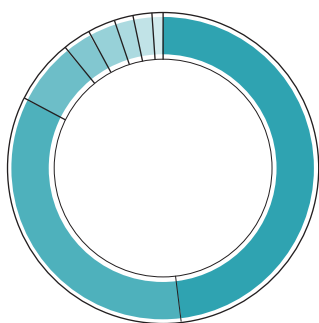


Akfen Environment and Water



Wastewater and Solid Waste Sector

Environmental Protection Expenses by Subject (2017)



■ Waste Management	%49
■ Wastewater management	%35
■ Protection of biodiversity and landscape	%7
■ Soil, groundwater and surface water protection and quality improvement	%3
■ Other environmental protection expenditures	%3
■ Outdoor air and climate protection	%2
■ Protection against radiation	%2
■ Research & Development	%1

Total may not add up to 100% due to rounding

According to the EU Integrated Environmental Strategy that's planned for Turkey, the need for investment in water and wastewater sector is 33.9 billion euros until 2023. In the distribution of environmental investments, the water sector has a 58% weight. 80% of the investments in water and wastewater management are expected to be made by the public sector and 20% by the private sector.

According to the 2023 Waste Water Treatment Action Plan of the Ministry of Environment and Urbanization, the number of waste water treatment plants, which was 653 in 2015, is expected to increase by 1,501 to 2,154 by 2023. 1,418 of these facilities will be built and 83 will be renovated waste water treatment plants.

The number of drinking and potable water treatment plants in Turkey is 258. The ratio of the population served by the treatment plants to the total population was calculated as 47%. New drinking and potable water treatment plant investments are required for 50% of the population.

According to the National Waste Management Action Plan, the cost of waste facility investments planned and needed

until 2023 is between 1.7 billion Euros and 2.8 billion Euros depending on the technology selected. In the report, the following medium and long-term targets were determined in the field of waste:

- Recovery of 35% of waste that will be generated in 2023 and disposal of 65% with regular storage,
- Rehabilitation of uncontrolled dumping areas,
- Promoting the management of construction waste and excavation soil,
- Increasing collection and recycling in the management of special wastes,
- Providing facility investments for recovery and disposal for hazardous wastes.

It is estimated that the waste management sector in Turkey exceeds Euro 5 billion. Thanks to a long time cooperation agreement in the field of waste management between the EU and Turkey, Turkish waste management legislation has been harmonized with EU and the waste management infrastructure has been modernized gradually. A total of TL 5.9 billion environmental protection investment was made in Turkey in 2017. 62% of the investments were made by financial and non-financial companies and 38% by the state (TURKSTAT, 2018).

New facility investments determined under the 2023 Action Plan

Thermal Process Plants	€ 1 billion
Landfill Facilities	€ 500 million
Mechanical Biological Facilities	€ 530 million
Recycling Plants	€ 150 million

Akfen Environment and Water

Akfen Environment and Water is the first private sector organization in Turkey that serves in water and wastewater network management, waste water purification and integrated waste management areas with PPP and concession models

Akfen Environment and Water is the first private sector organization in Turkey that serves in water and wastewater network management, waste water purification and integrated waste management areas with PPP and concession models.

The company was established in 2005 and develops projects in the fields of construction of water and wastewater networks, distribution of all kinds of drinking water from underground resources, conservation and improvement of reserves, construction of treatment systems, development of wastewater and sustainable solid waste management systems.

Kardan N.V., a 50% shareholder of the company, is an international investment company established in the Netherlands, and with more than a thousand engineers, is among the leading companies in the world with investments in water, wastewater and waste infrastructure in Europe, Africa, South America, Asia and Mediterranean Basin countries. As of 31 December 2019, the number of Akfen Water employees is 31.

The company continues its activities within the framework of the Concession Agreement for Drinking and Potable Water Supply and Waste Water Treatment Facility, signed with the Güllük Municipality on 29 August 2006. All the investments of this project, whose concession rights were transferred for 35 years, were made from equity. It is the first and only concession agreement in which the privileges

of water supply, distribution, waste water collection and treatment works of a municipality were transferred to the private sector with the opinion of the State Council and the decision of the Ministry of Interior.

Akfen Water signed a BOT contract with Dilovası Organized Industrial Zone on 3 August 2007. Within the framework of the 29-year BOT contract, the Company started operations on 1 July 2010, with its 21,144 m³/day capacity (currently 11,000 m³ active) wastewater treatment plant, sludge drying plant and waste water collector lines. With this project Akfen Water was the practitioner of the first BOT model for wastewater treatment from organized industrial zones in Turkey. The project was transferred to Kocaeli Gebze Dilovası Organized Industrial Zone on 1 August 2019.

Also prominent in solid waste management

The Company successfully continues its services under the Waste and Environmental Management Agreement signed with İDO in 2012. The company started to provide "Disposal and Recycling of Hazardous and Non-Hazardous Wastes" service for MIP since August 2016. In the following period, the company added to its existing projects waste management services for the first three city hospitals of Turkey that were built with the PPP model and became operational in 2017. These are respectively; the 475-bed Yozgat City Hospital, which was put into service in January 2017, the Mersin

Akfen Environment and Water

Akfen Environment and Water Shareholding Structure



Partners	Share
Akfen Holding	50%
Kardan	50%

Subsidiary Structure

Akfen Güllük Çevre ve Su Yatırım Yapım İşletme A.Ş.	%100
---	------



Construction of water and wastewater networks



Improving reserves



Development of sustainable solid waste management systems

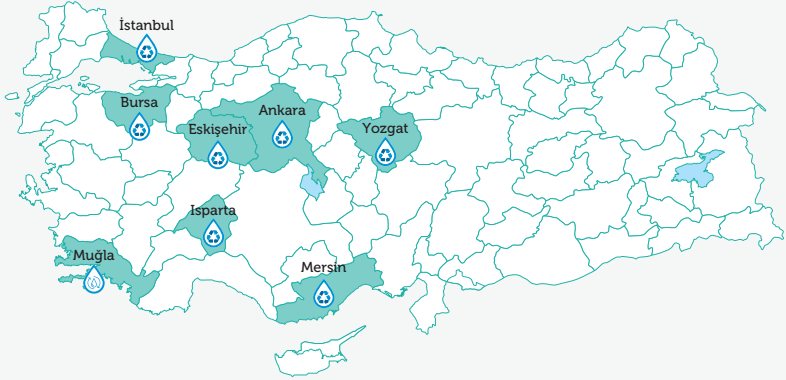


Distribution of groundwater



Treatment systems construction

Turkey's leading investor in water, wastewater and solid waste management



WASTE MANAGEMENT

İDO Solid Waste & Environment Management
Bilkent City Hospital Waste Management
Yozgat City Hospital Waste Management
Eskişehir City Hospital Waste Management
Isparta City Hospital Waste Management
Mersin International Port Waste Management
Mersin City Hospital Waste Management

WATER AND WASTEWATER CONCESSIONS

Güllük Municipality Drinking Water and Waste Water Concession Project

YEAR OF
ESTABLISHMENT

2005

PROJECT
UNDERTAKEN

8

MANAGED WASTE

5,305 tons



Integrated Health Campus, which was put into service in February 2017, and the 750-bed Isparta City Hospital, which was put into service in March 2017.

The company continues to grow in the field of waste management with the 1,100-bed Eskişehir City Hospital, which was put into service in October 2018, and the Bilkent City Hospital, which was put into service in February 2019. Contract negotiations and mobilisation studies are continuing for the 480-bed Tekirdağ City Hospital.

Aiming to realize exemplary services, practices and strategies in the field of water and waste management for sustainable development, Akfen Water has carried the solid waste and

environmental management services it gives to İDO and MİP to the zenith with city hospital projects within the scope of PPP projects.

Akfen Water has become a well-known and qualified player in this field by taking over the waste management service of 5 city hospitals with a capacity of 7,382 beds. Akfen Environment and Water is the first company that provides waste management services in city hospitals and currently serves the highest number of beds in total. The company closely monitors the waste management works of 10 health institutions expected to be opened within the scope of city hospitals projects and aims to maintain its leading position.

HIGHLIGHTS OF 2019

BILLED WATER AMOUNT INCREASED 5.9%

The amount of water invoiced by Akfen Güllük Environment and Water Investment Construction Operation Inc. increased by 5.9% compared to the previous year and reached 701,273 m³. As of the end of 2019, Akfen Water Güllük serves 8,292 subscribers.

TOTAL WASTE MANAGED INCREASED 104%

Management services were provided for 10,836 tons of waste, with a 104% increase, in all types of waste.

AKFEN ARBİOGAZ DİLOVASI WASTEWATER TREATMENT PLANT TRANSFERRED

Akfen Water sold its 75% stake in Akfen Arbiogaz Dilovası, which was established on 19 July 2007, to Kocaeli Gebze Dilovası Organized Industrial Zone (DOSB). The share transfer agreement was signed on 11 December 2018 and the decision was approved at the ordinary general assembly held on 27 December 2018. On 1 August 2019, shares with a nominal value of TL 9,074,994 were transferred to DOSB for Euro 11,369,128.

During the period from July 2010 when operation started until the transfer date, a total of 19.4 million m³ of wastewater was eliminated, including 11 million m³ industrial and 8.4 million m³ domestic wastewater.

ADVANCED TREATMENT REVERSE OSMOSIS TREATMENT PLANT IN BODRUM

Within the scope of Akfen Bodrum Loft 5 Star Holiday Village project, a wastewater treatment plant with a capacity of 160 m³/day and two advanced treatment reverse osmosis drinking and potable water generation facilities with a capacity of 7.5 m³/hour were put into operation and the works were accepted.

TAYÇED ACTIVE MISSION CONTINUES

After Akfen Environment and Water was admitted to TAYÇED as a member, in the TAYÇED Extraordinary General Assembly held on 17 October 2018, Akfen Water General Manager Mr. Emre Sezgin was elected as a Board Member.



IBS Insurance & Reinsurance Brokerage



Insurance Sector



Company	Premium
■ Ak Reinsurance	22%
■ Anadolu Reinsurance	19%
■ Eureko Reinsurance	15%
■ Sompo Japan Reinsurance	6%
■ Other	36%
Total	100%



Company	Premium
■ Ak	20%
■ Anadolu	18%
■ Acibadem	16%
■ Mapfre	10%
■ Eureko	6%
■ Allianz	5%
■ Sompo	4%
■ Other	22%
Total	100%



	2019	2018	Change
Local Premium Production (000 TL)			
Total	69,242,169	54,656,029	26.7%
Brokers	8,167,723	6,443,041	26.8%
Broker share	12%	12%	0.01 p.p.

Source: Insurance Association of Turkey

The insurance sector is a very important component in terms of the stability of the economy due to the size of the premium amount it collects and the investments made with this premium. Turkish insurance sector contributes significantly to the economy.

In EU the ratio of the insurance industry to GNP is 62%, while this rate is around 5% in Turkey. This rate is an indication that insurance is well below the level that it should be. But at the same time it shows that in Turkey there is a huge potential waiting to be realized in the insurance sector.

The insurance sector maintains its growth potential with its strong legislative infrastructure, trained and highly educated human resources, experience in economic crises,

technological infrastructure and knowhow.

According to the premium statistics the Insurance Association of Turkey announced as of the end of 2019, a total of TL 69 billion 242 million was produced with a growth of 26.7% compared to the previous year.

The broker's share in the sector was TL 8 billion 168 million for the same period and increased by 26.8% compared to the previous year.

A large part of the total premium produced in 2019 was realized in non-life branches. While TL 57 billion 882 million premium was produced in non-life branches, the growth in this branch was 21.3% compared to the previous year.

In 2019, 64.1% growth was realized in life branches, and a total of TL 11 billion 360 million premium was produced.

IBS Insurance & Reinsurance Brokerage

Turkey's insurance broker IBS Insurance, which has offices in Istanbul, Ankara, İzmir and Mersin, aims to grow both domestically and abroad



Turkey's 3rd largest insurance brokerage company, IBS Insurance, aims to grow domestically and abroad in the short and medium term.

Established in 1997, IBS Insurance and Reinsurance Brokers Inc. (UIB Turkey) gained an international identity after its partnership with Lloyd Insurance broker United Insurance Brokers (UIB) in 2002.

IBS Insurance has four offices in Istanbul, Ankara, Mersin and İzmir. Among the 147 insurance brokerage firms operating in Turkey it is the third largest.

IBS Insurance, as Turkey's largest insurance brokerage firm established with domestic capital, serves all industries and all localities where Turkish investors operate in, putting customers' needs at the center, providing solution oriented and quality service with a large product portfolio, thanks to its qualified

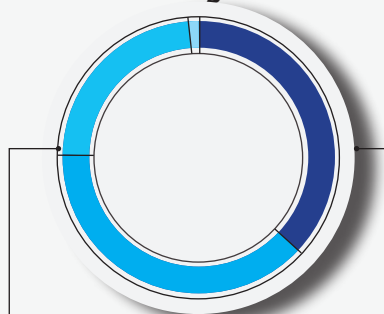
and expert personnel.

In addition to being the preferred insurance broker in the defense and aviation industries, IBS Insurance has further strengthened its position by being appointed as a co-broker in the insurance of the Istanbul Airport, which will be the largest airport in the world with a 150 million passenger capacity, and the 1915 Çanakkale Bridge project, which will be one of the largest projects in the history of the Republic.

The Company, whose short and medium-term goals are to evaluate organic and inorganic growth opportunities at home and abroad, is also working on new acquisitions. IBS Insurance, despite the difficulties experienced in Turkey's economy in 2019, completed the year with 95 thousand policies and 30 thousand customers, and has also managed to increase the premium production level to TL 661 million TL with an increase of 46%.

IBS Insurance and Reinsurance Brokerage

IBS Insurance Shareholding Structure

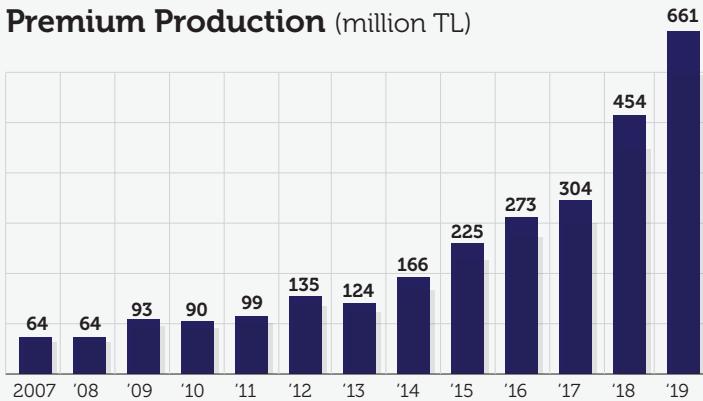


Partner	Share
Akfen Holding*	37%
UIB	38%
Real Persons	24%
Other	1%

** As of 10 March 2020, Akfen Holding transferred 17% of its shares to Dassav Inc.*

The third largest insurance broker among 147 companies in Turkey. Premium production increased by 45.6% in 2019 to TL 661 million

Premium Production (million TL)



TAV Investment

Akfen Holding transferred its share in TAV Investment to Gazelle Yachting Real Estate Tourism on 29 May 2019 for USD 500 thousand



Akfen Holding transferred its share in TAV Investment to Gazelle Yachting Real Estate Tourism on 29 May 2019 for USD 500 thousand

TAV Investment was established on 1 July 2005 to invest in the aviation and construction industries. The main fields of activity of TAV Investment are construction and parking lot management. TAV Tepe Akfen Investment Construction and Management Inc. ("TAV Construction") is a subsidiary of TAV Investment.

According to the statement made by Akfen Holding on 12 June 2019, with an agreement dated 10 May 2019, Akfen Holding delivered 21.68% share in TAV Investment Holding to Gazelle Yachting Real Estate Tourism Automotive Domestic and International Trade Inc. on 29 May 2019 for USD 500,000. The company was notified of the share transfer on 12 June 2019 for the transfer to be recorded in the share book.

As of 31 December 2019, TAV Investment is included in the assets of the Group since the delivery has not been entered in the share book of TAV Investment yet, and it is recorded in the "Assets classified for sale" account in the consolidated financial statements.

Corporate Governance and Financial Statements

Corporate Values & Perspective for the Future

Board of Directors

Management of Subsidiaries and Affiliates

Corporate Social Responsibility

Akfen Infrastructure Holding Financial Statements

4. CHAPTER

Corporate Values and Perspective for the Future



OUR GOAL

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



OUR STRATEGY

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



OUR CORPORATE VALUES

Our building blocks that make us a sustainable country:

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



OUR PRINCIPLES

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

Human Resources

Under the umbrella of Akfen, in addition to Akfen personnel who have adopted the idea of cooperation based on love, respect and tolerance, material and spiritual rights of contractor and subcontractor personnel are taken into consideration, too. We believe that working in an environment based on human rights is the main criterion for sustainable success and we conduct partnerships where corporate values and ethical principles are shared.

Our Human Resources Policy, which was created with this understanding, protects the rights of the employees and expands the family feeling within the Akfen corporate structure to all our stakeholders.

Human Resources Management executes Human Resources Practices in line with the company's strategic plans and goals, and aims to review and develop them in a dynamic structure according to the conditions of the day. Thus, human resources are planned, selected, placed and developed by ensuring that the skills and competencies of the employees meet the requirements of the job, job analyses are implemented, appropriate job definitions are prepared in accordance with changing conditions, performance and career planning studies are conducted, work motivation is increased and corporate culture is improved.

Employee Distribution by Male and Female Personnel (31.12.2019)

Company	Total Employee	Female Employee	Male Employee
Akfen Infrastructure H.	7	5	2
Akfen Construction	73	23	50
Akfen Tourism	90	35	55
Akinisi	1	0	1
Akfen Cons.&Project Dev.	15	6	9
Akfen Real Estate			
Portfolio Management	5	2	3
Travelex	46	14	32
Akfen Holding	62	22	40
Akfen REIT	21	10	11
Akfen Renewable Energy	217	19	198
TAV Investment	2,611	112	2,499
MIP	1,984	99	1,885
IDO	1,052	54	998
Akfen Water	31	5	26
IBS Insurance	89	36	53
Acacia Mining	212	39	173
Total	6,516	481	6,035

Female and Male Personnel By Numbers (31.12.2019)

Company	Associate Degree Bachelor Degree, Masters Degree, Ph.D	Secondary & High School Graduate	Primary School Degree
Akfen Infrastructure H.	6	1	0
Akfen Construction	61	11	1
Akfen Tourism	18	51	21
Akinisi	1	0	0
Akfen Cons.&Project Dev.	8	6	1
Akfen Real Estate			
Portfolio Management	5	0	0
Travelex	33	13	0
Akfen Holding	41	19	2
Akfen REIT	16	5	0
Akfen Renewable Energy	98	99	20
TAV Investment	832	189	1,590
MIP	427	1,287	270
IDO	526	460	66
Akfen Water	15	9	7
IBS Insurance	79	8	2
Acacia Mining	109	86	17
Total	2,275	2,244	1,997

Our Human Resources Policy has adopted approaches that keep the "Akfen Family" feeling, protecting employee rights within our institutions and among stakeholders

Organizational Development



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

Selection and Placement



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

Performance Management



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

Career Management



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

Employee Profile



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

Training Management



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



BOARD OF DIRECTORS





Hamdi Akin

Akfen Group Honorary President /
Akfen Infrastructure Holding Board
Member

Hamdi Akin was born in 1954. He graduated from Gazi University, Mechanical Engineering Department. He founded Akfen Holding in 1976, whose field of activity today is to invest in, manage and coordinate subsidiaries and affiliates operating in industries such as infrastructure and superstructure construction, sea port operations, maritime transportation, water distribution and wastewater management services, energy and real estate.

In addition to his duty as the Chairman of the Board of Akfen Holding, he also serves as the Chairman of the Mersin Port Operations (MIP). He also served, between 2005 and 2017, as the Chairman of the Board of Directors of TAV Airports Holding, which he was a shareholder of as the founder of Akfen Holding. In addition to private entrepreneurship, Akin also carried out infrastructure, energy and investment projects within the scope of privatization, and extended his dynamism and effort in the business world to non-governmental organizations by working as founder and manager in many associations, foundations and professional chambers.

Akin served as the Vice President of Fenerbahçe Sports Club between 2000-2002, President of the Representative Council for the Ankara Region of Metal Industrialists' Union (MESS) between 1992-2004, Chairman of the Board of Directors for the Association of Young Businessmen of Turkey (TÜGIAD) between 1998-2000, Member of Board of Directors for the Confederation of Employer Associations of Turkey (TİSK) between 1995-2001, Member of Board of Directors and Chairman of the Information Society and New Technologies Committee for the Association of Turkey Industrialists' and Businessmen's Association (TÜSIAD) 2008-2009 and Member of the Board of Directors for the Clean Seas Association (TURMEPA) between 2011-2018.

Akin was one of the founders the Chair for Contemporary Turkish Studies at London School of Economics. Since 1999, he is the Founder and Honorary President of TIKAV (Turkey Human Resources and Education Foundation) which aims to provide Turkey with well trained human resources. He is also the Deputy Chairman of the Board of Trustees of Kayseri Abdullah Gül University Support Foundation.

Hamdi Akin is single and has three children.

Board of Directors



Selim Akın *

Akfen Infrastructure Holding
Chairman of the Board

Selim Akın graduated from Surrey University, Business Administration Department in the United Kingdom, and after coming back to Turkey Mr. Akın started his professional career in the Akfen Holding Accounting Department and later served in the Project Development and Finance Departments.

The main projects in which he participated were the privatization and financing of Vehicle Inspection Stations, the privatization and financing of Mersin Port and Akfen Holding's public offering and bond issue. Besides his roles as the Chairman of the Board of Directors at Akfen Infrastructure Holding Inc. and at Akfen Construction and Tourism Inc., Mr. Akın also serves as the Vice Chairman of the Board of Directors at Akfen Holding.

Mr. Akın is Deputy Chairman of Board of Members and the Chairman of the Trade Commission for Turkish Young Businessmen's Association. He is also a member of TÜSİAD and Turkish Tourism Investors Association (TTYD). He has been serving as DEİK representative since 2018.

** Since 01.01.2020, Selim Akın is serving as the CEO of Akfen Holding in addition to his position as Vice Chairman of Akfen Holding.*



Pelin Akin Özalp

Akfen Infrastructure Holding
Vice Chairman of the Board
of Directors

After graduating from Surrey University, UK, in 2010, Pelin Akin Özalp started her career in the Deutsche Bank. Following her return to Turkey, she was attended to the MT program of TAV Airports Holdings. Pelin Akin Özalp started to serve as Board of Directors Member at Akfen Holding in 2012.

She is an active member of the Board of Trustees and the Board of Directors at TİKAV (Turkish Human Resources Education and Health Foundation) and Vice President of The Duke of Edinburgh's International Award-Türkiye National Committee. She is also Chairwoman at the Advisory Board of the Contemporary Turkish Studies Chair founded in London School of Economics since 2010.

She participated in different working groups in DEİK Spanish Business Council, DEİK British Business Council, DEİK Irish Business Council and DEİK US Business Council. She is also a member of Turkish Tourism Investors Association (TTYD), Association of Family Businesses (TAİDER) and Turkey Union of Chambers and Commodity Exchanges (TOBB) Young Entrepreneurs Advisory Councils. Pelin Akin Özalp is also a member of Turkey Business Women's Association (TİKAD), Association of Women in Board of Directors (YKKD) and the Marine Environment Protection Association (TURMEPA) Boards.

Currently serving as Vice Chairwoman of Akfen Infrastructure Holding, as Board Member of Akfen Holding, and Board of Directors Member of IBS Insurance and Reinsurance Brokering, Akfen REIT, Istanbul Sea Buses (İDO) and Travelex.



İrfan ERCİYAS

Akfen Infrastructure Holding Board of Directors Member / Executive Member

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

Erciyas who joined Akfen Holding in 2003 as Vice Chairman of the Board of Administrators, had worked especially on privatization of Vehicle Inspection Stations, Mersin International Port and IDO and also during the foundation and investment processes of Akfen REIT and Akfen Energy, for the public offering of Akfen Holding and Akfen REIT and on the subjects of the share sales of the shareholdings and long term financing.

İrfan Erciyas is working in Akfen Holding, as Executive Board Member since March 2010 and he is also Chairman of the Board of Administrators, Vice Chairman and Member of Board of Administrators of several subsidiaries and affiliates of Akfen Holding.



Sıla CILIZ İNANÇ

Akfen Infrastructure Holding Board of Directors Member

Sıla Ciliz İnanç, graduated from Marmara University, Faculty of Law in 1995, joined Akfen Holding in 1997 upon having carried out law internship in 1996. She took part in Public Private Partnership projects (PPP) in Turkey, mergers and acquisitions, worked in concern with infrastructure, construction, energy and competition law. She took an active role in secondary legislation of Public Tender Law.

She worked at every stage of build-operate-transfer projects, transfer of rights/ concession and all process of privatizations implementations including tenders and transfers in which Akfen and its subsidiaries participated, also dealt with establishment of financial structures, facility agreements and both share and bond issues laws and regulations. She conducted company and holding structure works.

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

Management of Subsidiaries & Affiliates



İbrahim Süha GÜÇSAV *

Akfen Holding General Manager / CEO

Graduating from the Economics Department of Istanbul University in 1992, Güçsav subsequently completed his master's degree in the Gazi University Institute of Social Sciences Business Department. Beginning his career at insurance brokerage Alexander&Alexander Sigorta Brokerliği A.Ş. in 1992, Güçsav joined Akfen Holding in 1994 and took on roles in the Financing Department and the Executive Department.

He played important roles in the privatizations of Vehicle Inspection Stations, Mersin International Port and İDO (Istanbul Fast Ferries), the establishment and investment processes of Akfen REIT, the public offerings of Akfen Holding and Akfen REIT, and issues such as subsidiaries' stake sales and long-term project finance. Güçsav, the chairman of the DEİK Turkish-Singapore Business Council, also served as the Akfen Holding Management Board Deputy Chairman from 2003 until March 2010. A management board member of Akfen Holding between the years 2010-2012 and of TAV Airports Holding Inc. between 2000-2012, Güçsav has been Akfen Holding's CEO since March 2010. In addition to this role, he served as Chairman of Akfen REIT, Akfen Environment and Water, and Board Member of Mersin International Port and Akfen HES Yatırımları ve Enerji Üretim A.Ş. and Akfen's various subsidiaries. Akfen Holding's Advisor to the Chairman, Süha Güçsav was appointed in October 2014 as the Turkish Honorary Business Agent of the International Trade and Investment Agency (IE Singapore), which conducts activities under the auspices of the Singapore Industry and Trade Ministry.

** İ. Süha Güçsav retired from his role as Akfen Holding CEO as of 01.01.2020 and continues to serve as the Advisor for the Chairman of the Board of Directors of Akfen Holding.*



Mesut Coşkun RUHİ

General Manager, Akfen Construction

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



Kaynıl KARABEYOĞLU

General Manager, Akfen Renewable Energy

Kaynıl Karabeyoğlu graduated from METU Civil Engineering Department in 1998. Between 1998-2001, he completed his master's degrees at New York Lubin School of Business M.B.A. by doing double major on Finance and Information Systems. He started his career by working at the New York office of Standard and Poors between 2001-2004. Between 2004-2006 he worked on purchase financing and financing of energy projects at the Project Finance Department at Garanti Bank.

Between 2006 and 2010 he served as Director at SU Private Equity Management. Between 2010-2013 he worked as Country Manager for Turkey at U.S. based Advent International. Between 2013 and 2018 he served as CEO at Doğuş SK Venture Capital Investment Trust. Between 2014 and 2018, he served as a Board Member at Radore Data Center. Currently he is a member of the Endeavor Advisory Board.



Metin YILDIRAN

General Manager, Akfen Energy Generation

Metin Yıldırım graduated from Istanbul Technical University in 1979. He has more than 35 years of experience in the environment and energy sector and has many publications in addition to his national and international experience.

Yıldırım started his career as an engineer in Turkish Electricity Board in 1979. From 1982 to 1985 he worked at the Oak Ridge National Laboratory of the US Department of Energy. Subsequently, he held various positions from engineer to department head at Turkish Electricity Board, Turkish Electricity Generation and Transmission Inc. and Electricity Generation Inc. until he retired from public office in 2005. Between 2005 and 2011, he worked as an environmental and energy consultant to various organizations including Akfen Holding. He joined Akfen Holding in 2011.

Metin Yıldırım is currently the General Manager of Akfen Energy Generation, Adana İpekyolu Energy Generation.



Johan VAN DAELE

General Manager, MIP

Johan Van Daele is a graduate of Leuven University, Department of Business Economics. He received his MSc degree in Marine Science from the University of Antwerp. Van Daele has 30 years of experience in ports and terminal operations, including operations, security, security and shipment, HSSE and cargo. He is currently serving as MIP's General Manager.

In 1989, Van Daele joined the maritime sector at Noord Natie, which is a subsidiary of PSA that operates in bulk cargo business, and served as the Safety, Security and Shipping Manager at PSA Antwerp from 2006 to 2010. From that time on until 2017, he worked as PSA Zeebrugge Container Operation Group Manager.

Throughout his career, Johan VAN DAELE has played an important role in many projects, including mergers and acquisitions. VAN DAELE joined MIP in 2017, and leads new development projects with high added value and develops strategic plans accordingly.



Zeki SAYILIR

General Manager, Acacia Mining

Zeki Sayılır graduated from Istanbul Technical University as a Metallurgical Engineer in 1985. He completed his MBA in USA on National Education Ministry scholarship between 1986-1990, returned to Turkey and began his career as a marketing specialist at Eti Mining Operations. Between 1994-2006 he has served as a marketing manager at Çayeli Copper Operations, a Canadian-owned company which is the first foreign-owned company in Turkey.

Between 2006-2013 he worked at Inmet Mining Corporation, based in Canada, as the director of global sales for the mining operations in Finland, Spain, Canada, Panama and Turkey. In 2013, when Inmet was sold, he left the company and carried out minerals export activities through the company he founded and also served as a consultant for various domestic and foreign mining companies. Since the end of 2016, he has been the CEO of Acacia Mining Operations.



Sertac KARAAĞAOĞLU

General Manager, Akfen REIT

Mr. Sertac F. Karaağaoğlu, who started his professional carrier as assistant portfolio manager at Toprakbank in 1996, and worked at Kentbank between the years of 2000-2001, then continued his carrier in Fortis Bank (Dışbank) in March 2001. He served duties at various managerial positions as Portfolio Manager, Branch Manager, SME Banking Director of Anatolian Region, Regional Director for East Mediterranean Region and Director Responsible for Credits up to the year of 2011 in their respective orders.

Mr. Karaağaoğlu, who continued his professional career as the Credits Director at TEB BNP Paribas between 2011-2012, worked as the Listing and Private Market Group Director at Borsa Istanbul in the fields of Corporate Finance (public offerings, bond issuances and m&a businesses) between 2012-2016. Mr. Sertac Karaağaoğlu, who graduated from the Political Sciences and Public Management of the Faculty of Economics and Administrative Sciences of the Middle-East Technical University (ODTÜ), completed his master degree

course in 2015 on Business Management in Maltepe University.



Hasan ÜSTÜNDAĞ

General Manager, İDO

Hasan Üstündağ graduated from the Deck Department of the Maritime Institute in 1979 and worked at DB Shipping company until 1988. as Deck Officer and Captain in international waters. In 1988, he started working as a Captain at İDO İstanbul Sea Buses Inc. and continued this duty until 2000. He has significant experience in maneuvering and operation of High Speed Crafts. He has also contributed to the legislative work related to these boats.

He served as Operations Manager at İDO between 2000 and 2014. He served as Assistant General Manager in charge of Operations between 2014-2018. He was appointed as the General Manager of İDO in 2018. Üstündağ is married and has one child.



Emre SEZGİN

General Manager, Akfen Environment & Water

After graduating from Bilkent University Faculty of Economics and Administrative Sciences in 2000, Sezgin started his career at ABN Amro Securities in the same year.

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



Murat ÇİFTÇİ

General Manager and CEO, IBS Insurance

In 1998, Murat Çiftçi completed his degree in Engineering Management and Industrial Engineering in the University of Missouri - Rolla as a valedictorian. In 1999 he started working at IBS, in the Reinsurance Department. He served as Reinsurance Manager between 2002 and 2005, and as Deputy General Manager responsible for the Reinsurance Department between 2005 and 2013. In 2011, he became a managing partner. Çiftçi joined the American Institute for CPCU Are program in 2002 and completed his master's degree in Marmara University Engineering Management in 2004.

He served leading companies of Turkey about their insurance and reinsurance needs for build-operate-transfer projects that require project financing. He achieved significant success in serving many Turkish investors from different industries about their insurance and reinsurance needs in projects in foreign countries. He is currently continuing his PhD thesis studies in the Engineering Management Department at Marmara University, and also working as a member of the Executive Committee of the Foreign Economic Relations Board (DEİK) United Arab Emirates, Azerbaijan and Russia Business Councils.



CORPORATE SOCIAL RESPONSIBILITY



Turkish Human Resources in Health and Education Foundation

Akfen, having adopted the belief that sustainable prosperity is possible not only with economic development but also with investment in people and society, conducts its corporate social responsibility projects through Turkish Human Resources in Health and Education Foundation (TİKAV) which was founded by the Akın Family.

TİKAV, working at a national and international level with an innovative understanding in the rapidly changing world of knowledge, aims to help society adapt to change, to bring forward the individuals who will lead development and to promote the idea of social responsibility.

In this context TİKAV, through long-term social responsibility projects, aims to increase the knowledge and experience of individuals from the younger generation; to develop awareness of healthy living and to contribute in the elimination of today's environmental problems.



Founded by the Akfen Family, TİKAV aims to help society adapt to change, and to find and help develop individuals who will lead this progress

In the projects realized so far, TİKAV meets with different segments of the society, including university students, business people, young people, children living in mountain villages, women, village headmen, relatives of disabled people, children treated in hospitals and mothers accompanying them. It also undertook many school repairs.

2019 was a year when Akfen Holding invested in human resources; in which periodical results of TİKAV's social responsibility projects were observed; and conferences and summits were organised in different cities of our country with the direct participation of Akfen executives for the purpose of "Supporting Women, Youth and Entrepreneurs".



Individual Development Program

The Individual Development Program is one of the leading projects implemented by TİKAV at the local level. The program aims to provide equal opportunities to university students who have difficulty in accessing educational, cultural and personal development opportunities, especially for social and economic reasons.

For this purpose, scholarship students are able to enrich their knowledge and skills by participating in various personal development, foreign language and computer training programs culture-arts and community service programs national and international projects, interviews and professional programs starting from the first year of university to the end of the fourth grade.

The program was first implemented in 1999 at Elazığ Fırat University Van Yüzüncü Yıl University in 2003 Middle East Technical University, Hacettepe University, Ankara University and Eskişehir Osmangazi University in 2006.

TİKAV has adopted the goal of creating equal opportunities in accessing educational resources. With its Individual Development Program, it has started working with the universities in the Eastern and Southeastern Anatolia regions in 2009 and has completed 10 years. It has run programs in Elazığ Fırat University, Van Yüzüncü Yıl University, Şanlıurfa Harran University and Kahramanmaraş Sütçü İmam University. Since 2014, it continued its studies at Elazığ Fırat University.

Individual Development Programs in Numbers

Participant	321
Graduates	211
Current student	33
Annual application	750
Interviewed	150
Accepted	25
IDP term	3.5 years
Programs participated	40
Total program hours	995
In business life	%95
In government institutions	%51
In the private sector	%49



Individual Development Program

Career Workshop Mentee-Mentor Program

Career Workshop Mentee-Mentor Program aims to help students involved in the TİKAV Individual Development Program, who are preparing to become "Leaders of the Future", by opening the doors of professional life and to spread awareness of social responsibility in the business world. The program brings together the managers and employees of Akfen (mentors) with the senior students of TİKAV (mentee).

Volunteers who take the "E-Mentoring Training" within the scope of the program share their experiences of business life with mentees and help them draw their career plans. Within the scope of the program, every week mentors and mentees converse about a specific topic by phone, e-mail, or other means on the internet.

TİKAV Career Workshop Mentee-Mentor Program started in 2012-2013 academic with 8 Mentees and 8 Mentors; had 15 Mentees and 14 Mentors in the 2013-2014 academic year; 18

Number of Mentees-Mentors Participating in the Program

Period	Mentee	Mentor
2012-'13	8	8
2013-'14	15	14
2014-'15	18	17
2016-'17	11	11
2018-'19	19	18
Total	71	68

Mentees and 17 Mentors in the 2014-2015 academic year; 11 Mentees and 11 Mentors in the 2016-2017 academic year; and 19 Mentees and 18 Mentors in the 2018-2019 academic year.

The program was implemented with the participation of 71 Mentees and 68 Mentors in total.

Local Projects

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

New Tradition to the Old Villages Project

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

The Mothers' School Project

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

Let's Renovate our Schools Project

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

Hand in Hand with Headmen in Mersin

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

"My Mother and Me" Project

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

Obstacles in our Midst

The program implemented in 2014 in partnership with MIP and TİKAV was also supported by Mersin Governorship, Mersin Provincial Directorate of National Education, and Mersin Provincial Directorate of Family and Social Policies. The project aims to instill the idea that disabled people are not victims, to encourage the participation of people with disabilities in social life and to raise the awareness of families with members with disabilities in order to ensure equal opportunities for the disabled. Within the scope of the "Obstacles in Our Midst" project, a total of 1,000 people were reached.

2015 Social Inclusion Projects

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



"Hygiene is Health" Project

Rural Area Training Seminars with Akfen Renewable Energy

Funded by Akfen Renewable Energy and under the coordination of Human Resources Education and Health Foundation of Turkey (TIKAV), since 2017, studies have been conducted with women who live in rural areas where Akfen Renewable Energy power plants operate. In summary; in 2017, 1,000 women benefited from the "We Are School At Home" workshops on the development of children aged 0-6; in 2018, 1,500 women benefited from "Health First" trainings on first aid, primary health care, cancer screening, gynecology and organ donation. With the "Hygiene is Health" project that started in 2019, 2,000 women, who do physical work benefited from trainings on food, body and living space hygiene.



"Health First" project

"We Are School At Home" in Numbers

Number of locations	15
Participants	1,000
Participants' participation rate in similar studies before	7%
Satisfaction rate of the participants	98%
Number of family members reached through participants	2,621

"Health First" in Numbers

Number of locations	17
Participants	1,500
Those who were not aware of first aid practices before training	79%
Satisfaction rate of the participants	98%
Participants who know their blood type	29%

9. Turkey Energy Summit Social Responsibility 1st Prize Doctors Club - Finalist in Its Own Branch



"Hygiene is Health" in Numbers

Number of locations	26
Participants	2,000
Satisfaction rate of the participants	98%
Those who do not know the diseases caused by hygiene and lack of self-care	79%
Those who do not have a habit of brushing teeth	24%
Number of family members reached through participants	7,900

3rd Energy and Natural Resources Summit - Social Responsibility Projects Grand Prize





International Projects

Duke of Edinburgh International Youth Awards Program



The international social responsibility project implemented within TIKAV is the Duke of Edinburgh International Award Program. The Award Program, under the representation of TIKAV and support of Akfen Holding, is carried out by The Duke of Edinburgh's International Award - Turkey National Authority.

The Duke of Edinburgh's International Award Program was first established in 1956 under the name of the Duke of Edinburgh Award, with the support of Prince Philip, Duke of Edinburgh, in the United Kingdom, based on the educational philosophy of German educator Kurt Hahn.

Regardless of gender, culture, language, religion, race, political tendency, mental or physical disability, all young people between the ages of 14-24 can participate in the Award Program, which is implemented in more than 130 countries and considered as one of the world's leading youth development programs.

The Award Program, which is entirely voluntary, aims to support young people to discover and develop themselves, gain self-confidence and discipline. The project is considered as a selection criterion especially for admission to universities in England.

The Awards Program is carried out in 19 provinces in

Turkey, in 70 different high schools, universities and non-governmental organizations approved by the Ministry of Education.

To date, more than 17,000 young people have participated in the Duke of Edinburgh International Youth Award Program, to which around 2,000 new participants apply each year. The Award Program consists of 3 different categories as "Bronze, Silver and Gold".

Under these categories, which determine the completion period of the program (6 months, 12 months, 18 months), there are Community Service, Physical Development, Skill Development and Adventure and Discovery sections. Participants complete their studies by attending activities for at least 1 hour per week for each section. For the gold category, in addition to the activities in other sections, participants are asked to participate in a "Social Cohesion Project" and to work together with other people for a common purpose under the same conditions in an environment unfamiliar to them for at least 5 days.

The Duke of Edinburgh International Youth Award Program which has more than 3 thousand graduates so far, aims to reach 20 thousand young people in Turkey by 2020. Accordingly, on 14 October 2015, at the 11th National Gold Award Ceremony of the Duke

	Year	Prize Center	Bronze Participant	Silver Participant	Gold Participant	Participating Students	Award Recipients
Awards Program in Numbers Participating Students Award Recipients	2003-2013	-	4,100	2,500	221	6,821	4,235
	2014	31	462	43	15	520	191
	2015	46	524	85	21	630	395
	2016	55	412	262	37	711	402
	2017	81	1,026	475	51	1,552	711
	2018	110	1,511	498	160	2,169	969
	2019	124	3,838	1,282	312	5,432	1,020
	Total		11,873	5,145	817	17,835	7,923



of Edinburgh International Youth Award Program, attended by Prince Edward KG GCVO, Count of Wessex as the guest of honor, a total of 21 gold award participants were awarded their certificates.

Award to 982 Turkish young people

In 2019 The Duke of Edinburgh's International Award - Turkey National Authority, with the support of Akfen Holding and representation of TIKAV, awarded 982 Turkish young people within the ages of 14 and 24 from 124 schools.

For the independent participants who completed the program and qualified for an Award, the 15th National Gold Award Ceremony was held at the British Consulate General in Istanbul on 5 December 2019, the 21st Silver National Award Ceremony was held at Maltepe University on 6 December 2019, and the 2nd Independent Bronze and Silver Award was held at

Novotel Istanbul Bosphorus Hotel on 7 December 2019.

"Applications have increased in recent years"

Speaking at the ceremonies, Akfen Holding and TIKAV Board Member Pelin Akın Özalp said, "The award program is implemented in all these countries at the same standards. For this reason, the award certificate that the students receive after passing all stages is internationally valid in many leading countries of the world, especially in European and American continents. Since these certificates stand out as an important selection criterion in job, university and scholarship applications, we have seen a significant increase in the number of schools and students applying to us in recent years. We have spread to 124 schools in the east and west of Turkey. Our goal is to reach 20 million Turkish young people."

Investing in the Future of Turkey

Akfen Holding, in addition to the projects by Turkey Human Resources in Health and Education Foundation (TİKAV) participates in many social responsibility activities ranging from education to gender equality, and environmental projects to joint projects with organizations

Education Projects

Abdullah Gül University

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

London School of Economics

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

Our Schools

Ülkü Akın Secondary School

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

Hikmet Akın Secondary School

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

Other Education and Employment Projects

Within the scope of the Koç University Anatolian Scholarship Students project, Akfen Holding supported 2 students in the 2019-2020 academic year with full scholarship throughout their undergraduate life.

Akfen Holding is among the first corporate supporters of the First Opportunity program of Esas Sosyal, which aims to remove the obstacles faced by the newly graduated young people in the transition from school to work.

Social Responsibility

Gender Equality and Women Projects

Hamdi Akın Kayseri Microfinance Branch

The microcredit projects in Turkey was first started in 2003 by Turkey Waste Prevention Foundation (TISVA) Chairman Prof. Dr. Aziz Akgül. Since then it has reached 170,000 micro-entrepreneur women through 91 branches in 61 provinces.

The Kayseri Microfinance Branch that operates under Turkey Grameen Microfinance Program in Kayseri and which has so far supported about 2,000 low-income micro-entrepreneurs, is named after Akfen Holding Chairman Hamdi Akın.

The women who will use microcredit from the Hamdi Akın Kayseri Microfinance Branch, which operates under Turkey Grameen Microfinance Program in Kayseri received their checks with a ceremony on 8 March 2018. Microcredits have continued in 2019.

Turkish Businesswomen's Association (TİKAD)

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

HeForShe Project

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

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

Women's Empowerment Principles (WEPs)

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

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

The Association of Women on Boards of Directors (YKKD)

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

Intercompany Mentorship Program for More Women on Boards of Directors

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

Turkish Enterprise and Business Confederation (TÜRKONFED)

Akfen Holding Board Member Pelin Akın Özalp, as a member of the Board of Directors of the Turkish Enterprise and Business Confederation (TÜRKONFED), serves on the Women in Business Commission and supports the Multi-Faceted Empowerment of Women project. Pelin Akın Özalp continued to support the project by attending the meetings held in Samsun within the scope of the Multi-Faceted Empowerment of Women Project of the Turkish Enterprise and Business Confederation (TÜRKONFED) in 2016.

Foreign Economic Relations Board

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

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

Europe

Akfen's top executives continued to take part in different working groups to represent Turkey in 2019. Pelin Akın Özalp, Member of the Board of Directors at Akfen Holding, continued to serve in the Foreign Economic Relations Board (DEİK) as a member of the Turkish-Spanish Business Council, the Turkish-Irish Business Council and the Turkish-British Business Council.

USA

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

Middle East

Akfen Holding Deputy Chairman of the Board and CEO Selim Akin is a member of the Executive Committees in Turkey-Middle East Business Councils.

Far East

Akfen Holding CEO Süha Güçsav (Süha Güçsav continues to serve as the Advisor for the Chairman of the Board of Akfen Holding as of 1 January 2020) is the Chairman of the DEİK Turkish-Singapore Business Council. Güçsav, in addition to these duties, was appointed as the Honorary Business Representative of Turkey at the International Trade and Investment Agency, which works under the Singaporean Ministry of Industry and Trade in October 2014 (IESingapore) and continued in this role in 2019.

Environmental Projects

TEMA

Akfen Holding gave support to the campaign started by TEMA (Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats) for the reforestation of the İzmir area after the forest fires of last summer.

The fire that started in Karabağlar, İzmir spread over a large area due to strong winds. TEMA, with the support of the General Directorate of Forestry, started a campaign for sapling donations to reforest the area and Akfen Holding participated in the campaign by donating 5,000 saplings.

The certificate of donation was delivered to Akfen Holding by TEMA.

Steel Boiler

The existing steel boiler in Akfen Holding Headquarters was disassembled and replaced with two wall-type condensing cascade boilers that are fuel-efficient, safe and have a longer operating life.

Zero Waste Blue Promise

Akfen Holding has given the "Zero Waste Blue Promise" that it will work to prevent pollution of the seas. Zero Waste Blue Promise: "We promise to prevent pollution of our seas and coasts, to encourage, develop and increase participation in the fight against pollution, to leave a livable healthy environment to future generations, to develop creativity and innovation capacities to develop a good solution, to use alternatives instead of consuming disposable plastic and to support the circular economy with Zero Waste Blue. "

EBRD Sustainability Awards

Akfen Holding has been supporting the sustainability awards organized by the EBRD every year since 2014.

Supporting Art

Akfen Holding supports culture and arts through various projects. Examples of projects supported:

From Yunus's Language

The life and works of the great Turkish folk sage Yunus Emre, who devoted his life to God and the path of Sufism, and is one of the most important representatives of the Anatolian Sufism tradition, was celebrated with an internationally multifaceted culture and art project called "From the Language of Yunus" under the main sponsorship of Akfen Holding.

SAHA Association

Akfen Holding is one of the sponsors of the SAHA Association, which aims to increase the visibility and awareness of Turkish contemporary art and gives unconditional support to projects in this direction.

Ankara International Film Festival

Bulvar Loft, one of the residential projects of Akfen Construction, has been regularly sponsoring the Ankara International Film Festival for 3 years.

Istanbul Modern

Organized to support Istanbul Modern's educational programs and create an opportunity for children and young people to meet art, 2019 Gala Modern was held under the main sponsorship of Maçakızı Bodrum Loft.

Support for Young People and Entrepreneurs

In 2019, too, under the leadership of Akfen Holding Chairman Hamdi Akin, Akfen Holding executives have given speeches in conferences and summits organized in various cities of Turkey, with the aim of contributing to Turkey's economic growth and inspiring young entrepreneurs and managers.

2019 has been a rich year in terms of events such as conferences, summits, etc. held in different cities of our country with the direct participation of Akfen executives in the context of "Support for Youth and Entrepreneurs".

Some of the events that Akfen Holding managers attended throughout the year are as follows:

- » 2nd Turkey Energy & Natural Resources Summit
- » Contracts and Claims Panel in PPP
- » 10. Association of Private Hospitals and Medical Centres (OHSAD) Congress
- » Uludağ Economy Summit
- » Sustainable Finance Forum
- » 10th Bosphorus Forum
- » New Generation Entrepreneur Summit

NGOs WE ARE A MEMBER OF

- » The Association of Listed Companies' Executives (KOTEDER)
- » Deloitte Best Managed Companies
- » Foreign Economic Relations Board (DEİK)
- » World Economic Forum – Global Shapers
- » Real Estate and Real Estate Investment Trust Association (GYODER)
- » Young Presidents Organization (YPO)
- » Turkish Enterprise and Business Confederation (TÜRKONFED)
- » Turkish Industry and Business Association (TÜSİAD)
- » Family Businesses Association of Turkey (TAİDER)
- » Young Businessmen Association of Turkey (TÜGİAD)
- » Human Resources Association of Turkey (PERYÖN)
- » Turkish Society for Quality (KalDer)
- » Corporate Governance Association of Turkey (TKYD)
- » Turkey Tourism Investors Association (TYD)
- » Turkish Business Women Association (TİKAD)
- » Women on Board Turkey Association (YKKD)
- » Clean Sea Association (TURMEPA)
- » Waste and Environmental Management Association (TAYÇED)

SPONSORSHIPS AND DONATIONS

- » SAHA Association
- » Red Crescent
- » Ankara Film Festival
- » EBRD Sustainability Awards
- » Hikmet Akin Kindergarden
- » TEMA
- » Koç University Anatolian Scholarship Program
- » TİKAV

General Information

Account period:

This report is for the accounting period 01.01.2019-31.12.2019.

Company registration and contact information:

Title: Akfen Altyapı Holding A.Ş.

Tax Office: Cumhuriyet

Tax Number: 023 030 3984

Trade Registry Number: 249432

Head Office: Koza Caddesi No:22 GOP Ankara

Phone Number: 312 408 10 00

Fax Number: 312 441 07 82

Under the prohibition of competition and transactions:

In 2019, the Board of Directors and senior executives did not engage in any activities with the company on their own behalf or on behalf of others, and did not engage in any activities within the scope of the non-compete clause.

Rights granted to board members and senior executives:

In 2019, no payment was made to the members of the Board of Directors under the name of salary, bonus, attendance fee or any other name.

Total short term benefits provided to top management of Akfen Infrastructure Holding and its subsidiaries for the period ended 31.12.2019 is 13,75 million TL (31.12.2018: TL 13,03 million).

Research and development activities of the company:

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

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

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

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

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

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

Information on the company's own shares acquired:

The Company does not have its own shares.

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

In 2019, there was ordinary public audit at Akfen Altyapı Holding. Special audits

are Ernst & Young (financials), KPMG (tax), and other audits conducted under the Commercial Code.

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

There is no lawsuit filed against the Company.

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

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

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

The company's management has achieved its targets in 2019 and the decisions taken at the General Assembly have been complied with.

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

In 2019, the Extraordinary General Assembly wasn't held.

Information on donations and aids given by the company during the year and expenses incurred within the framework of social responsibility projects:

The amount of aid Akfen Construction Holding gave to various associations and foundations in 2019 was TL 286,343.42.

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

The company's capital is 580 million TL and the shareholders' equity is 5,041.49 million TL. In other words, the company maintained its capital.

Information on dividend distribution policy:

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

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

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

Assessment of risks and governing body:

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

Akfen Altyapı Holding Anonim Şirketi and its Subsidiaries

Consolidated financial statements as of and for the
year ended December 31, 2019 with the
independent auditor's report

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

● CONTENTS

● Independent auditors' report	162
● Consolidated statement of financial position	169
● Consolidated statement of profit or loss and other comprehensive income	171
● Consolidated statement of changes in equity	172
● Consolidated statement of cash flows	174
● Notes to the consolidated financial statements	176

Akfen Altyapı Holding Anonim Şirketi and its Subsidiaries

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Akfen Altyapı Holding A.Ş. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

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

3) Key Audit Matters

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

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

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

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

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

Key Audit Matters	How the Key Audit Matter is Addressed in the Audit
<i>Deferred tax assets recognized under investment incentive certificates</i>	
The Group received an investment incentive certificate within the scope of "the Council of Ministers Decision on State Aids in Investments", which regulates investment incentives. As of December 31, 2019, investment expenditures amounting to TRY 3,221,016,211 have been made within the scope of these incentive certificates. The Group limits the investment incentive advantage to the amount of tax advantage that it foresees that it can use within the year it has determined as a foreseeable future. As of December 31, 2019, deferred tax assets amounting to TRY 715,146,395 have been accounted for related investment incentives. Since the extent to which these assets are accounted for depends on the Group management's significant estimates and assumptions, deferred tax assets recognized under investment incentive certificates are considered as a key audit issue by us. Explanations on deferred tax assets are disclosed in Note 30.	- In the audit of deferred tax assets accounted for under investment incentive certificates, the support of tax experts of another organization included in the same audit network was obtained. The measurement of the related deferred tax assets is presented for the examination and evaluation of the tax experts. - Taxable profit estimates based on future annual business plans approved by management have been questioned in terms of recoverability of related deferred tax asset. - In the scope of our audit, the key assumptions used by the Group management in the related business plans were examined and their suitability was evaluated. - The amount of investment expenditure during the period which is the basis of the deferred tax asset calculations is confirmed by the accounting records. - In addition, the conformity of the disclosures in the notes to the financial statements in accordance with TAS 12 has been evaluated.

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

Key Audit Matters	How the Key Audit Matters is Addressed in the Audit
Valuation of Financial Assets The Group has classified the shares of Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP"), Travelex Döviz Ticaret A.Ş. ("Travelex"), and Tepe Reformer ("TAR") as financial investments and recognized at fair value in the accompanying consolidated financial statements (Note 21). As a result of the fair valuation as of 31 December 2019, the Company carried the shares of MIP amounting to KTL 1,619,334, Travelex amounting to KTL 10,530 and TAR amounting to KTL 37,953 at fair value in the accompanying consolidated financial statements. In our audit work, we have focused on this issue for the following reasons: - MIP, Travelex and TAR has carried from fair value is significant for the accompanying consolidated financial statements and valuation requires to expertise. - The market approach method has been used in the fair value calculation of MIP and has been determined the Company Value / Earnings before interest, tax, depreciation and amortization ("EBITDA") multipliers of peer group companies that could be used in the valuation of MIP. As of December 31, 2019, fair value was calculated by applying peer group companies EBITDA multipliers to the company's 12-month backward EBITDA. - The use of forward-looking significant management estimates (discount rate and growth rate) in the valuation and the fact that these forward-looking forecasts contain uncertainties regarding the realization of these estimates. Depending on the importance of the financial statements and the importance of the reasoning used in calculating the fair value, we have considered a key audit subject by us.	The following audit procedures have been applied while auditing the fair value calculation of financial assets; - We included experts from another entity that is a part of same audit network to our audit team to examine the fair value calculations. - The compliance of the valuation calculations with the financial statements and the mathematical appropriateness of the calculations are checked. - The valuation methods and the technical data used were evaluated by the expert and the Group management with the support of our experts. - The expertise of the appraisers was evaluated in according to TDS 500. - Data obtained from external sources such as "peer group companies EBITDA multipliers" and "current transaction" used in valuation have been checked with relevant independent data sources. - The appropriateness of forward-looking significant management estimates (discount rate and growth rate) used in discounted cash flow models were evaluated with our experts and the sensitivity analyzes were checked. - In addition, TFRS compliance with the explanations in the financial statements were also evaluated.

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

B) Report on Other Legal and Regulatory Requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2019 and financial statements are not in compliance with law and provisions of the Company's articles of association in relation to financial reporting.

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

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

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

Mehmet Can Altıntaş, SMMM
Associate Partner

April 30, 2020
İstanbul, Turkey

Consolidated statement of financial position as at December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

		Audited	Audited
Assets	References	December 31, 2019	December 31, 2018
Current assets			
Cash and cash equivalents	4	2,085,358	2,032,357
Financial investments	21	19,638	239,882
Trade receivables		73,898	67,512
- Trade receivables from related parties	6-31	24,775	8,965
- Trade receivables from third parties	6	49,123	58,547
Inventories	15	71,028	331,403
Other receivables		91,150	18,476
- Due from related parties	7	105	160
- Due from third parties	7	91,045	18,316
Financial assets related to concession agreements	9	422,851	377,874
Receivables from ongoing construction and service contracts	9	76,912	-
Prepaid expenses	8	158,169	67,834
Current income tax assets	30	18,895	58,073
Other current assets	22	47,416	88,414
Subtotal		3,065,315	3,281,825
Assets reclassified as held for sale		2,890	-
Total current assets		3,068,205	3,281,825
Financial investments	21	2,414,637	1,939,953
Trade receivables		14,673	16,908
- Trade receivables from third parties	6	14,673	16,908
Other receivables		534,511	493,220
- Due from related parties	7-31	525,869	457,519
- Due from third parties	7	8,642	35,701
Receivables from ongoing construction and service contracts	9	4,361,126	3,813,869
Financial assets related to concession agreements	9	706,831	153,891
Derivative financial assets	11	-	3,463
Investments accounted using the equity method	19	1,368,198	1,068,110
Right of use assets	12	8,391	-
Investment property	10	875,196	2,814,516
Property, plant and equipment	13	110,357	111,349
Intangible assets	14	97,935	101,956
Prepaid expenses	8	14,339	12,911
Deferred tax assets	30	627,297	554,546
Other non-current assets	22	40,533	137,411
Total non-current assets		11,174,024	11,222,103
Total assets		14,242,229	14,503,928

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

Consolidated statement of financial position as at December 31, 2019

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

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

Liabilities	References	Audited December 31, 2019	Audited (Restated) December 31, 2018
Current liabilities			
Short term borrowings	5	113,722	75,795
Short term portion of long-term borrowings	5	1,092,222	839,132
Trade payables		1,260,800	1,650,593
-Due to related parties	6-31	1,132,906	1,584,051
-Due to third parties	6	127,894	66,542
Employee benefit obligations		1,121	1,172
Other payables		57,265	83,322
-Due to related parties	7-31	10,117	225
-Due to third parties	7	47,148	83,097
Deferred revenue	16	6,944	166,459
Income tax payable	30	4,815	15,389
Current provisions		16,672	7,877
-Provision for employee benefits	17	8,356	7,877
-Other short-term provisions	17	8,316	-
Other current liabilities	22	9,163	6,800
Total current liabilities		2,562,724	2,846,539
Long term borrowings	5	5,832,694	6,532,516
Trade payables		-	256,078
-Due to related parties	6-31	-	256,078
Other payables		439,008	253,990
-Due to related parties	7-31	429,636	191,070
-Due to third parties	7	9,372	62,920
Derivative financial liabilities	11	141,290	30,794
Deferred revenue	16	41,327	19,894
Current provisions		26,561	5,476
-Provision for employee benefits	17	6,417	5,476
-Other long-term provisions	17	20,144	-
Deferred tax liabilities	30	157,133	254,935
Other non-current liabilities	22	3	4,288
Total non-current liabilities		6,638,016	7,357,971
Total liabilities		9,200,740	10,204,510
Equity		5,041,489	4,299,418
Equity attributable to equity holders of the parent		5,066,136	3,986,888
Issued capital	23	580,000	580,000
Share premiums		2,376	2,376
Additional contributions of shareholders	23	-	20,764
Treasury shares (-)		-	(1,289)
Restricted reserves appropriated from profits	23	2,789,693	2,782,348
Effect of business combinations under common control		(2,331,753)	(2,218,913)
Other accumulated comprehensive income that will not be reclassified to profit or loss		800,934	260,273
- (Losses)/gains on remeasurement of defined benefit plans		(4,177)	(4,026)
-Increases on revaluation of property, plant and equipment	23	-	5,217
- Other gains on revaluation and remeasurement	23	805,111	259,082
Other accumulated comprehensive income that will be reclassified to profit or loss		256,298	407,157
- Currency translation difference	23	256,298	401,195
- Gains on hedge	23	-	5,962
Retained earnings		2,279,065	1,091,961
Net profit for the period		689,523	1,062,211
Non-controlling interests	23	(24,647)	312,530
Total liabilities and equity		14,242,229	14,503,928

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

Consolidated statement of profit or loss and other comprehensive income for the period ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

	References	Audited December 31, 2019	Audited December 31, 2018
Revenue	24	834,884	1,416,397
Cost of sales (-)	24	(646,750)	(877,419)
Gross profit		188,134	538,978
General administrative expenses (-)	25	(92,913)	(107,712)
Marketing expenses (-)	26	(4,893)	(6,681)
Other income from operating activities	27	1,281,748	1,659,178
Other expenses from operating activities (-)	27	(251,740)	(203,121)
Share of profit from investments accounted using the equity method	19	(219,771)	(174,242)
Operating profit from operating activities		900,565	1,706,400
Income from investment activities	29	483,197	166,605
Expense from investment activities (-)	29	(7,606)	(54,879)
Profit before finance income/(expense)		1,376,156	1,818,126
Finance income	28	831,990	1,536,522
Finance expenses (-)	28	(1,560,909)	(2,222,289)
Profit before tax from continuing operations		647,237	1,132,359
Tax (expense)/income		19,429	(47,531)
- Current period tax expense	30	(52,749)	(140,425)
- Deferred tax income	30	72,178	92,894
Profit for the period		666,666	1,084,828
Attributable to			
Non-controlling interests		(22,857)	22,617
Equity holders of the parent		689,523	1,062,211
Statement of other comprehensive income			
That will not be reclassified to profit or loss		540,303	255,796
- Losses on remeasurement of defined benefit plans		(151)	(36)
- Financial asset value increase fund	23	546,029	259,082
- Decreases on revaluation of property, plant and equipment	23	(6,969)	(4,063)
- Decreases on revaluation of property, plant and equipment, tax effect	23	1,394	813
That will be reclassified to profit or loss		(143,345)	291,234
- Currency translation difference		(143,345)	291,234
Other comprehensive income		396,958	547,030
Total comprehensive income		1,063,624	1,631,858
Distribution of total comprehensive income			
Non-controlling interests		(14,687)	28,101
Equity holders of the parent		1,078,311	1,603,757

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

Consolidated statement of changes in equity for the year ended December 31, 2019

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

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

						Other comprehensive income and expenses accumulated that will be reclassified in profit or loss		
	Issued Capital	Share premiums/(discounts)	Additional capital contributions of share-holders	Treasury shares	Effects of combinations of entities or businesses under common control	Currency translation differences	Gains on hedge	
Balances as of January 1, 2018- previously reported	43,300	3,221	-	(1,289)	1,529,008	115,446	5,962	
<i>Other adjustments (Note 2)</i>	-	-	-	-	(254,316)	-	-	
Balances as of January 1, 2018- balances after adjustments	43,300	3,221	-	(1,289)	1,274,692	115,446	5,962	
Total comprehensive income/(expense)	-	-	-	-	-	285,749	-	
Profit for the period	-	-	-	-	-	-	-	
Other comprehensive income/(expense)	-	-	-	-	-	285,749	-	
Capital increase	536,700	-	-	-	-	-	-	
Transfers	-	(845)	-	-	-	-	-	
Additional capital contributions of shareholders	-	-	20,764	-	-	-	-	
Effects of business combinations under common control	-	-	-	-	(3,493,605)	-	-	
Increase/(decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	-	-	-	-	-	-	-	
Balances as of December 31, 2018	580,000	2,376	20,764	(1,289)	(2,218,913)	401,195	5,962	
Balances as of January 1, 2019- previously reported	580,000	2,376	20,764	(1,289)	(1,964,597)	401,195	5,962	
<i>Other adjustments (Note 2)</i>	-	-	-	-	(254,316)	-	-	
Balances as of January 1, 2019- balances after adjustments	580,000	2,376	20,764	(1,289)	(2,218,913)	401,195	5,962	
Total comprehensive income/(expense)	-	-	-	-	-	(151,515)	-	
Profit for the period	-	-	-	-	-	-	-	
Other comprehensive income/(expense)	-	-	-	-	-	(151,515)	-	
Transfers	-	-	-	-	-	-	(5,962)	
Effects of business combinations under common control (*)	-	-	-	-	825	-	-	
(Decrease)/increase through share-based payment transactions	-	-	(20,764)	1,289	(113,665)	6,618	-	
Balances as of December 31, 2019	580,000	2,376	-	-	(2,331,753)	256,298	-	

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

Consolidated statement of changes in equity for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss				Retained earnings					
	Increases/ (decreases) on revaluation of property, plant and equipment	Other gains on revaluation and remeasurement	Gains/(losses) on remeasurements of defined benefit plans	Restricted reserves appropriated from profits	Retained earnings/ (losses)	Net profit for the period	Total	Non-controlling interests	Total equity
	10,955	-	(4,014)	7,251	96,390	3,861,721	5,667,951	38,277	5,706,228
	-	-	-	-	-	-	(254,316)	254,316	-
	10,955	-	(4,014)	7,251	96,390	3,861,721	5,413,635	292,593	5,706,228
	(3,250)	259,082	(35)	-	-	1,062,211	1,603,757	28,101	1,631,858
	-	-	-	-	-	1,062,211	1,062,211	22,617	1,084,828
	(3,250)	259,082	(35)	-	-	-	541,546	5,484	547,030
	-	-	-	-	-	-	536,700	-	536,700
	(2,488)	-	-	2,775,097	1,089,957	(3,861,721)	-	-	-
	-	-	-	-	-	-	20,764	-	20,764
	-	-	23	-	(97,022)	-	(3,590,604)	-	(3,590,604)
	-	-	-	-	2,636	-	2,636	(8,164)	(5,528)
	5,217	259,082	(4,026)	2,782,348	1,091,961	1,062,211	3,986,888	312,530	4,299,418
	5,217	259,082	(4,026)	2,782,348	1,091,961	1,062,211	4,241,204	58,214	4,299,418
	-	-	-	-	-	-	(254,316)	254,316	-
	5,217	259,082	(4,026)	2,782,348	1,091,961	1,062,211	3,986,888	312,530	4,299,418
	(5,575)	546,029	(151)	-	-	689,523	1,078,311	(14,687)	1,063,624
	-	-	-	-	-	689,523	689,523	(22,857)	666,666
	(5,575)	546,029	(151)	-	-	-	388,788	8,170	396,958
	358	-	-	7,347	1,060,468	(1,062,211)	-	-	-
	-	-	-	-	-	-	825	-	825
	-	-	-	(2)	126,636	-	113	(322,490)	(322,378)
	-	805,111	(4,177)	2,789,693	2,279,065	689,523	5,066,136	(24,647)	5,041,489

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

Consolidated statement of cash flows for the year ended December 31, 2019

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

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

	References	Audited December 31, 2019	Audited December 31, 2018 (Restated)
A. Cash Flows from Operating Activities		(10,496)	196,545
Profit for the period		666,666	1,084,828
Adjustments to reconcile profit		(290,418)	(115,609)
Adjustments for depreciation and amortization	13-14	8,427	9,025
Adjustments for provisions related with employee benefits		1,993	444
Adjustments for gain on sale of property, plant and equipment	29	(578)	-
Adjustments for dividend income		(54,717)	(27,525)
Adjustments for participation fee and income from other financial instruments		(28,900)	(27,719)
Adjustments for fair value gain / (loss)		(1,174,435)	(1,298,022)
Adjustment for fair value gain of financial assets	27-29	(1,230,879)	(735,723)
Adjustment for fair value gain of investment properties	27	(57,515)	(603,036)
Adjustments for the fair value losses / (gains) of derivative financial instruments	28	113,959	40,737
Adjustments for impairment		(170,002)	184,435
Adjustment for impairment on receivables	27	1,078	3,477
Adjustment for other impairment	29	7,606	-
Adjustment for impairment on property, plant and equipment and intangible assets	27	2,272	-
Adjustment for impairment / (reversal) on receivables from ongoing construction and service contracts	27-28	(180,958)	180,958
Adjustments for legal case provisions		63,997	6,644
Adjustment for other provisions	27	63,997	6,644
Adjustments regarding gains related to changes in share or disposal of associates, joint ventures, and financial investments	29	(40,922)	(111,359)
Adjustments for the undistributed profits of investments accounted using the equity method	19	219,771	174,242
Adjustments for unrealized foreign exchange		631,778	839,769
Adjustments for related to the gains arising from the disposal of subsidiaries	29	(139,434)	-
Adjustments for interest income and expenses	27-28	407,830	67,520
Adjustments for tax (income)/expenses	30	(19,429)	47,531
Other adjustment for profit/loss reconciliation	28	4,203	19,406
Changes in working capital		(297,910)	(494,655)
Adjustments for increase in trade receivables		(47,680)	(12,395)
Adjustments for (increase)/decrease in other receivables related with operations		(14,810)	240,638
Adjustments for (decrease)/increase in receivables from ongoing construction and service contracts	9	(376,970)	170,813
Adjustments for increase/(decrease) in financial assets related to concession agreements	9	420,000	(948,694)
Adjustments for increases in inventories	14	(33,242)	(72,616)
Other adjustments for other increase/(decrease) in working capital		88,413	106,114
Adjustments for decrease in trade payables		(568,699)	(134,267)
Adjustments for increase in other payables from operations		235,078	155,752
Cash flows used in operations		(88,834)	(278,019)
Tax payments		(54,067)	(277,457)
Payments related with provisions for employee benefits		(1,205)	-
Payments related with other provisions		(33,562)	(562)

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

Consolidated statement of cash flows for the year ended December 31, 2019

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

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

	References	Audited December 31, 2019	Audited December 31, 2018
B. Cash Flows (used in)/from Investment Operations		103,061	(2,352,962)
Interest received		102,229	18,691
Dividends received		64,352	36,109
Cash outflow of property, plant, equipment and intangible assets	13-14	(12,907)	(5,048)
Proceeds from sales of property, plant, equipment and intangible assets	12-13	1,029	12,755
Cash outflow from the purchase of investment property	10	(84,914)	(33,859)
Cash outflow from acquisition of shares or borrowing instruments of other businesses or funds	5	-	(170,000)
Cash inflows caused by share sales or capital decrease of associates and / or joint ventures		196,650	-
Cash outflows due to share purchase or capital increase of associates and / or joint ventures		(299,176)	(1,528,324)
Cash outflow from participation fee and other financial instruments		135,798	(683,286)
C. Cash Flows (used in)/from Financing Activities		(122,336)	1,878,472
Proceeds from borrowings	5	1,277,870	2,288,046
Repayments of borrowings	5	(922,826)	(792,779)
Interests paid	5	(472,178)	(408,184)
Cash outflows from lease agreements debt payments		(965)	-
Decrease in other payables to related parties		176,369	104,067
Cash inflows arising from the issuance of shares and other equity instruments		-	170,000
Cash inflow from issuing shares and other equity instruments	5	-	536,700
Other cash flow decreases		(180,606)	(19,378)
Net decrease in cash and cash equivalents		(29,771)	(277,945)
Cash and cash equivalents at the beginning of the period	4	2,032,254	2,310,199
Cash and cash equivalents at the end of the period	4	2,002,483	2,032,254

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

1. Organization and nature of the operations

Akfen Altyapı Holding Anonim Şirketi ("Akfen Altyapı" or the "Company") was incorporated in 2008 to provide Altyapı investment services. Akfen Altyapı is one of the leading companies in Turkey with diversified activities in, construction, ports, and real estate sectors. The consolidated financial statements as at and for period ended December 31, 2019 comprise the Company, its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

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

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

As of December 31, 2019, the number of employees of the Company and its business partners is 7 (31 December 2018: 6) and 6,509 (December 31, 2018: 7,076), respectively.

As of December 31, 2019 and 2018, the shareholder structure is as follows:

	December 31, 2019 Share Ratio (%)	December 31, 2018 Share Ratio (%)
Pelin Akın Özalp	50	50
Selim Akın	50	50
	100	100

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

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

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

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

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

Akfen Holding A.Ş. ("Akfen Holding")

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

Following the share transfer transaction carried out at Akfen Holding on August 6, 2018, Akfen Altyapı, which had a 9.87% stake in Akfen Holding prior to the transaction, acquired 99.36% of Akfen Holding's capital. Within the scope of this share transfer transaction; 572,450,967 shares of Hamdi Akın, 85.80% of Akfen Holding's shares with a nominal value of TL 667,180,686, all shares of Selim Akın and Akfen Turizm Yatırımları ve İşletmecilik A.Ş. ("Akfen Tourism"), which owns 3.47% and 0.43% shares respectively, were transferred to Akfen Altyapı. After March 6, 2019, Akfen Holding's repurchase own shares, Akfen Altyapı's Akfen Holding shares decreased to 89.49%.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

2. Basis of presentation of financial statements

i. Basis of presentation

These financial statements are prepared from the Company's legal financial statements and presented in TL with the necessary corrections and classifications in order to make the right presentation in accordance with TFRS.

The Group maintains and prepares its accounting records and legal financial statements in Turkish Liras (TL) in accordance with the accounting and reporting principles and standards published by the Ministry of Finance's Tax Legislation and Uniform Chart of Accounts.

Approval of consolidated financial statements

The Group's consolidated financial statements has been approved by the Company's Board of Directors on April 30, 2020.

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.

End-of-period exchange rates as of December 31, 2019 and 2018 and average exchange rates for the period ended December 31, are as follows:

	Average Exchange Rate		Exchange Rate at Period End	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
US Dollar	5.6712	4.8301	5.9402	5.2609
Euro	6.3481	5.6789	6.6506	6.028

Foreign operations

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

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

ii. Going concern

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

The accompanying consolidated financial statements are prepared comparatively with the prior period in order to determine the financial position, performance and cash flow trends of the Group. Consolidated financial statements and the accompanying notes to the consolidated financial statements as of December 31, 2019 and 2018 and profit or loss and other comprehensive income, cash flow and equity changes periods ended December 31, 2019 and 2018 are presented comparatively.

Restatements

	January 1, 2018	December 31, 2018
<i>Previously reported</i>		
Effect of business combinations under common control	1,529,008	(1,964,597)
Equity holders of the parent	5,667,951	4,241,203
Non-controlling interests	38,277	58,214
Total equity	5,706,228	4,299,417
<i>Restated</i>		
Effect of business combinations under common control	1,274,692	(2,218,913)
Equity holders of the parent	5,413,635	3,986,888
Non-controlling interests	292,593	312,530
Total equity	5,706,228	4,299,418

The transfer of Akfen Holding shares to Akfen Infrastructure realized in August 2018 is considered as a business combination under common control and the transaction is accounted by "Pooling of Interest" method. During the preparation of the financial statements as of 31 December 2019, it has been recognized that non-controlling interests amounting to TRY 254,316 in Akfen Holding's financial statements were recognized under "business combinations under common control" balance sheet line item. Therefore, balance sheet line items "Business combinations under common control" and Non-controlling interests" have been restated.

As of December 31, 2018, under the "Cash Flows from Financing Activities" item under the "Adjustments related to increase / (decrease) in other debts related to operations" in the consolidated cash flow statement of TRY 104.067 as of 31 December 2018. It is classified under the item "Decrease in other debts to related parties".

iv. Amendments to the Turkish Financial Reporting Standards

New standards, amendments and interpretations effective from January 1, 2019:

- TFRS 16 - Leases Transactions
- TMS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(Amendments)

- TMS 40 - Investment Property Amendments
- TFRYK 23 Uncertainty over Income Tax Treatments
- Annual Improvements - 2015-2017 Period
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Negative Indemnity Early Payment Features (Amendment to TFRS 9)

The effects of TFRS 16 have been evaluated and accounted for in the individual financial statements. Other standards did not have any impact on the financial position or performance of the Company.

TFRS 16 Leasing transactions

In April 2018, the POA issued the TFRS 16 "Leasing Transactions" standard. The new standard requires many leases to be included in the balance sheet under a single model for the lessee by eliminating the distinction between operating leases and leases. The accounting for the lessor companies remains largely unchanged and the difference between operating leases and financial leases continues. TFRS

16 will supersede TAS 17 and TAS 17 and the standard is effective for annual periods beginning on or after January 1, 2019.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

TFRS 16 Leasing transactions (cont'd)

Tenants have the exception that they do not apply this standard to short-term leases (leases with a lease term of 12 months or less) or leases where the underlying asset is of low value (e.g. personal computers, some office equipment, etc.). At the effective date of the lease, the lessee measures the lease liability at the present value of the unpaid lease payments (lease liability) and depreciates it over the period of the lease, taking into account the relevant usage rights. Lease payments are discounted using this rate when the implied interest rate on the lease can easily be determined. If this rate cannot be determined easily, the lessee will use the lessee's alternative borrowing interest rate. The lessee must separately record the interest expense on the lease liability and the depreciation expense of the right to use asset.

The lessee is required to re-measure the lease liability if certain events occur (for example, changes in the lease term, changes in prospective lease payments due to changes in a certain index or rate, etc.). In this case, the lessee records the remeasurement effect of the lease liability as a correction to the right to use.

Transition to TFRS 16:

The Company applied TFRS 16 with a simplified retrospective approach. The Company has benefited from the facilitation practices provided for leases and lesser value leases that will expire in 12 months or less as of the transition date.

The standard is effective for annual periods beginning on or after January 1, 2019.

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.

The Group classifies its rights to the land it leases to develop investment property as investment property. In such a case, the right for the relevant land is recognized as it is in the lease and in addition, the fair value method is used for the land in question. Since the fair values of investment properties developed on the Company's leased land have been made by deducting the estimated cash flows of the land to be paid for these lands, the discounted values of the related land and related lease payments are recognized in the investment properties account.

The effects of transition to TFRS 16 are as follows:

	January 1, 2019
Assets	14,700
Right of use assets (Note 12)	8,691
Investment Properties- Land leases (Note 10) (*)	6,009
Liabilities	14,700
Lease liabilities (Note 5)	14,700

(*) Since the right of use assets meet the definition of investment property, the Company has recognized the fair value in accordance with TAS 40. In this context, the Company has presented the right-of-use assets as investment property. Land rents represent the amount added back to the fair value of the investment property as the payables from the leasing transactions are also included in the calculation of fair value.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

iv. Amendments to the Turkish Financial Reporting Standards (cont'd)

Transition to TFRS 16 (cont'd)

The depreciation and amortization expenses recognized as of 31 December 2019 are as follows:

	Right of use assets	Total
January 1, 2019	-	-
Depreciation and amortization (Note 12)	300	300
December 31, 2019	300	300

As of January 1, 2019, the Company's borrowing rates for land lease liabilities are between 17.55% - 22.5%.

Standards, amendments and improvements that have been published but not yet implemented and not put into effect early:

- TFRS 10 and TAS 28 - Asset Sales or Contributions to an Associate or Joint Venture - Amendment
- TFRS 17 - New Insurance Contracts Standard
- Identification of the entity (Amendments to TFRS 3)
- Definition of Materiality (Amendments to TAS 1 and TAS 8)
- Changes in TFRS 9, TAS 39 and TFRS 7 - Indicator Interest Rate Reform
- Changes in TAS 1 - Classification of liabilities as short and long term
- Changes in TFRS 9, TAS 39 and TFRS 7 - Indicator Interest Rate Reform

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

v. Summary of Significant Accounting Policies and assessment methods:

Principles of consolidation

Business combinations

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

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Principles of consolidation (cont'd)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls the asset if it is entitled to, or is subject to, variable returns on account of its involvement in the asset, and it may affect it with control over the asset. The financial statements of the subsidiaries are included in the financial statements of the Group from the beginning of the control power to the date when the control power ceases. As of December 31, 2019 and 2018, the direct and indirect ownership and voting right ratios of the principal subsidiaries included in the consolidated financial statements are as follows:

	December 31, 2019 Ownership ratio (%)	December 31, 2019 Voting right	December 31, 2018 Ownership ratio (%)	December 31, 2018 Voting right
Direct subsidiaries				
Akfen Holding ⁽¹⁾	89.49	89.49	99.36	99.36
Akfen İnşaat (*) ⁽²⁾	100	100	100	100
Akınısı Makina Sanayi ve Ticaret A.Ş. ("Akınısı") ⁽³⁾	99.99	99.99	99.99	99.99
Akfen Danışmanlık ve Proje Geliştirme A.Ş. ("Akfen Danışmanlık") ⁽³⁾	100	100	100	100
Akfen Turizm Yatırım ve İşletme A.Ş. ("Akfen Turizm") ⁽³⁾	99.99	99.99	99.99	99.99
Akfen Gayrimenkul Portföy Yönetimi A.Ş. ("Akfen GPYŞ") ⁽³⁾	100	100	100	100
Akfen Merter Gayrimenkul Turizm ve İnşaat A.Ş. ("Akfen Merter") (**) ⁽³⁾	91.52	75	91.52	75
BISS Savunma Sanayi A.Ş. ("BISS Savunma") ⁽³⁾	86	100	86	100
Indirect subsidiaries				
İsparta Şehir Hastanesi Yatırım İşletme A.Ş. ("İsparta Şehir Hastanesi") ⁽²⁾	99.88	99.88	99.88	99.88
Eskişehir Şehir Hastanesi Yatırım İşletme A.Ş. ("Eskişehir Şehir Hastanesi") ⁽²⁾	100	100	100	100
Tekirdağ Şehir Hastanesi Yatırım İşletme A.Ş. ("Tekirdağ Şehir Hastanesi") ⁽²⁾	100	100	100	100
İsparta Yurt Yatırımları A.Ş. ("İsparta Yurt") ⁽²⁾	100	100	100	100
Ayrı Gayrimenkul Yatırım A.Ş. ("Ayrı Gayrimenkul")	100	100	100	100
Hacettepe Teknokent Eği. ve Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro. San. Tic. A.Ş. ("Hacettepe Teknokent") (**) ⁽²⁾	45	66	45	66
Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen GYO") (***) ⁽¹⁾	56.88	73.29	56.88	73.29
Akfen Enerji Üretim ve Ticaret A.Ş. ("Akfen Enerji Üretim") ⁽¹⁾	99.25	99.25	99.25	99.25
Akfen International BV ("Akfen International") (****) ⁽¹⁾	-	-	100,00	100,00
Zeki Enerji Elektrik Üretim Dağ. Paz. San. ve Tic. A.Ş. ("Zeki Enerji") (*****)	100	100	-	-

(*) Was transferred from Akfen Altyapı to Akfen Holding with the transfer on May 30, 2018, but since the ownership of Akfen Holding is also belonging to Akfen Altyapı, it continues to be indirectly included in the consolidation of Akfen Altyapı.

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

(***) Following the transfer of the privileged shares of Akfen REIT to Hamdi Akın, Akfen REIT's being considered as a joint venture due to the change in the Board of Directors after March 31, 2019 when is the closest reporting date to the Ordinary General Assembly Meeting of Akfen REIT on April 16, 2019. Akfen REIT has been accounted in the consolidated financial statements of the Group using the equity method. Until March 31, 2019, Akfen REIT's profit or loss and other comprehensive income or expenses are accounted for in full consolidation in the Group's consolidated financial statements.

(****) The sale of all Akfen International shares owned by Akfen Holding has been realized on February 7, 2019.

(*****) The Company purchased Zeki Enerji from Shareholders' joint agreement Akfen Renewable on March 22, 2019.

⁽¹⁾ After March 6, 2019, Akfen Holding's repurchase own shares percentage of 9.87%, Akfen Altyapı's Akfen Holding shares decreased to 89.49%

⁽²⁾ Akfen Construction's subsidiaries.

⁽³⁾ Although 46.92% of Akfen Merter shares belong to Akfen İnşaat, Akfen Infrastructure continues to be included in Akfen Infrastructure with full consolidation, as the owner of Akfen Construction is also Akfen Infrastructure

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Joint Agreements / Financial Investments

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

In the equity method, the joint venture investment is initially recognized via the acquisition cost. Following the date of acquisition, the share of the investor in the profits or losses of the invested enterprise is reflected in the financial statements by increasing or decreasing the carrying amount of the investment. The share the investor will get from the profits or losses of the invested enterprise is recognized as the profit or loss of the investor. Any distributions (of dividend, etc.) received from an invested enterprise reduce the carrying amount of the investment. The carrying amount of the invested enterprise needs to be adjusted in a way to correspond to the share the investor gets from the changes in the other comprehensive income of the enterprise. The details of the Company's direct joint ventures As of December 31, 2019 and 2018 are as follows.

	December 31, 2019		December 31, 2018	
	Ownership right ratio (%)	Voting ratio (%)	Ownership ratio (%)	Voting ratio (%)
Direct financial investments				
Travelex Doviz Ticaret A.Ş. ("Travelex")	10.00	10.00	10.00	10.00
Tepe Reformer	26.00	26.00	26.00	26.00
Indirect financial investments				
Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP") (*) ⁽¹⁾	10.00	10.00	10.00	10.00
Indirect subsidiaries				
TAV Yatırım Holding A.Ş. ("TAV Investment") (*) ⁽²⁾	21.68	21.68	21.68	21.68
PSA Akfen Liman				
İşletmeciliği ve Yönetim Danışmanlığı A.Ş. ("PSA Port") (*) ⁽²⁾	50.00	50.00	50.00	50.00
Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Water") (*) ⁽²⁾	50.00	50.00	50.00	50.00
Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable") (*) ⁽²⁾	66.13	66.13	68.04	68.04
İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ("İDO") (*) ⁽²⁾	30.00	30.00	30.00	30.00
Acacia Maden İşletmeleri A.Ş.				
("Acacia Mine") (*) ⁽²⁾	30.00	30.00	30.00	30.00
IBS Sigorta ve Reasürans Sigorta Brokerliği A.Ş. ("IBS Insurance") (*) ⁽²⁾	37.00	37.00	37.00	37.00
Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.				
("Akfen GYO") (*) ⁽²⁾ (**)	56.88	56.88	-	-

(*) Following the transfer of the privileged shares of Akfen REIT to Hamdi Akın, Akfen REIT's being considered as a joint venture due to the change in the Board of Directors after March 31, 2019 when is the closest reporting date to the Ordinary General Assembly Meeting of Akfen REIT on April 16, 2019. Akfen REIT has been accounted in the consolidated financial statements of the Group using the equity method. Until March 31, 2019, Akfen REIT's profit or loss and other comprehensive income or expenses are accounted for in full consolidation in the Group's consolidated financial statements.

⁽¹⁾ Akfen Holding's financial investments. ⁽²⁾ Akfen Holding's joint agreements.

Non-controlling interests

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

Transactions eliminated in consolidation

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

Loss of control

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Shares in associates and joint ventures

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

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

Business combinations under common control

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

Financial 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 "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

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

Financial assets at fair value through profit or loss

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

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

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

v. Summary of Significant Accounting Policies and assessment methods (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.

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

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

Cash and cash equivalents

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Financial liabilities

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

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

Trade payables

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

Effects of exchange rate changes

Transactions and balances

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

Conversion to presentation currency

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

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

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Related parties

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

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

Related person,

- (i) has control or joint control over the reporting entity,
- (ii) have significant impact on the reporting entity,
- (iii) the reporting entity or a parent of the reporting entity is a member of key management personnel.

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

- (i) Where the entity and the reporting entity are members of the same group (each parent, subsidiary and other subsidiary is related party with others).
- (ii) If the entity is an associate or joint venture of another entity (or a member of a group of which the other entity is a member).
- (iii) If both entities are joint ventures of the same third party.
- (iv) If one of the entities is a joint venture of a third entity and the other entity is an associate of that third entity.
- (v) The entity has post-employment benefit plans for employees of the reporting entity or of an entity that is associated with the reporting entity. If the reporting entity itself has such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in paragraph (i) of article (a) has significant influence on the entity or is a member of the key management personnel of that entity (or its parent).

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

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Current tax expense and deferred tax

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

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

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

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

As of December 31, 2019 and 2018, income tax provisions have been accrued in accordance with the prevailing tax legislation.

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

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

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

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

Transfer pricing

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

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Tax assets and liabilities

Corporate Tax

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.

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 20% corporate tax rate will be applied to the profits of the entities related to their 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 22%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) to be calculated based on earnings generated for each quarter and temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Dividend payments made to resident corporations in Turkey again from resident companies in Turkey are not subject to income tax. In addition, resident corporations or resident people and non-resident corporations in Turkey are subject to 15% income tax.

Government Grants

Government grants, including non-monetary government grants 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 grants will be received by the entity.

Government grants 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.

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.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Tangible assets

Recognition and measurement

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

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

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

Subsequent expenditures

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

Depreciation

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

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

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

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Right to use assets

The Group recognizes the right of use assets on the date the lease commences (for example, as of the date when the asset is eligible for use). Right of use assets are calculated by deducting accumulated depreciation and impairment losses from the cost value. If the financial lease payables are revalued, this figure is adjusted.

The cost of the right-of-use asset includes:

- (a) the initial measurement of the lease liability,
- (b) the amount obtained by deducting all lease incentives received from all lease payments made on or before the effective date of the lease, and
- (c) all initial direct costs incurred by the Group.

Unless the transfer of ownership of the underlying asset to the Group at the end of the lease term is reasonably finalized, the Group depreciates the right of use asset from the effective date of the lease until the end of the useful life of the underlying asset.

Right of use assets are subject to impairment assessment.

Intangible assets

Accounting and measurement

Other intangible assets

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

Subsequent expenditures

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

Amortization

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

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

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

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Investment properties

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

Income and expenses

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

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

Revenue

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

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Revenue (cont'd)

Sale of goods

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

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

Construction contracts

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

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

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

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

Service concession agreements

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

Receivables from ongoing service contracts

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

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

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Employee benefits

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

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

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

The main assumptions used as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Interest rate %	12.15	15.00
Inflation rate %	8.68	9.50
Turnover rate for retirement probability estimation %	100	96.83

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

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

In accordance with existing social legislation in Turkey, leaving due to retirement or resignation and the end of the job for reasons other than misconduct staff is obliged to pay a certain amount of severance pay. These compensations are calculated over the 30-day wage for each year (based on the wages at the date of termination or dismissal) (the maximum of the severance pay payments as of 31 December 2019 and 2018 is TRY 6,380 / year and TRY 5,434 / year respectively).

The basic assumption is that the ceiling for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRY 6,730 effective from January 1, 2020 has been taken into consideration in calculating the reserve for employment termination benefit of the Group. (As of December 31, 2018 the ceiling for employee termination benefits is TRY 6,017).

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Financing revenues and financing costs

The Group's financing income and financing costs include:

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

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

Subsequent events

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

Contingent assets and liabilities

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

Provisions

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

Cash flow statement

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

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

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

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Determination of fair values

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

Valuation methods according to levels are defined as follows:

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

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

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

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

Significant accounting evaluation, estimation and assumptions

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

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

Financial assets related to concession agreements and receivables from ongoing service contracts

Group's financial assets are recognized in the financial statements covered by the Republic of Turkey Health Ministry, signed City Hospital Agreement pursuant During the City Hospital are entitled to charge a fee on the use of compatible concession infrastructure with the construction of the model. In projects that are under construction, the Group includes financial assets from service concession agreements at reduced cost, as receivables from service concession agreements, as financial assets related to Concession agreements at fair value in completed and operational projects. The Company management makes important estimates and assumptions for inflation and exchange rates during the contract period in order to calculate receivables from concession contracts.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

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

Significant accounting evaluation, estimation and assumptions (cont'd)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 9). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Determining the fair value of equity instruments

The Group has classified and recorded the MIP, Travelex and TAR shares held in the accompanying consolidated financial statements as financial assets at fair value through other comprehensive income / expense. MIP, Travelex and TAR financial investments carried at fair value are important in terms of financial statements and valuation studies require expertise. Valuations are made in accordance with market conditions, taking into account similar company multipliers, discount rates, current market transactions returns and sales prices. In these estimates and assumptions, changes that may occur in the future may have a significant impact on the Group's consolidated financial statements.

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group has not recognized deferred tax assets because it is in the development stage and it is not apparent that taxable profit will be available sufficient to recognize deferred tax assets. If future results of operations exceed the Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

3. Business combinations and sale of equity shares

Sale of shares of subsidiaries

Akfen International

The transfer of all Akfen International shares owned by Akfen Holding to Hamdi Akın has been realized on February 7, 2019. The positive difference between the related sale price and the net asset derecognized is recognized as income from investment activities in the consolidated statement of profit or loss and other comprehensive income.

Sales amount	870,000
Net asset derecognized	(889,248)
Share reclassified from other comprehensive income to profit for the period	158,682
Gains from disposal of subsidiaries (Note 29)	139,434

Sale of joint venture's shareholdings

Akfen Renewable Energy

As of March 9, 2018, the share capital of Akfen Renewable has increased from TRY 793,000 to TRY 864,381, which has been transferred by EBRD and IFC to a total of USD 44,999,998 in Akfen Renewable. Thus, in Akfen Renewable, the shares of EBRD and IFC increased to 13.297% while Akfen Holding's share was 73.405%. In addition, on June 26, 2018, the capital of Akfen Renewables increased from TRY 864,381 to TRY 932,590, which was transferred by EBRD and IFC to a total of USD 42,999,975 in Akfen Renewable. Thus, in Akfen Renewable, the shares of EBRD and IFC increased to 15.982% while Akfen Holding's share was 68.036%. Due to these transactions, the effect of change in the net assets of Akfen Renewables amounting to TRY 111,361 has been accounted under income from investment activities in the Group's consolidated financial statements (Note 29).

On 5 December 2019, Akfen Renewable Energy's capital was raised to TRY 959,410 in premiums, in this context, the total amount of USD 12,078,804 was transferred to Akfen Renewable Energy by EBRD and IFC, thus the shares of EBRD and IFC increased to 16.993%, Akfen Holding's share was 66.134%. The effect of the change in the net assets of Akfen Renewable as a result of these transactions amounting to TRY 40,922 was recognized in the income from investment activities in the consolidated financial statements of the Group (Note 29).

Changes in the scope of consolidation

Akfen REIT

On August 6, 2018, Akfen REIT's 1000 Group A and 1000 Group D shares of Akfen Holding were transferred to Hamdi Akın, who is the indirect owner of the management control of these shares. In order for the investor to have a power over the business that invested in, the investor must have the rights that already provided with the opportunity to manage relevant activities. Following the transfer of the privileged shares of Akfen REIT to Hamdi Akın on April 16, 2019, at the 2018 Ordinary General Assembly meeting of Akfen REIT, the said situation caused a loss of control by Akfen Holding due to the change in the Board of Directors and the Company's shares in Akfen REIT are recognized at fair value. The fair value of Akfen REIT is calculated from the equity of Akfen REIT in the consolidated statement of financial position at the aforesaid date.

Akfen REIT has been accounted in the Group's consolidated financial statements as an investment accounted using equity method since it is considered as a joint venture after March 31, 2019, which is the reporting date closest to the date of the Ordinary General Meeting. Until March 31, 2019, Akfen REIT's profit or loss and other comprehensive income or expenses are accounted for in full consolidation in the Group's consolidated financial statements.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

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

Changes in the scope of consolidation (cont'd)

Akfen REIT (cont'd)

	Akfen REIT March 31, 2019
ASSETS	
Current Assets	
Cash and cash equivalents	93,970
Inventories	284,159
Other current assets	61,629
TOTAL CURRENT ASSETS	439,758
Non-current Assets	
Investment properties	2,172,510
Operating investment properties	2,122,004
Land leases	50,506
Tangible assets	60
Intangible assets	42
Deferred tax assets	4,893
Other non-current assets	167,873
TOTAL NON-CURRENT ASSETS	2,345,378
TOTAL ASSETS	2,785,136
TOTAL LIABILITIES AND EQUITY	
Current Liabilities	
Short term portion of long-term borrowings	141,109
Deferred revenue	381,488
Other current liabilities	37,129
TOTAL CURRENT LIABILITIES	559,726
Non-Current Liabilities	
Long term borrowings	1,292,608
Deferred tax liabilities	133,621
Other non-current liabilities	45,424
TOTAL NON-CURRENT LIABILITIES	1,471,653
TOTAL LIABILITIES	2,031,379
EQUITY	753,757
Equity attributable to equity holders of the parent	735,004
Non-controlling interests	18,753
TOTAL LIABILITIES AND EQUITY	2,785,136
Net assets	735,004
Shareholding ratio	56.88%
Joint venture accounted for at fair value	418,070
Adjustments for non-controlling interests	(5,556)
Non-controlling interests derecognized	322,490

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

4. Cash and cash equivalents

As of December 31, 2019 and 2018 cash and cash equivalents are as follows:

	December 31, 2019	December 31, 2018
Cash on hand	804	787
Banks	1,118,342	1,017,628
- Demand deposits	157,158	704,078
- Time deposits	961,184	313,550
Other cash and cash equivalents (*)	966,221	1,013,968
Impairment	(9)	(26)
Cash and cash equivalents	2,085,358	2,032,357
Restricted bank balance (-)	(82,884)	(129)
Impairment	9	26
Cash and cash equivalents in the cash flow statement	2,002,483	2,032,254

(*) As of December 31, 2019 and 2018 all of the other cash and cash equivalents consist of Akfen Holding's overnight repos and investment funds whose duration is less than 3 months.

As of 31 December 2019, TRY 82,191 of the bank's restricted bank balance has been blocked for loan payments, and the blockage disappears when credit payments are made (31 December 2018: None). As of December 31, 2019, the Group has restricted bank balances amounting to TRY 693 and the relevant balances for insurance payments are blocked and the blockage are cancelled during the insurance payments (December 31, 2018: TRY 129).

Demand deposits

As of December 31, 2019 and 2018, the TL equivalent of demand deposits in currency terms is as follows:

	December 31, 2019	December 31, 2018
EUR	143,136	3,115
TRY	9,047	697
US Dollar	4,967	700,235
Other	8	31
Total	157,158	704,078

Time deposits

As of December 31, 2019 and 2018, the TL equivalent of time deposits in currency terms is as follows:

	Maturity	Interest rate (%)	December 31, 2018	Maturity	Interest rate (%)	December 31, 2018
US Dollar	January 2020	0.17-1.95	587,541	January 2019	0.1-4.15	126,206
TRY	January 2020	3-12.05	197,401	January –February 2019	13.85-24.33	52,775
EUR	January 2020	0.01-1.00	176,242	January –February 2019	0.01-2.36	134,569
Total			961,184			313,550

Other cash and cash equivalents

As of December 31, 2019 and 2018, the distribution of cash and cash equivalents of the Group in foreign currency and Turkish lira is as follows:

	December 31, 2019	December 31, 2018
US Dollar	899,330	954,541
TRY	66,891	59,427
Total	966,221	1,013,968

The currency and interest rate risks and sensitivity analyses pertaining to the financial assets and liabilities of the Group are provided in Note 32 as of December 31, 2019 and 2018, the Group has no blocked cash within cash and cash equivalents.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

5. Financial borrowings

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

	December 31, 2019	December 31, 2018
Short-term financial borrowings	1,205,944	914,927
Short-term secured bank loans	113,722	75,795
Current portion of long-term secured bank loans	703,736	752,976
Current portion of long-term bonds	384,243	86,156
Current portion of long-term lease liabilities	4,243	-
Long-term financial liabilities	5,832,694	6,532,516
Secured bank loans	5,646,335	6,062,942
Bonds issued	174,108	296,574
Borrowing instruments issued based on share and other equity	-	173,000
Long-term lease liabilities	12,251	-
Total	7,038,638	7,447,443

The details for financial borrowings as of December 31, 2019 and 2018 are as follows:

December 31, 2019	Curren-cy	Nominal interest rate %	Maturity	Nominal value	Book value
Collateralized bank loan	TRY	10.69-18.50	2020-2021	317,595	318,622
Collateralized project bank loan	Euro	3M Euribor +4.75	2034	1,094,398	1,089,163
Collateralized project bank loan	Euro	3M Euribor+6.10	2034	1,094,398	1,090,420
Collateralized project bank loan	Euro	3M Euribor+5.75(*)	2035	909,470	911,511
Collateralized project bank loan	Euro	3M Euribor +5.05	2029	598,340	604,291
Collateralized project bank loan	Euro	3M Euribor +6.00	2029	82,326	83,298
Collateralized bank loan	Euro	Euribor+6.55	2022	96,101	96,302
Collateralized bank loan	Euro	0.07	2022	38,573	38,624
Collateralized bank loan	Euro	Euribor+0.60	2021	29,928	29,952
Collateralized project bank loan	US Dollar	3M Euribor+5.15	2029	593,106	602,130
Collateralized project bank loan	US Dollar	6M Libor+4.90	2027	119,204	119,316
Collateralized project bank loan	US Dollar	3M Euribor+6.20	2029	81,319	82,724
Collateralized bank loan	US Dollar	3.55	2021	415,814	416,671
Collateralized bank loan	US Dollar	3.47	2021	356,412	358,058
Collateralized bank loan	US Dollar	USD Libor + 0.6	2021	323,741	323,386
Collateralized bank loan	US Dollar	3.47	2021	297,010	299,325
Bond	TRY	GDDS(**) + 4.50	2020	252,570	262,881
Bond	TRY	GDDS(**) + 4.50	2020	92,013	91,919
Bond	TRY	3MTRYLIBOR+2.50	2021	200,000	203,551
				6,992,318	7,022,144

Notes to the consolidated financial statements as at and for the year ended December 31, 2019

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

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

5. Financial borrowings (cont'd)

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

(*) The interest rate will be 3MEuribor + 5.50 when the Tekirdağ City Hospital is in operation.

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

Secured project bank loans are secured by the following instruments:-Alacak devri,

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

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

As of December 31, 2019 and 2018 the breakdown of short- and long-term financial borrowings according to their maturities is as follows:

	December 31, 2019	December 31, 2018
Within 1 year	1,201,701	914,927
Between 1 – 2 year	2,034,041	866,355
Between 2 – 3 year	572,691	1,846,486
Between 3 – 4 year	435,207	555,877
Over 5 year	2,778,504	3,263,798
Total	7,022,144	7,447,443

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

5. Financial borrowings (cont'd)

The movements in financial borrowings for the periods ended December 31, 2019 and 2018 are as follows:

	2019	2018
Financial liabilities at the beginning of the year	7,447,443	4,432,699
Proceeds from borrowings	1,277,870	2,288,046
Cash inflows from issuing instruments based on shares and other equity	-	170,000
Repayments of borrowings	(922,826)	(792,779)
Amendments to shareholders' contributions to additional capital	-	(20,764)
Interest paid	(472,178)	(408,184)
Accrual	452,062	469,980
Foreign exchange difference	629,530	1,278,099
Currency translation differences	43,960	30,346
Change in consolidation (Note 3)	(1,433,717)	-
Financial liabilities at the end of the year	7,022,144	7,447,443

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, 2019
Less than 1 year	4,243
1 – 5 years	12,248
5 years and over	63,834
Less : Financial expense for future periods	(63,831)
Total operational lease liabilities	16,494

The movements of the lease liabilities in the period of 31 December 2019 are as follows:

	December 31, 2019
January 1 (Note 2)	14,700
Finance expense	2,758
Payments	(964)
December 31	16,494

6. Trade receivables and payables

The short-term trade receivables of the Group as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Trade receivables due from related parties (Note 31)	24,775	8,965
Trade receivables due from third parties	49,123	58,547
- Receivables from the Ministry of Health (*)	34,737	27,538
- Notes receivables (**)	9,233	10,358
- Other trade receivables (***)	5,153	20,651
Total	73,898	67,512

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

6. Trade receivables and payables (cont'd)

The long-term trade receivables of the Group as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Trade receivables from third parties	14,673	16,908
- Notes receivables (**)	14,673	16,908
Total	14,673	16,908

(*) As at December 31, 2019 and 2018, trade receivables from the Ministry of Health consist of the trade receivables from the agreements signed with the Ministry of Health (January 1, 2017: None).

(**) As of December 31, 2019 and 2018, notes receivable consists of notes receivable from Incek-Loft and Bulvar-Loft sales.

(***) As of December 31, 2018, amounting to TRY 17062 of the trade receivables from third parties is consisting Akfen REIT's rental income from hotels in Turkey and Russia. As of December 31, 2019, Akfen REIT has been consolidated by using equity method.

The short-term trade payables of the Group as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Trade payables due to related parties (Note 31)	1,132,906	1,584,051
Trade payables due to third parties	127,894	66,542
- Trade payables from construction contracts	106,632	55,906
- Other trade payables	9,369	10,481
- Other expense accruals	11,893	155
Total	1,260,800	1,650,593

The long-term trade payables of the Group as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Trade payables due to related parties (Note 31)	-	256,078
Total	-	256,078

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

7. Other receivables and payables

The short-term other receivable of the Group as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Other receivables due from related parties	105	160
Other receivables due from related parties	91,045	18,316
- Receivables from tax office	90,506	13,722
- Deposits and guarantees given	214	171
- Other receivables	325	4,423
Total	91,150	18,476

The long-term other receivables of the Group as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Other receivables due from related parties (Note 31)	525,869	457,519
Other receivables due from related parties	8,642	35,701
- Deposits and guarantees given	225	367
- Receivables from tax Office	21	77
- Other long-term receivables	8,396	35,257
Total	534,511	493,220

The short-term other payables of the Group as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Other payables to related parties (Note 31)	10,117	225
Other payables to third parties	47,148	83,097
- Deposit and guarantees received	34,781	43,222
- Taxes and funds payable (*)	5,919	32,642
- Land lease payables (Not 10)	6,009	6,620
- Other payables	439	613
Total	57,265	83,322

The long-term other payables of the Group as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Other payables to related parties (Note 31)	429,636	191,070
Other payables to third parties	9,372	62,920
- Deposit and guarantees received	11	11
- Land lease payables (Not 10)	-	44,220
- Taxes and funds payable (*)	-	5,606
- Other payables	9,361	13,083
Total	439,008	253,990

(*) As of December 31, 2018 TRY, 11,979 and TRY 5,606 of short-term and long-term taxes and funds payable, respectively, consist of the discount amount of Akfen REIT's final debt related to the tax case in Turkish Republic of Northern Cyprus (TRNC), calculated according to the maturity of payment. As of December 31, 2019, Akfen REIT has been consolidated by using equity method.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

8. Prepaid expenses

As of December 31, 2019 and 2018 short-term prepaid expenses are stated as follows:

	December 31, 2019	December 31, 2018
Advance given (*)	152,718	61,049
Prepaid expenses (**)	4,902	6,175
Other	549	610
Total	158,169	67,834

As of December 31, 2019 and 2018 long-term prepaid expenses are stated as follows:

	December 31, 2019	December 31, 2018
Prepaid expenses (**)	14,339	12,911
Total	14,339	12,911

(*) As of December 31, 2019, TRY 151,092 of the advances given (December 31, 2018: TRY 44,595) consists of advances given for the City hospital and Bulvar Loft projects, which are still under construction.

(**) The Group has evaluated the service contract submitted to the Ministry of Health within the scope of TFRS 15 and financial statements. As of 31 December 2019 and 2018, the expenses for the following years a significant portion of the amount is paid in advance for the extraordinary maintenance and repair service expenses to be provided to the Ministry of Health.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

9. Financial assets related to concession agreements / Receivables from ongoing service contracts

As of December 31, 2019 and 2018 financial assets related to short and long term concession agreements and receivables from ongoing service contracts are as follows:

	December 31, 2019	December 31, 2018
Isparta City Hospital		
Short-term financial assets related to concession agreements (*)	164,468	145,871
Long-term financial assets related to concession agreements (*)	1,612,850	1,257,922
	1,777,318	1,403,793
Eskişehir City Hospital		
Short-term financial assets related to concession agreements (*)	258,383	232,003
Long-term financial assets related to concession agreements (*)	2,748,276	2,555,947
	3,006,659	2,787,950
Tekirdağ City Hospital		
Short-term receivables from ongoing service contracts (*)	76,912	-
Long-term receivables from ongoing service contracts (*)	706,831	153,891
	783,743	153,891
Total City Hospital		
Short-term financial assets related to concession agreements (*)	422,851	377,874
Short-term receivables from ongoing service contracts (*)	76,912	-
Long-term financial assets related to concession agreements (*)	4,361,126	3,813,869
Long-term receivables from ongoing service contracts (*)	706,831	153,891
Total	5,567,720	4,345,634

() The purchase of service concession contracts includes the right to charge fees for the use of the concession infrastructure arising from the City Hospital contract for the construction of City Hospitals models signed with the Ministry of Health. The estimated amortization period of a financial asset in concession agreements is the period during which the Group can allocate to the public to use the infrastructure until the end of the concession period.*

As of March 31, 2017 and October 27, 2018, Isparta City Hospital and Eskişehir City Hospital started operations, respectively and collections related to the operation of hospitals, Construction of the Tekirdağ City Hospital project is ongoing as of December 31, 2019.

For the period ended December 31, 2019 and 2018, financial asset / receivables movements are as follows:

	2019	2018
Balance as of January 1, beginning of the period	4,345,634	2,465,873
Increase in value arising from the calculation of fair value of Service Concession Agreements (Note 27)	1,012,233	790,602
Reversal of impairment/(impairment) of receivables from ongoing service contracts (Note 27)	180,958	(180,958)
IFRIC 12 interest income (Note 28)	71,925	-
Additions to financial assets / receivables from ongoing service contracts (Note 24)	388,295	948,694
Collections	(431,325)	(170,813)
Foreign currency translation difference	-	492,236
December 31	5,567,720	4,345,634

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

10. Investment properties

As of December 31, 2019, and 2018 the movement of investment property is as follows:

	December 31, 2019	December 31, 2018
Investment properties	869,187	2,763,676
Land leases	6,009	50,840
	875,196	2,814,516

As of December 31, 2019 pledge on property, plant and equipment and investment property is TRY 465,000 (December 31, 2018: TRY 2,375,776).

As of December 31, 2019 and 2018, the types of investment properties are as follows:

	December 31, 2019	December 31, 2018
Building	520,128	407,084
Land	344,865	307,754
Hotel	4,194	2,048,838
Land leases	6,009	50,840
	875,196	2,814,516

For the periods ended at December 31, 2019 and 2018, the movement table of the operating and ongoing investment properties is as follows:

	2019	2019
January 1	2,763,676	2,037,415
Additions	84,914	35,480
Disposals	-	(1,621)
Transfer from inventories (Note 15)	9,458	29,883
Foreign currency translation difference	75,628	59,483
Fair value increase (Note 27)	57,515	603,036
Changes in the scope of consolidation (Note 3)	(2,122,004)	-
December 31	869,187	2,763,676

Land leases

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 other liabilities accounts. As stated in detail in Note 2, the Group has started to apply IFRS 16 standard as of January 1, 2019 and as of December 31, 2018, the amount under investment properties as land rents is the rights of Akfen REIT regarding the lands leased to develop investment property, it is formed. As of December 31, 2019, Akfen REIT does not include these land rents in the consolidated financial statements as it is accounted for in the consolidated financial statements as an investment valued by the equity method. In 2019, TRY 3,501 of the relevant figure comes from Akfen İnşaat and the remaining TRY 2,418 from Masanda company.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019

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

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

10. Investment properties (cont'd)

As of December 31, 2019 and 2018 the fair value classifications of investment properties are as follows:

December 31, 2019	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Hotel	-	-	4,194
Investment properties – Building	-	-	520,128
Investment properties – Land	-	344,865	-
Investment properties – Land leases	-	-	6,009

December 31, 2018	Fair value level		
	1, Level TRY	1, Level TRY	1, Level TRY
Investment properties – Hotel	-	-	2,048,838
Investment properties – Building	-	-	407,084
Investment properties – Land	-	307,754	-
Investment properties – Land leases	-	-	50,840

11. Derivative instruments

As of December 31, 2019 and 2018, assets and liabilities from derivative instruments are as follows:

	December 31, 2019	December 31, 2018
Assets from derivative instruments	-	3,463
Liabilities from derivative instruments	(141,290)	(30,794)
Total	(141,290)	(27,331)

December 31, 2019				
	Currency	Original contract Value	Asset	Liability
Derivative liabilities	US Dollar	120,460,647	-	(11,872)
Derivative liabilities	Euro	272,502,883	-	(129,418)
Total			-	(141,290)

December 31, 2018				
	Currency	Original contract Value	Asset	Liability
Derivative assets	US Dollar	40,300	3,463	-
Derivative liabilities	Euro	187,549	-	(30,794)
Total			3,463	(30,794)

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

12. 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, 2019 and 2018, right of use assets are as follows:

	December 31, 2019	December 31, 2018
Right of use assets (*)	8,391	-
Total	8,391	-

(*) Includes right of use assets which Akfen Merter rented for 30 years land in İstanbul Zeytinburnu Merkez Efendi Mah, which is under development.

For the period ended at December 31, 2019, the movement table of right of use assets is as follows:

	2019
January 1 (Note 2)	8,691
Amortization expense (Note 2)	(300)
December 31	8,391

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

13. Tangible assets

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

Cost	Land and Buildings	Machinery and Equipment	Vehicles
Balance as of January 1, 2018	39,111	9,728	2,761
Additions	13	844	376
Disposals	(8,737)	-	(157)
Impairment (Note 23)	(4,063)	-	-
Balance as of December 31, 2018	26,324	10,572	2,980
Balance as of January 1, 2019	26,324	10,572	2,980
Additions	695	4	4,034
Changes in the scope of consolidation (Note 3)(*)	-	(5)	(68)
Disposals	(77)	(427)	(51)
Impairment (Note 23)	(9,241)	-	-
Balance as of December 31, 2019	17,701	10,144	6,895
Accumulated depreciation			
Balance as of January 1, 2018	1,156	8,015	1,630
Current period depreciation	1,637	309	824
Disposals	(109)	-	(117)
Balance as of December 31, 2018	2,684	8,324	2,337
Balance as of January 1, 2019	2,684	8,324	2,337
Current period depreciation	566	255	338
Changes in the scope of consolidation (Note 3) (*)	-	(4)	(69)
Disposals	(8)	(46)	(51)
Balance as of December 31, 2019	3,242	8,529	2,555
Net book value as of December 31, 2018	23,640	2,248	643
Net book value as of December 31, 2019	14,459	1,615	4,340

(*) As at December 31, 2019, Akfen REIT is accounted for using the equity method in the consolidated financial statements and the movements in Akfen REIT are included in the movement table until March 31, 2019, the date when the scope of consolidation changes.

As of December 31, 2019, mortgages and pledges on property, plant and equipment and investment properties amount to TRY 465,000 (December 31, 2018: TRY 2,375,776).

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Furnitures and fixtures	Ongoing investments	Special costs	Other	Total
14,047	78,868	2,683	62	147,260
1,380	1,391	83	-	4,087
(57)	-	-	-	(8,951)
-	-	-	-	(4,063)
15,370	80,259	2,766	62	138,333
15,370	80,259	2,766	62	138,333
476	1,304	5,424	-	11,937
(402)	-	-	-	(475)
(180)	-	-	-	(735)
-	-	-	-	(9,241)
15,264	81,563	8,190	62	139,819
11,525	-	850	62	23,238
1,037	-	198	-	4,005
(33)	-	-	-	(259)
12,529	-	1,048	62	26,984
12,529	-	1,048	62	26,984
923	-	1,095	-	3,177
(342)	-	-	-	(415)
(179)	-	-	-	(284)
12,931	-	2,143	62	29,462
2,841	80,259	1,718	-	111,349
2,333	81,563	6,047	-	110,357

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

14. Intangible assets

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

Cost	Rights	Other	Total
Balance as of January 1, 2018	131,851	2,233	134,084
Additions	182	779	961
Balance as of December 31, 2018	132,033	3,012	135,045
Balance as of January 1, 2019	132,033	3,012	135,045
Additions	717	253	970
Changes in the scope of consolidation (Note 3) (*)	-	(107)	(107)
Balance as of December 31, 2019	132,750	3,158	135,908
Accumulated amortization	Rights	Other	Total
Balance as of January 1, 2018	26,099	1,970	28,069
Current period amortization	4,595	425	5,020
Balance as of December 31, 2018	30,694	2,395	33,089
Balance as of January 1, 2019	30,694	2,395	33,089
Additions	4,725	225	4,950
Changes in the scope of consolidation (Note 3) (*)	(65)	-	(65)
Balance as of December 31, 2019	35,354	2,620	37,974
Net book value			
Balance as of December 31, 2019	97,396	538	97,934
Balance as of December 31, 2018	101,339	617	101,956

(*) As at December 31, 2019, Akfen REIT is accounted for using the equity method in the consolidated financial statements and the movements in Akfen REIT are included in the movement table until March 31, 2019, the date when the scope of consolidation changes.

As of December 31, 2019, TRY 53,593 (December 31, 2018: TRY 55,507) of the Rights amounting to TRY 97,934 (December 31, 2018: TRY 101,339) from the license value recognized for the project developed by Akfen Merter in İstanbul Zeytinburnu Merkez Efendi Mah. , TRY 39,868 (December 31, 2018: TRY 40,795) consists of the rights of additional projects in addition to the 2 dormitory buildings in Hacettepe Teknokent's Ankara Çankaya district.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

15. Inventories

As of December 31, 2019, and December 31,2018, inventories are as follows:

	December 31, 2019	December 31, 2018
Finished goods	70,537	83,712
Food and beverage stocks	491	589
Semi-finished goods	-	247,102
Total	71,028	331,403

As of December 31, 2019 and December 31,2018, the products consist of the existing apartments for sale in Incek and Gölbaşı related to the social housing project and the semi-finished products consist of the apartments constructed in Ankara Bulvar Loft social housing project.

As of December 31, 2019 and December 31,2018, the movement of inventories is as follows:

	2019	2018
January 1	331,403	288,670
Additions	142,722	155,313
Disposals	(109,480)	(82,697)
Transfers to investment properties (Note 10)	(9,458)	(29,883)
Changes in the scope of consolidation (Note 3)	(284,159)	-
December 31	71,028	331,403

^(*) As at December 31, 2019, Akfen REIT is accounted for using the equity method in the consolidated financial statements and the movements in Akfen REIT are included in the movement table until March 31, 2019, the date when the method of consolidation changes.

16. Deferred revenues

As of December 31, 2019, and December 31,2018, short-term deferred revenue is as follows:

	December 31, 2019	December 31, 2018
Advances received (*)	5,869	165,786
Lease revenues	873	508
Other	202	165
Total	6,944	166,459

As of December 31, 2019 and 2018, long-term deferred revenue is as follows:

	December 31, 2019	December 31, 2018
Deferred hospital service revenue (**)	41,327	18,618
Other	-	1,276
Total	41,327	19,894

^(*) As of December 31, 2019, and 2018, the majority of the advances received consisted of advances received for Incek Loft, Bulvar Loft and Bodrum Loft projects.

^(**) The Group has evaluated the service contract presented to the Ministry of Health within the scope of TFRS 15 and reflected its effect to the consolidated financial statements as of December 31, 2019 and 2018. As of December 31, 2019 and 2018, deferred revenue consists of income received in advance for extraordinary maintenance and repair services provided to the Ministry of Health.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

17. Provisions

As of December 31, 2019 and 2018, short term provisions are as follows:

	December 31, 2019	December 31, 2018
Unused vacation provision	8,356	7,877
Other provisions (*)	8,316	-
Total	16,672	7,877

As of December 31, 2019 and 2018, long term provisions are as follows:

	December 31, 2019	December 31, 2018
Retirement pay provision	6,417	5,476
Other provisions (*)	20,144	-
Total	26,561	5,476

(*) It refers to the expected amount to be paid by Akfen Holding in accordance with the share transfer agreement of previous shareholders of Akfen REIT' s HEPP project companies.

18. 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.

For HEPP investments, the Group has investment incentives in the form of VAT exemption and customs duty exemption that it has obtained by submitting various documents.

Moreover, solar panels to be imported are removed from the scope of incentives and VAT exemption through the "Communique (Communique No: 2016/2) on Amending the Communique (Communique No: 2012/1) on the Implementation of the Decision on State Aid for Investments", which was published in the Official Gazette No. 28329 of June 25, 2016. Out of our SPP projects, those that have not applied for or received VAT exemption and investment incentive before the date of publication of the Communique cannot benefit the VAT exemption and customs duty exemption for the solar panels they will import.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

18. Government incentives and grants (Cont'd)

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.

19. Investments accounted using the equity method

The carrying amounts of investments accounted using the equity method of the Group as of December 31, 2019 and 2018 are as follows:

	Shareholding Rates (%)	December 31, 2019	Shareholding Rates (%)	December 31, 2018
Akfen Renewable (*)	66.13	694,323	68.04	847,134
Acacia Mine	30	222,197	30	253,700
Akfen REIT (**)	56.88	534,087	-	-
TAV İnvestment (***)	21.68	-	21.68	10,496
Akfen Water	50	21,037	50	21,492
İBS Insurance	37	12,361	37	14,200
İDO	30	(115,807)	30	(78,912)
		1,368,198		1,068,110

(*) Ownership ratio of Akfen Renewable decreased from 68.04% to 66.13% due to the capital increase on December 5, 2019 and the details given in Note 2. Profit or loss items of Akfen Renewable are accounted for with a 68.04% ownership rate before capital increase until 31 December 2019, which is the reporting period closest to the date of capital increase.

(**) Akfen REIT is the closest reporting date to the date of the general meeting due to the change in Akfen REIT's Board of Directors at the 2018 Ordinary General Meeting of Akfen REIT, which took place on April 16, 2019, after the transfer of the privileged shares of Akfen REIT to Hamdi Akın. As of 31 March 2019, it has been accounted in the consolidated financial statements of the Group within the scope of the investment, which is valued by the equity method, as it is considered as an affiliate of Akfen Holding. Until March 31, 2019, Akfen REIT's profit or loss and other comprehensive income or expenses have been accounted for in the consolidated financial statements of the Group within the scope of full consolidation.

(***) Akfen Holding has transferred and delivered its 21.68% share in TAV Investment Holding to Gazelle Yachting on May 29, 2019, with a price of USD 500,000, on May 29, 2019, and the transfer of shares has been transferred to the share book. It was reported to TAV Investment Holding on. As of 31 December 2019, TAV Investment Holding is among the assets of the Group, since TAV Investment Holding has not been entered in the share book of TAV Investment Holding yet, it has been accounted in the "Assets classified for sale" account in the consolidated financial statements.

The Group's shares in the profits of its investments accounted using the equity method in the profit or loss statement for years ended on December 31 are as follows:

	2019	2018
Acacia Mine	(124,297)	151,829
Akfen REIT (*)	107,965	-
İBS Insurance	7,551	10,380
Akfen Water	19,463	(8,552)
TAV İnvestment	-	(31,400)
İDO	(36,895)	(50,623)
Akfen Renewable	(193,558)	(245,876)
	(219,771)	(174,242)

(*) Until 31 March 2019, Akfen REIT's profit or loss and other comprehensive income or expenses are accounted in the consolidated financial statements of the Group within the scope of full consolidation and after that date, in the shares in the profits of its investments accounted using the equity method.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

19. Investments accounted using the equity method (cont'd)

As of December 31, 2019, and 2018, the movements in investments accounted using the equity method are as follows:

	January 1, 2019	Earnings due to change in partnership shares(*)	Joint venture accounted for at fair value (*)	Period profit/(loss)
Akfen Renewable	847,134	40,922	-	(169,771)
Akfen REIT	-	-	418,070	107,965
Acacia Mine	253,700	-	-	(120,606)
Akfen Water	21,492	-	-	19,463
İBS Insurance	14,200	-	-	7,551
TAV Investment	10,496	-	-	-
İDO	(78,912)	-	-	(178,666)
	1,068,110	40,922	418,070	(334,064)

	January 1, 2018	Period (loss)/ Profit	Other equity movements
Akfen Renewable	981,649	(222,089)	-
Acacia Mine	47,947	155,520	53,924
TAV Investment	35,249	(31,400)	6,647
Akfen Water	21,101	(8,552)	8,943
İBS Insurance	12,347	10,380	(8,527)
İDO	(28,289)	(304,717)	-
	1,070,004	(400,858)	60,987

(*) Note 3.

(**) According to guarantee and equity contribution agreement between İDO and Company, sponsor contributions and guarantee payments would not exceed USD 7,500,000 annually.

(***) Net assets of Acacia Mine include mining property reserves and goodwill. Regarding the recognized the mining property reserves, amortization expense amounted to TRY 4,612 (December 31, 2018: TRY 4,614) and deferred tax assets amounted to TRY 923 (December 31, 2018: TRY 923) have been recognized under "Share in profits / (losses) on investments accounted for using the equity method" in the consolidated financial statements.

(****) As of January 1, 2017, Goodwill is belonging to Akfen Renewable was accounted provisionally in the consolidated financial statements has been distributed to related financial statements as of December 31, 2019 and December 31, 2018, as a result of the valuation report made in accordance with the sale date in 2017, as of December 31, 2019, regarding TRY 29,734 depreciation expense based on property, plant and equipment and intangible assets (December 31, 2018: TRY 29,734) has been accounted, and deferred tax income amounting to TRY 5,947 (December 31, 2018: TRY 5,947) under "Share in profits/(losses) on investments accounted for using the equity method".

(*****) In accordance with the agreement dated May 10, 2019, Akfen Holding has transferred its 21.68% stake in TAV Investment to Gazelle Yachting and the share transfer was notified to the company on June 12, 2019 for recording the transfer to the share book. As of December 31, 2019, since such transfer has not yet been recorded in TAV Investments share book, TAV Investment is included in the Group's assets and accounted for under "Non-current assets classified as held for sale" in the consolidated financial statements. The difference in amount of TRY 7,606 between the Group's net asset value of TAV Investment at the date of sale in amount of TRY 10,492 and the sale amount of which TRY equivalent is TRY 2,890 at the relevant date, is recognized in the statement of profit or loss under the expense from investing activities as an impairment loss. The sale price amounting to TRY 2,890 has been accounted for as non-current assets classified as held for sale in the consolidated financial statements.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019

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

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

Other equity movements	Liability cap adjustment (**)	Other adjustments related to profit or loss in consolidation	Transfer to non-current asset held for sale(****)	December 31, 2019
(175)	-	(23,787)	-	694,323
8,052	-	-	-	534,087
92,794	-	(3,691)	-	222,197
(19,918)	-	-	-	21,037
(9,390)	-	-	-	12,361
-	-	(7,606)	(2,890)	-
-	141,771	-	-	(115,807)
71,363	141,771	(35,084)	(2,890)	1,368,198

Liability cap adjustment (**)	Gains arising from changes in joint venture shares (*)	Other adjustments related to profit or loss in consolidation (***)	December 31, 2018
-	111,361	(23,787)	847,134
-	-	(3,691)	253,700
-	-	-	10,496
-	-	-	21,492
-	-	-	14,200
254,094	-	-	(78,912)
254,094	111,361	(27,478)	1,068,110

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

19. Investments accounted using the equity method (cont'd)

Akfen Renewable Energy:

Summary financial information on Akfen Renewable Energy is provided below:

	December 31, 2019	December 31, 2018
Assets Total	3,963,643	2,955,355
Liabilities Total	3,649,836	2,484,761
Net Assets	313,807	470,594
Group's share in Akfen Renewable Energy's net Assets	207,533	320,173
Fair value increase of tangible assets (*)	398,267	412,102
Fair value increase of intangible assets (*)	572,224	588,124
Deferred tax liabilities (*)	(194,098)	(200,045)
Change in the share of partnership (**)	(289,603)	(273,220)
Carrying value	694,323	847,134
	January 1, - December 31, 2019	January 1, -December 31, 2018
Revenue	502,228	244,798
Gross profit/	270,113	117,286
General administrative expenses	(31,941)	(21,650)
Other operating expense, (net)	(8,615)	4,847
Operating profit	229,557	100,483
Loss before tax	(299,265)	(337,701)
Loss after tax	(251,690)	(315,163)
Loss for the year from parent company shares	(249,531)	(314,329)
Group's share in Akfen Renewable's loss for the year before purchase price allocation	(169,771)	(222,087)
Group's share in Akfen Renewable's loss for the year after purchase price allocation (*)	(193,558)	(245,876)
Depreciation and amortization expenses	125,488	63,298

(*) As of January 1, 2017, Goodwill is belonging to Akfen Renewable was accounted provisionally in the consolidated financial statements has been distributed to related financial statements as of December 31, 2019, and December 31, 2018 as a result of the valuation report made in accordance with the sale date in 2017, regarding TRY 29,734 depreciation expense based on property, plant and equipment and intangible assets has been accounted, and deferred tax income amounting to TRY 5,947 under "Share in profits/(losses) on investments accounted for using the equity method". (December 31, 2018: TRY 29,734 and TRY 5,947).

(**) The ownership ratio of Akfen Holding in Akfen Renewable is from 80.01% to 73.41% as of 31 March 2018.

As of 31 December 2018, it decreased from 73.41% to 68.04% and as of 31 December 2019, from 68.04% to 66.13% and the adjustments regarding this change are reflected in the consolidated financial statements.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

19. Investments accounted using the equity method (cont'd)

Akfen REIT:

The summary financial information of Akfen REIT as of December 31 2019 is as follows:

	December 31, 2019	December 31, 2018
Total Assets	2,662,936	-
Total Liabilities	1,723,965	-
Net Assets	938,971	-
Group's share in Akfen REIT's net asset	534,087	-

	Total Profit / Loss Items ^(*)	Profit / Loss Items Subject to Full Consolidation ^(**)	Shares in the Profits of Investments Accounted Using the Equity Method ^(***)
	January 1 – December 31, 2019	January 1 – March 31, 2019	April 1 – December 31, 2019
Revenue	481,931	22,752	459,179
Gross profit	160,915	16,915	144,000
General administrative expenses	(12,401)	(2,210)	(10,191)
Other operating income, (net)	193,901	379	193,522
Operating profit	342,415	15,084	327,331
Profit/(loss) before tax	203,295	(18,578)	221,873
Profit/(loss) after tax	171,314	(24,542)	195,856
Profit/(loss) for the period from par-ent company shares	165,355	(24,457)	189,812
Group's share in Akfen REIT's (loss)/profit for the period	83,508	(24,457)	107,965
Depreciation and amortization ex-penses	18	12	6

^(*) Akfen REIT's income and expense figures for the interim period ended December 31, 2019.

^(**) The amount of income and expense until March 31, 2019, which is the date of Akfen REIT's loss of control.

^(***) It is the income and expense amounts that occur after Akfen REIT's loss of control, which is the basis of the shares in the profits of investments accounted using the equity method belonging to Akfen REIT.

On August 6, 2018, Akfen REIT's 1000 Group A and 1000 Group D shares of Akfen Holding were transferred to Hamdi Akin, who is the indirect owner of the management control of these shares. In order for the investor to have a power over the business that invested in, the investor must have the rights that already provided with the opportunity to manage relevant activities. As a result of Akfen REIT's being considered as a joint venture due to the change in the Board of Directors after March 31, 2019 when is the closest reporting date to the Ordinary General Assembly Meeting of Akfen REIT on April 16, 2019 following the transfer of the privileged shares of Akfen REIT to Hamdi Akin, Akfen REIT has been accounted in the consolidated financial statements of the Group using the equity method. Until March 31, 2019, Akfen REIT's profit or loss and other comprehensive income or expenses are accounted for in full consolidation in the Group's consolidated financial statements.

Akfen REIT has been accounted in the Group's consolidated financial statements as an investment accounted using equity method since it is considered as a joint venture after March 31, 2019, which is the reporting date closest to the date of the Ordinary General Meeting. Until March 31, 2019, Akfen REIT's profit or loss and other comprehensive income or expenses are accounted for in full consolidation in the Group's consolidated financial statements.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

19. Investments accounted using the equity method (cont'd)

TAV Investment:

The summary financial information of TAV Investment as of December 31, 2019 and December 31, 2018 is as follows:

	December 31, 2019	December 31, 2018
Assets Total	5,060,209	5,060,209
Liabilities Total	5,011,784	5,011,784
Net Assets	48,425	48,425
Group's share in TAV Investment's net asset	10,496	10,496
Impairment effect	(7,606)	--
Transfer to non-current assets classified as held for sale	(2,890)	--
Group's share in TAV Investment's net asset	--	10,496
	January 1-December 31, 2019	January 1-December 31, 2018
Revenue	--	3,156,600
Gross profit	--	118,953
General administrative expenses	--	(102,270)
Other operating expense, (net)	--	(71,249)
Operating loss	--	(54,566)
Loss before tax	--	(149,868)
Loss after tax	--	(144,869)
Loss for the period from parent company shares	--	(144,869)
Group's share in TAV Investment's loss for the period	--	(31,400)
Depreciation and amortization expenses	--	19,321
Letter of guarantee commission expenses within the cost of sales	--	22,089

In accordance with the agreement dated May 10, 2019, Akfen Holding has transferred its 21.68% stake in TAV Investment to Gazelle Yachting and the share transfer was notified to the company on June 12, 2019 for recording the transfer to the share book. As of December 31, 2019, since such transfer has not yet been recorded in TAV Investments share book, TAV Investment is included in the Group's assets and accounted for under "Non-current assets classified as held for sale" in the consolidated financial statements. The difference in amount of TRY 7,606 between the Group's net asset value of TAV Investment at the date of sale in amount of TRY 10,496 and the sale amount of which TRY equivalent is TRY 2,890 at the relevant date, is recognized in the statement of profit or loss under the expense from investing activities as an impairment loss. The sale price amounting to TRY 2,890 has been accounted for as non-current assets classified as held for sale in the consolidated financial statements.

As it is expected that the financial statements of TAV Investment as of December 31, 2019 will not change significantly according to the financials as of December 31, 2018, based on the consolidated financial statements of the Group, the Group has consolidated financial statements of TAV Investment as of 31 December 2018 for the Group's consolidated financial statements as of December 31, 2019.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

19. Investments accounted using the equity method (cont'd)

İDO:

The summary financial information of İDO as of December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Assets Total	1,876,285	2,049,725
Liabilities Total	3,687,436	3,095,666
Net Assets	(1,811,151)	(1,045,941)
Group's share in İDO's net asset	(543,345)	(313,782)
Accounted of Group's share in the net assets of İDO (*)	(115,807)	(78,912)
	January 1-December 31, 2019	January 1-December 31, 2018
Revenue	714,319	540,787
Gross profit	166,578	5,698
General administrative expenses	(62,789)	(51,611)
Other operating income, (net)	(91,799)	(55,783)
Share of (loss)/profit from investments accounted using the equity method	(530)	(615)
Operating loss	11,460	(102,311)
Loss before tax	(595,554)	(1,015,724)
Loss after tax	(595,554)	(1,015,724)
Loss for the period from parent company shares	(595,554)	(1,015,724)
Group's share in İDO's loss for the period	(178,666)	(304,717)
Accounted of Group's share in the net assets of İDO (*)	(36,895)	(50,623)
Depreciation and amortization expenses	114,481	91,538

() According to guarantee and equity contribution agreement between İDO and Company, sponsor contributions and guarantee payments would not exceed annual liabilities cap amounted to USD 7,500,000. Therefore, not all of the Group's share in the net loss for the period and other comprehensive income or expenses is included in the table of profit or loss in the consolidated financial statements, which will not exceed the related obligation.*

Akfen Water:

The summary financial information of Akfen Water as of December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Assets Total	66,166	182,477
Liabilities Total	24,092	139,493
Net Assets	42,074	42,984
Group's share in the net assets of Akfen Water	21,037	21,492
	January 1-December 31, 2019	January 1-December 31, 2018
Revenue	34,223	37,369
Gross profit	742	18,847
General administrative expenses	(9,314)	(4,455)
Other operating income/(expense), (net)	48,809	(23,522)
Operating (loss)/profit	40,237	(9,130)
(Loss)/profit before tax	40,381	(15,234)
(Loss)/profit after tax	39,141	(18,472)
(Loss)/profit for the period from parent company shares	38,926	(17,104)
Group's share in Akfen Water's profit for the period	19,463	(8,552)
Depreciation and amortization expenses	640	614

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

19. Investments accounted using the equity method (cont'd)

Acacia Mine:

The summary financial information of Acacia Mine as of December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Assets Total	2,269,193	2,223,240
Liabilities Total	1,682,244	1,543,583
Net Assets	586,949	679,657
Group's share in the net assets of Acacia Mine	176,085	203,897
Mining property reserves (*)	42,442	46,133
Goodwill carried at Group level (*)	3,670	3,670
Carrying value	222,197	253,700
	January 1-December 31, 2019	January 1-December 31, 2018
Revenue	278,983	-
Gross profit/	56,198	-
General administrative expenses	(46,789)	(3,682)
Other operating income/(expense), (net)	24,913	(1,294)
Operating profit/(loss)	34,322	(4,976)
(Loss)/profit before tax	(56,656)	37,189
(Loss)/profit after tax	(402,021)	518,398
(Loss)/profit for the period from parent company shares	(402,021)	518,398
Group's share in Acacia Mine's (loss)/profit for the period before purchase price allocation	(120,606)	155,519
Group's share in Acacia Mine's (loss)/profit for the period after purchase price allocation (*)	(124,297)	151,829
Depreciation and amortization expenses	113,532	--

(*) Net assets of Acacia Mine include mining property reserves and goodwill. Regarding the recognized the mining property reserves, amortization expense amounted to TRY 4,612 (December 31, 2018: TRY 4,614) and deferred tax assets amounted to TRY 923 (December 31, 2018: TRY 923) have been recognized under "Share in profits/ (losses) on investments accounted for using the equity method" in the consolidated financial statements.

On April 27, 2014, Acacia Mine received investment incentive certificate for the mining facility in Kastamonu in the "Large Scale Investment" plan from Ministry of Economy. Within the scope of this incentive, 40% of total investment amount constitutes the basis for tax exemption and 80% of the future tax amount of the company will not be paid under the incentive until it reaches the base of tax exemption.

IBS Insurance:

The summary financial information of IBS Insurance as of December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Assets Total	329,206	229,492
Liabilities Total	295,797	191,113
Net Assets	33,409	38,379
Group's share in the net assets of IBS Insurance	12,361	14,200
	January 1-December 31, 2019	January 1-December 31, 2018
Revenue	53,021	57,849
Gross profit	31,983	38,507
General administrative expenses	(10,080)	(9,508)
Other operating income, (net)	5,218	6,985
Operating profit	27,121	35,984
Profit before tax	26,238	35,984
Profit after tax	20,407	28,053
Profit for the period from parent company shares	20,407	28,053
Group's share in IBS Insurance's profit for the period	7,551	10,380
Depreciation and amortization expenses	1,983	878

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

20. Commitments

Letters of guarantee, pledges and mortgages given

As of December 31, 2019 and 2018, the Group's statements on its position related to letters of guarantee/pledges/mortgages are as follows:

GPM given by the Group	December 31, 2019	December 31, 2018
A.Total Amount of GPM Given on Behalf of Own Legal Entity	11,346,744	12,456,878
B.Total Amount of GPM Given in Favor of Partnerships which are Fully Consolidated	385,497	1,008,396
C.Total Amount of GPM Given for Assurance of Third Parties Debts in Order to Conduct Usual Business Activities	-	-
D.Total Amount of Other GPM Given	3,147,913	2,282,269
i. Total Amount of GPM Given in Favor of the Parent Company	-	-
ii. Total Amount of GPM Given in Favor of Other Group Companies which B and C do not comprise	2,761,501	1,936,615
iii. Total Amount of GPM Given in Favor of Third Parties which C does not comprise	386,412	345,654
Total	14,880,154	15,747,543

As of December 31,2019, the ratio of other GPM given by the Company to equity is 63% (December 31, 2018: 53%).

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

	December 31, 2019 ^(*)			December 31, 2018 ^(*)		
	TRY	Euro	US Dollar	TRY	Euro	US Dollar
GPM given on behalf of the Group's own legal entity	387,905	6,835,138	4,123,701	748,543	7,992,166	3,716,169
GPM given in favor of companies under full consolidation	289,396	96,101	-	258,211	750,185	-
Total of other GPMs given	59,043	99,183	2,989,687	78,892	118,372	2,085,005
	736,344	7,030,422	7,113,388	1,085,646	8,860,723	5,801,174

^(*) All amounts are expressed in TRY equivalent.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

21. Financial investments

Short-term financial investments

The details for short-term financial investments as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Financial assets at fair value through profit or loss	19,638	26,270
Time deposits	-	213,612
Total short-term financial investments	19,638	239,882

Long-term financial investments

The details for long-term financial investments as of December 31, 2019, and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Financial assets at fair value through profit or loss	519,893	568,089
Financial assets at amortized cost	226,533	197,633
Time deposits	-	80,788
Other financial assets	1,668,211	1,093,443
Total long-term financial investments	2,414,637	1,939,953

Financial assets at fair value through profit or loss

As of 31 December 2019 and 2018, all of the financial assets whose short and long term fair value differences are reflected to profit / loss consist of the Group's bonds and investment funds with a maturity of more than 3 months, and all of these assets are in US currency.

As of 31 December 2019, fair value gain amount of TRY 218,646 related to the mentioned assets is accounted in consolidated income or expense table (Note 26) (31 December 2018: Fair value loss amount is TRY 54,879).

Financial assets at amortized cost

Time deposits

As of 31 December 2019, the Group has no deposits with a maturity of more than 3 months as short-term and long-term investment. As of December 31, 2018, the details of the maturity dates and interest rates of the 3 month long term deposits of the Group as short and long term deposits are as follows:

Short-term deposits

Currency	Maturity(*)	Interest rate%	December 31, 2018
Euro (**)	February 2019	2.50 – 4.75	207,362
Euro (***)	January 2019	6.80 – 7.20	6,250
			213,612

(*)Restricted time deposit.

Currency	Maturity(*)	Interest rate%	December 31, 2018
Euro (**)	July 2025	6.80 – 7.20	80,788
			80,788

(***) As of December 31, 2018, time deposits with short and long term financial investments are used by Akfen Trade from Credit Europe Bank, described in Note 8 Financial Borrowings. The portion of the loan amounting to Euro 30,000,000 and is held in term blocked account as collateral for the credit used by HDI and RPI companies from the same bank. This amount is kept in the term account with the same interest rate as the loan and as the principal payments are made by HDI and RPI companies, the amount of collateral and credit balance kept in the block will be decreased at the same rate. The interest income earned is deducted from interest expense. The amount remaining in the short term portion shows the amounts to be paid within one year and the amount of deposits to be released. As of December 31, 2018, the remaining amount in the mentioned blocked account is Euro 14,439,045.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

21. Financial investments (cont'd)

Financial assets at amortized cost (cont'd)

As of December 31, 2019, the Group's financial assets to be held until maturity in the form of long-term financial investments amounting to TRY 226,533 consists of Akfen Holding's nominal amount of TRY 170,000 issued by Akfen REIT on 17 January 2018 and detailed in "Note 5 Financial Liabilities" the amortised cost of the convertible bond at fair value using the interest rate of 17% determined as the current market interest rate (December 31, 2018: TRY 197,633). The increase in the value of the mentioned bond from December 31, 2018 to December 31, 2019 amounting to TRY 28,900 is recognized in the Group's profit or loss and other comprehensive income and expense under "Income from investment activities" (December 31, 2018: TRY 27,719) (Note 29).

Financial assets at fair value through other comprehensive income

Other financial assets

Long-term other financial investments

	2019	2018
January 1	1,093,443	820,725
Revaluation increases accounted for as other comprehensive in-come	574,768	272,718
December 31	1,668,211	1,093,443

As of December 31, 2019, the Group's other financial assets consists of MIP amounting to TRY 1,619,334, Travelex amounting to TRY 10,530 and Tepe Reformer TAR amounting to TRY 37,953 (December 31, 2019 : MIP; TRY 1,016,551 TL, Travelex ; TRY 42,669, Tepe Akfen Reformer TAR ; TRY 34,117).

22. Other current assets/non-current assets and current/non-current liabilities

As of December 31, 2019 and 2018, other current assets are stated as follows:

	December 31, 2019	December 31, 2018
VAT carryforward	46,300	86,953
Prepaid taxes and funds	-	414
Other	1,116	1,047
Total	47,416	88,414

As of December 31, 2019 and 2018, other non-current assets are stated as follows:

	December 31, 2019	December 31, 2018
VAT carryforward	22,938	18,159
Prepaid taxes and funds	17,095	119,221
Other	501	231
Total	40,534	137,411

Other current and non-current liabilities

As of December 31, 2019 and 2018, other current liabilities are stated as follows:

	December 31, 2019	December 31, 2018
Rent expenses accrual (1)	-	1,801
Other (2)	9,163	4,999
	9,163	6,800

As of December 31, 2019 and 2018, other non-current liabilities are stated as follows:

	December 31, 2019	December 31, 2018
Rent expenses accrual (1)	-	4,288
Other (2)	3	-
	3	4,288

⁽¹⁾ Lease expense accruals consist of the accrual of the leasing expenses of the leased premises to the Akfen REIT by using straight line method.

⁽²⁾ As of December 31, 2019, all of the other short- and long-term liabilities are realized in 2016 and 30% of Acacia Mine's shares are purchased from Ilbak Holding. As of December 31, 2019 December 31, 2018, the related liability amounts are classified according to payment schedule.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

22. Equity

Issued Capital

As of December 31, 2019 and 2018, the Company's capital distribution is as follows:

Name of shareholder	December 31, 2019		December 31, 2018	
	Share ratio (%)	Share amount	Share ratio (%)	Share Amount
Pelin Akın Özalp	50	290,000	50	290,000
Selim Akın	50	290,000	50	290,000
Nominal	100	580,000	100	580,000
Total issued capital	100	580,000	100	580,000

At the Extraordinary General Assembly Meeting held on August 14, 2018, the Company decided to increase its capital by TRY 536,700.

Treasury shares

When the shares that were recognized as paid-in capital are bought back, the amount paid is deducted from equity in a way to include the amount resulting from the deduction of the tax impact of costs attributable to buyback. Shares bought back are indicated as a reduction in shareholders' equity. When the shares concerned are sold or re-issued, the amount obtained is registered as capital increase and the resulting transaction surplus/(deficit) is transferred to retained earnings.

As of January 1, 2016, 6,829,508 shares of Akfen Holding have been purchased by Akfen Holding amounting to TRY 42,506 within the framework of "Repurchase Program", which was decided by the Company's Extraordinary General Assembly held on January 15, 2015. The Company holds 7,989,806 Akfen Holding shares purchased in previous buy-back program. As of January 1, 2016, Akfen Holding's shares repurchased shares in total is 14,819,314 shares and capital ratio is 5.66%. As of January 1, 2016, the total amount of the repurchased shares is TRY 76,029. As of January 28, 2016, these shares have been deducted from Akfen Holding's capital by reducing capital.

When the paid-in share capital is reinstated, the amount paid is deducted from the equity to include the amount after deducting the tax effect of costs attributable to repurchase. The repurchased shares are shown as a decrease from equity.

As of December 31, 2018, all of the revoked shares amounting to TRY 1,289 consists of the shares received from Akfen REIT.

Restricted reserves appropriated from profits

In accordance with Article 520 of the Law no. 6102, reserve fund is allocated for the shares repurchased. As of December 31, 2018, the Group has provided a reserve fund amounting to TRY 1,289 for the restricted reserves appropriated from profit in the consolidated financial.

As of December 31, 2019, legal reserves in the financial statements is TRY 2,789,693 (December 31, 2018: TRY 2,782,348).

Foreign currency translation differences

As of December 31, 2019 the translation reserve amounting to TRY 256,298 recognized in the equity is comprised of foreign exchange difference arising from the translation of the financial statements of TAV Investment, Akfen Water, Acacia Mine and Akfen Construction from their functional currency of USD and Euro to the presentation currency TRY (December 31, 2018: TRY 401,195 - Akfen International, TAV Investment, Akfen Water, Acacia Mine, Akfen REIT and Akfen Construction).

Hedging gains/(losses)

The hedging reserve is the effective part of the cumulative change in the net fair value of the cash flow hedging instruments related to the hedged transaction. As of 31 December 2018, hedging reserve amounting to TRY 5,962 (İDO: TRY 5,962) related to interest rate and cross currency swap contracts has been reflected to equity. As of 31 December 2019, the amount has been reclassified to previous years' profits.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

23. Equity (cont'd)

Revaluation and measurement gains

As of 31 December 2019, the Group has revalued its land, buildings and buildings, and has recognized the increase in value in equity by taking into account the effects of deferred tax and non-controlling interests. As of 31 December 2019, there is no tangible assets valuation increase fund under the equity in the consolidated financial statements of the Group (31 December 2018: 5,217). As of 31 December 2019, TRY 6,969 (TRY 5,575 including deferred tax income effect) of other comprehensive incomes, excluding deferred tax income effect, amounting to TRY 9,241 of the buildings under the tangible fixed assets, while the remaining TRY 2,272 is profit or loss. Other expenses from the main activities are accounted under the table. (31 December 2018: TRY 4,063 excluding deferred tax income effect, TRY 3,250 including deferred tax income effect revaluation decrease is recognized under other comprehensive income).

Effect of business combinations under common control

Based on the decision of the Board of Directors of Akfen Holding dated 5 January 2018; the merger of Akfen Engineering, which has the same partnership with the Company, was completed on February 28, 2018, with no liquidation and participation in the Company as a whole. The purchase transactions on March 17, 2018 of IBS Insurance and on May 30, 2018 of Akfen Construction were evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method. The "Effects of business combinations under common control" account is used under equity to offset the inconsistency of assets and liabilities arising under common control effects.

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, 2019, the amount classified under non-controlling interests in the balance sheet is

TRY (24,647) (December 31, 2018: TRY 312,530). The net profit / (loss) of the subsidiaries that are not directly and / or indirectly controlled by the parent company is classified under the olmayan Non-controlling interest "in the consolidated statement of comprehensive income. For the periods ended at December 31, 2019 and 2018, non-controlling interests are TRY (22,857) and TRY 22,617, respectively.

Additional capital contributions of shareholders

In accordance with TAS 32, the difference between the fair value of the convertible bond issued by Akfen REIT on January 17, 2018 using the current market interest rate and the amount to be converted at the maturity date is TRY 20,764, which is the difference between the fair value and the original issue amount, "Additional capital contributions from owners" as of 31 December 2018.

Other revaluation and measurement (losses)/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 31 December 2019 and 2018.

It was evaluated within the scope of TFRS 9 standard and occurred in the value of financial investment.

TRY 546,029 of the change of TRY 574,768, 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, 2018: TRY 259,082 net of the change in the value of the financial investment amounting to TRY 272,718 of deferred tax). As of 31 December 2019, other revaluation and measurement gains accounted in the consolidated statement of financial position are TRY 805,111 (31 December 2018: TRY 259,082).

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

24. Sales and cost of sales

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

	January 1-December 31, 2019	January 1-December 31, 2018
Construction revenues		
Tekirdağ City Hospital project revenues	376,970	315,268
Eskişehir City Hospital project revenues	11,325	633,426
Revenues from service concession projects (Note 9)	388,295	948,694
Bulvar Loft project construction revenues	28,049	73,962
HEPP project construction revenues	14,691	52,170
Hotel project construction revenues	-	7,074
	42,740	133,206
Operational revenues		
Hospital service revenues (*)	329,691	149,384
İncek Loft apartment sales revenues	29,125	86,566
Investment properties lease revenues	21,115	98,124
Dormitory revenues	21,283	8,112
Commercial area revenues	10,801	4,159
Sales returns (-)	(16,376)	(15,074)
Other	8,210	3,226
	403,849	334,497
	834,884	1,416,397

(*) Isparta and Eskişehir became operational in March 2017 and October 2018, respectively, and the Group started to generate revenue from hospital management activities.

As of December 31, 2019 and 2018, sales revenue is geographically grouped based on customer's position as revenue:

	January 1 - December 31, 2019	January 1 - December 31, 2018
Turkey	823,916	1,363,213
Russia	3,578	25,706
TRNC	7,390	27,478
	834,884	1,416,397

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

	January 1 - December 31, 2019	January 1 - December 31, 2018
Construction costs	328,637	716,139
Hospital service expenses (*)	269,578	117,486
Personnel expenses	23,437	16,152
Tax and duties expenses	4,494	3,098
Depreciation and amortization expenses	2,678	3,128
Operational lease expenses	1,830	8,459
Dormitory services revenues	802	2,221
Insurance expenses	484	1,427
Other	14,810	9,309
	646,750	877,419

(*) Isparta and Eskişehir became operational in March 2017 and October 2018, respectively, and the Group began to incur expenses from hospital management activities.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

25. General administrative expenses

General administrative expenses for the period ended December 31, are as follows:

	January 1 - December 31, 2019	January 1 - December 31, 2018
Personnel expenses	39,338	44,939
Travel and hosting expenses	15,710	12,204
Rent expenses	7,496	7,298
Consultancy expenses	6,760	13,020
Depreciation expenses	5,749	5,897
Donations	5,526	3,998
Office expenses	2,955	3,308
Taxes, duties and fees	2,335	5,636
Insurance expenses	1,115	1,511
Advertising expenses	834	2,573
Other	5,095	7,328
	92,913	107,712

26. Selling and marketing expenses

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

	January 1 - December 31, 2019	January 1 - December 31, 2018
Dues expenses	3,446	3,661
Advertising expenses	1,360	2,451
Other	87	569
	4,893	6,681

27. Other incomes and expenses from operating activities

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

	January 1 - December 31, 2019	January 1 - December 31, 2018
Increase in value due to Service Concession Agreements (Note 9)	1,012,233	790,602
Impairment in receivables from service contracts (Note 9)	180,958	-
Increase in value of investment properties, net (Note 10)	57,515	603,036
Rent revenue	4,395	4,329
Insurance revenue	610	352
Exchange difference income	13	150
Rediscount interest income (Note 31)	-	238,417
Cancellation of legal case provision	-	3,750
Sales revenue from property, plant and equipment	-	136
Other	26,024	18,406
	1,281,748	1,659,178

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

	January 1 - December 31, 2019	January 1 - December 31, 2018
Rediscount interest expense (Note 31)	170,105	-
Transfer fee expenses (*)	62,022	-
Decrease in value of property, plant and equipment (Note 23)	2,272	-
Provision for doubtful receivables	1,975	6,644
Impairment of receivables	1,078	3,477
Exchange difference expense	63	1,656
Decrease in value due to Service Concession Agreements (Note 9)	-	180,958
Other	14,225	10,386
	251,740	203,121

(*) Akfen Holding's Hydroelectric Power Plants belonging to Akfen Renewable Energy are the amounts paid and expected to be paid to the previous shareholders of the project companies in accordance with the share transfer agreement.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

28. Finance incomes and expenses

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

	January 1 - December 31, 2019	January 1 - December 31, 2018
Exchange difference income	616,779	1,374,236
Interest income	102,230	120,586
IFRIC 12 interest income (Note 9)	71,925	-
Rediscount interest income (Note 31)	41,056	36,421
Fair value increase of derivative instruments	-	5,279
	831,990	1,536,522

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

	January 1 - December 31, 2019	January 1 - December 31, 2018
Exchange difference expense	989,811	1,693,923
Interest expense	452,936	462,944
Fair value decreases of derivative instruments	113,959	46,016
Commission expenses	330	14,673
Other	3,873	4,733
	1,560,909	2,222,289

29. Incomes and expenses from investment activities

Incomes from investment activities:

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

	2019	2018
Gains due to the sale in the share of subsidiaries (Note 3)	139,434	-
Gains due to the changes in the share of subsidiaries (Note 19)	40,922	111,361
Total of the gains arising from the disposal of subsidiaries, joint ventures and financial investments or changes in shares	180,356	111,361
Fair value gains of financial assets (Note 21)	218,646	-
Dividend income (*)	54,717	27,525
Income from other financial instruments (Note 21)	28,900	27,719
Other	578	-
	483,197	166,605

(*) As of December 31, 2019 and 2018, dividend income is composed of dividends obtained from MIP and Travelex.

Incomes from investment activities:

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

	2019	2018
Impairment (Note 19)	7,606	-
Fair value losses of financial assets (Note 21)	-	54,879
	7,606	54,879

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

30. Tax assets and liabilities

a) Current and deferred income tax

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

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

In the Turkish taxation system, financial losses can be offset against the financial profits of the subsequent five years and no (retrospective) deduction from previous years' earnings is possible.

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

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

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

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

b) Corporate tax

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 20% corporate tax rate will be applied to the profits of the entities related to their 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 22%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) to be calculated based on earnings generated for each quarter and temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

30. Tax assets and liabilities (cont'd)

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Gains arising from the investments received within the scope of the hospital project related incentive certificates are subject to corporate tax at a discounted rate to be effective as of the fiscal year in which the investment is started to be fully or partially operated until the investment reaches the contribution amount. In this context, the Company recognizes the tax advantage that it expects to benefit in the foreseeable future in companies with investment incentives as deferred tax asset in the financial statements.

c) Transfer pricing arrangements

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

Tax income/(expense)

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

	January 1-December 31, 2019	January 1-December 31, 2018
Current corporate tax expense	(52,749)	(140,425)
Deferred tax expense	72,178	92,894
Total tax (expense)/income	19,429	(47,531)
	December 31, 2019	December 31, 2018
Profit before tax	647,237	1,132,359
Local tax rate	%22	%22
Tax expense calculated over tax rate	(142,392)	(249,119)
Non-deductible expenses	(75,980)	(115,766)
Tax exemptions and exceptions (*)	98,947	78,579
Deferred tax on investment incentives	217,329	218,933
The effect of the shares in the profits of the investments accounted in equity method	(48,350)	(38,333)
Use of previous year losses	1,355	53,513
Previous period losses not subject to deferred tax income	(6,417)	(9,232)
Current year income not subjected to deferred tax income	1,580	20,812
Previous period tax expenses	-	136
Effect of tax rate differences	11,708	1,188
Other	(38,351)	(8,242)
Total tax income	19,429	(47,531)
Deferred tax income	72,178	92,894
Current period tax expense (A)	(52,749)	(140,425)
Tax deductible (B)	59,618	183,109
Effect of subsidiary disposal (**)(C)	7,211	-
Current income tax assets (A+B+C)	14,080	42,684

(*) As of December 31, 2019, and 2018, tax exemptions and exceptions are the effect of the Company's emission premium earnings, associate earnings and exemptions arising from capital increase in cash, deductions and exemptions, and the fact that Akfen REIT is not subject to Corporate Tax.

(**) Although the exit effect of Akfen International, which was sold on February 7, 2019, is shown in the profit or loss statement, it is the amount related to the tax expense that is not included in the consolidated statement of financial position with the sale transaction.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

30. Tax assets and liabilities (cont'd)

Deferred tax assets and liabilities

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences of non-tax-deductible goodwill, and assets and liabilities that are not accountable and taxable and are recognized for the first time.

As of December 31, 2019 and 2018, the Group's deferred tax assets are as follows:

	December 31, 2019	December 31, 2018
Investment incentives	715,146	511,148
Accumulated losses	98,960	91,299
Investment properties and fixed assets	21,730	(115,615)
Service concession agreements	(197,750)	(40,304)
Amendments to TAS 11	(113,390)	(69,101)
Discount on debts	(30,524)	(59,736)
Other	(24,008)	(18,080)
Deferred tax assets/(liabilities)	470,164	299,611

Deferred tax asset movements for the periods ended at December 31, 2019 and 2018 are as follows:

	2019	2018
Deferred tax asset as of January 1,	299,611	198,090
Recognized in the statement of profit or loss	72,178	92,894
Changes in the scope of consolidation (Note 3)	128,728	-
Recognized in the statement of other comprehensive income	(30,353)	8,627
Deferred tax asset as of December 31,	470,164	299,611

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

31. Related party disclosures (cont'd)

a) Trade receivables from related parties / Trade payables to related parties

As of December 31, 2019 and 2018, the Group's short-term trade receivables from related parties are as follows:

	December 31, 2019	December 31, 2018
Akfen İnşaat Turizm ve Akfen Gayrimenkul Yatırım Ortaklığı		
A.Ş. Adi Ortaklığı ("Adi Ortaklık")	20,303	-
Akfen Renewable	3,229	3,272
Kurtal Elektrik Üretim A.Ş. ("Kurtal")	880	2,878
Other	363	2,815
	24,775	8,965

As of December 31, 2019 and 2018, the Group's short-term trade payables to related parties are as follows:

	December 31, 2019	December 31, 2018
Company's Founder (*)	1,126,781	1,576,804
IBS Insurance	4,151	6,002
Akfen Water	1,679	1,058
İDO	-	98
Other	295	89
	1,132,906	1,584,051

As of December 31, 2019, and 2018, the Group's long-term trade payables to related parties are as follows:

As of December 31, 2019, and 2018, the Group's long-term trade payables to related parties are as follows:

	December 31, 2019	December 31, 2018
Company's Founder (*)	-	256,078
	-	256,078

(*) It is the amount of the trade debt that arises as a result of the transfer of Akfen Holding shares to Akfen Altyapı, details of which are given in Note 1. Related debt amount has been accounted by discounting.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

31. Related party disclosures (cont'd)

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

As of December 31, 2019 and 2018, the Group's long-term other receivables from related parties are as follows:

	December 31, 2019	December 31, 2018
Akfen Renewable Energy (*)	199,399	147,312
Acacia Mine (*)	123,573	189,944
İDO (*)	115,807	64,812
İzbir Mine	81,875	26,761
Akfen Water (*)	-	24,537
Other	5,215	4,153
	525,869	457,519

(*) 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, 2019, and 2018, the Group's short-term other receivables to related parties are as follows:

	December 31, 2019	December 31, 2018
İlbak Madencilik San. Ve Tic. A.Ş.	6,084	-
Company's Main Shareholder	3,000	-
MIP	813	-
Other	220	225
	10,117	225

As of December 31, 2019 and 2018, the Group's long-term other receivables to related parties are as follows:

	December 31, 2019	December 31, 2018
Akfen International BV (*)	229,083	-
Company's Founder	85,972	52,113
MIP (**)	73,179	107,080
Tav Investment (***)	23,188	17,086
Akfen Water	5,500	-
Company's Main Shareholder	4,814	10,657
Other	7,900	4,134
	429,636	191,070

(*) The Company's founder shareholder consists of debts with interest rates under market conditions.

(**) The Company is the financial investment of the shareholder and is accounted at discounted amount since the aforesaid payable has a certain maturity.

(***) These companies are shareholders of the Company and the related balances consist of debts with interest rates under market conditions.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019

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

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

31. Related party disclosures (cont'd)

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

		January 1 - December 31, 2019	January 1- December 31, 2018
Hamdi Akın	Subsidiary share sale	870,000	-
Acacia Mine	Interest Income	46,893	36,028
MIP	Rediscount interest in-come	41,056	36,421
MIP	Interest Income	-	2,227
Akfen Renewable Energy	Interest Income	39,170	24,759
İDO	Interest Income	8,679	3,753
Akfen Water	Interest Income	1,599	2,027
Selim Akın	Interest Income	843	6,367
Other	Interest Income	68	2,259
Hamdi Akın	Interest Income	-	16,942
TAV Investment	Interest Income	-	1,119
Keskin Holding A.Ş.	Interest Income	-	1,113
Kurtal	Construction revenue	14,691	21,032
Akfen Renewable Energy	Construction revenue	2,739	2,977
H.H.K.	Construction revenue	-	31,138
Derbent Energy	Construction revenue	-	1,684
Korda Energy	Construction revenue	-	1,684
Travelex	Dividend income	5,827	2,179
Other	Other	1,772	354
Hamdi Akın	Rediscount ex-pense/income	(170,105)	238,417
Other	Interest expense	(5,598)	(4,328)
TAV Investment	Interest expense	(5,171)	(3,804)
MIP	Interest expense	(74)	(161)
Hamdi Akın	Rent expense	(1,153)	(1,113)
Selim Akın	Rent expense	(1,342)	(1,120)
İBS Insurance	Insurance expense	(423)	(327)

(*) It is the amount of the trade debt that arises as a result of the transfer of Akfen Holding shares to Akfen Altyapı, details of which are given in Note 1. Related debt amount has been accounted by discounting.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

32. Nature and level of risks from financial instruments

i. Credit risk

The credit risks exposed by types of financial instruments are as follows (TRY):

December 31, 2019	Receivables					Financial assets related to concession agreements		
	Trade Receivables		Other Receivables				Bank Deposits ^(*)	Other ^(**)
	Related Party	Third Party	Related Party	Receivables from On-going Service Contracts	Third Party			
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	24,775	63,796	525,974	783,743	99,687	4,783,977	2,624,086	226,533
- Portion of the maximum risk that i s guaranteed with a collateral, etc,	-	-	-	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	24,775	63,796	525,974	783,743	99,687	4,783,977	2,624,095	226,533
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-	-
- Portion guaranteed with a collateral, etc.	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	(9)	-
- Overdue (gross book value)	-	14,330	-	-	-	-	-	-
- Impairment (-)	-	(14,330)	-	-	-	-	-	-
- Not overdue (gross book value)	-	3,600	-	-	-	-	-	-
- Impairment (-)	-	(3,600)	-	-	-	-	(9)	-
E. Elements including off-balance-sheet financing	-	-	-	-	-	-	-	
December 31, 2019	Receivables							
	Trade Receivables	Other Receivables						
0-3 months overdue	-	-						
3-12 months overdue	-	-						
1-5 years overdue	14.330	-						
More than 5 years overdue	-	-						
Total receivables overdue	-	-						
Total provisions reserved	-	-						
Portion guaranteed with a collateral, etc.	-	-						

^(*) As of December 31, 2019, investment funds of Akfen Holding amounting to TRY 966,222 and other short-term and long-term investment funds and deposits amounting to

TRY 539,531 are included in the bank deposits.

^(**) As of December 31, 2019, shares issued by Akfen REIT, details of which are disclosed in Note 21, relate to the fair value of the convertible bond amounting to TRY 226,533.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

32. Nature and level of risks from financial instruments (Cont'd)

i. Credit risk

December 31, 2018	Receivables					Financial assets related to concession agreements	Bank Deposits ^(*)	Other ^(**)
	Trade Receivables		Other Receivables					
	Related Party	Third Party	Related Party	Receivables from On-going Service Contracts	Third Party			
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	8,965	75,455	457,679	153,891	54,017	4,191,743	2,920,327	197,633
- Portion of the maximum risk that is guaranteed with a collateral, etc.	-	-	-	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	8,965	75,455	457,679	153,891	54,017	4,191,743	2,920,353	197,633
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-	-
- Portion guaranteed with a collateral, etc.	-	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	(26)	-
- Overdue (gross book value)	-	12,355	-	-	-	-	-	-
- Impairment (-)	-	(12,355)	-	-	-	-	-	-
- Not overdue (gross book value)	-	2,726	661	180,957	-	-	-	-
- Impairment (-)	-	(2,726)	(661)	(180,957)	-	-	(26)	-
E. Elements including off-balance-sheet financing	-	-	-	-	-	-	-	-
December 31, 2019	Receivables							
	Trade Receivables	Other Receivables						
0-3 months overdue	-	-						
3-12 months overdue	-	-						
1-5 years overdue	12,355	-						
More than 5 years overdue	-	-						
Total receivables overdue	-	-						
Total provisions reserved	-	-						
Portion guaranteed with a collateral, et	-	-						

^(*) As of December 31, 2018, investment funds of Akfen Holding amounting to TRY 1,013,966 and other short-term and long-term investment funds and deposits amounting to TRY 888,759 are included in the bank deposits.

^(**) As of December 31, 2018, shares issued by Akfen REIT, details of which are disclosed in Note 21, relate to the fair value of the convertible bond amounting to TRY 197,633.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

32. 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, 2019

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)
Non-derivative financial liabilities						
Bank loans	7,038,638	(8,601,879)	(203,121)	(658,827)	(3,715,467)	(4,024,464)
Trade payables to third parties	127,894	(127,894)	(127,894)	-	-	-
Due to related parties	1,572,659	(1,723,903)	(1,132,906)	(10,117)	(420,495)	(160,385)
Other payables	114,855	(106,539)	(53,084)	(17,519)	(35,936)	-
Total	8,854,046	(10,560,215)	(1,517,005)	(686,463)	(4,171,898)	(4,184,849)

December 31, 2018

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)
Non-derivative financial liabilities						
Bank loans	7,447,443	(9,925,040)	(184,797)	(581,189)	(4,465,352)	(4,693,702)
Trade payables to third parties	66,542	(66,542)	(66,542)	-	-	-
Due to related parties	2,031,424	(2,312,003)	(557,247)	(1,200,225)	(412,489)	(142,042)
Other payables	187,019	(940,779)	(128,940)	(23,299)	(87,261)	(701,279)
Total	9,732,428	(13,244,364)	(937,526)	(1,804,713)	(4,965,102)	(5,537,023)

^(*) Non-financial liabilities such as deposits and advances received are not included in other liabilities.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

32. 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, 2019	December 31, 2018
Fixed-Interest financial instruments	(243,592)	(1,903,016)
Financial assets	1,187,708	805,557
Financial liabilities	(1,431,300)	(2,708,573)
Floating-Interest financial instruments	1,431,183	1,422,451
Financial assets	6,254,778	6,007,430
Receivables from on-going service contracts	783,743	153,891
Financial liabilities	(5,607,338)	(4,738,870)

As of December 31, 2019 and 2018, 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, 2019	December 31, 2018
Fixed-Interest Financial Instruments		(2,436)	(19,030)
Financial assets	Assets at fair value through profit or loss	11,877	8,056
Financial liabilities		(14,313)	(27,086)
Floating-Interest Financial Instruments		14,312	14,224
Financial assets		62,548	60,074
Receivables from on-going service contracts		7,837	1,539
Financial liabilities		(56,073)	(47,389)

Interest rate risk refers to the risk that the fair value of a financial instrument or future cash flows may fluctuate due to changes in market interest rates. Payables to related parties and interest rates on financial assets are fixed. The Group risk arising from changes in market interest rates mainly arises from floating rate loans.

iv. Foreign currency risk

The balances of the Group's foreign currency transactions arising from operating and financial activities as of reporting date are explained below. With respect to foreign currency denominated payables or creditors; In case of changes in the exchange rates of these currencies against Turkish Lira, they may be exposed to exchange rate risk. The aforesaid exchange rate risk is limited by the continuous analysis and monitoring of the foreign exchange position.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

32. Nature and level of risks from financial instruments (cont'd)

As of December 31, 2019, assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2019			
	TRY Equivalent	US Dollar	Euro	Other (*)
1. Trade receivables	315	53	-	-
2a. Monetary Financial Assets (including safe and bank accounts)	1,929,149	270,965	48,044	41
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	426,756	28,179	38,999	-
4. Current Assets (1+2+3)	2,356,220	299,197	87,043	41
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	422,039	71,048	-	-
6b. Non-Monetary Financial Assets	1,619,334	272,606	-	-
7. Other	4,626,502	306,768	421,652	-
8. Non-Current Assets (5+6+7)	6,667,875	650,422	421,652	-
9. Total Assets (4+8)	9,024,095	949,619	508,695	41
10. Trade Payables	22,099	2,768	809	276
11. Financial Liabilities	500,074	24,590	53,229	-
12a. Other Monetary Liabilities	25,937	2,847	1,357	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	548,110	30,205	55,395	276
14. Trade Payables	-	-	-	-
15. Financial Liabilities	5,645,097	346,039	539,734	-
16a. Other Monetary Liabilities	528,243	50,414	34,399	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	6,173,340	396,453	574,133	-
18. Total Liabilities (13+17)	6,721,450	426,658	629,528	276
19. Net Foreign Currency Asset/(Liability) Position (9-18)	2,302,645	522,961	(120,833)	(235)
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(4,369,947)	(84,592)	(581,484)	(235)
21. Export	-	-	-	-
22. Import	-	-	-	-

(*) Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2019, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
December 31, 2019				
	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	621,299	(621,299)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	621,299	(621,299)	-	-
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	(160,722)	160,722	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	(160,722)	160,722	-	-
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	(47)	47	-	-
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	(47)	47	-	-
TOTAL (3+6+9)	460,530	(460,530)	-	-

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

32. Nature and level of risks from financial instruments (cont'd)

As of December 31, 2018, assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2018			
	TRY Equivalent	US Dollar	Euro	Other (*)
1. Trade receivables	9,869	547	152	6,075
2a. Monetary Financial Assets (including safe and bank accounts)	2,237,776	398,792	23,176	68
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	148,749	28,076	130	264
4. Current Assets (1+2+3)	2,396,394	427,415	23,458	6,407
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	569,680	92,929	13,402	-
6b. Non-Monetary Financial Assets	1,016,554	193,228	-	-
7. Other	1,427,139	262,030	8,067	-
8. Non-Current Assets (5+6+7)	3,013,373	548,187	21,469	-
9. Total Assets (4+8)	5,409,767	975,602	44,927	6,407
10. Trade Payables	1,962	163	181	17
11. Financial Liabilities	703,534	25,147	94,764	-
12a. Other Monetary Liabilities	45,606	3,947	3,485	3,834
12b. Other Non-Monetary Liabilities	1,811	-	-	1,810
13. Current Liabilities (10+11+12)	752,913	29,257	98,430	5,661
14. Trade Payables	-	-	-	-
15. Financial Liabilities	6,028,964	356,001	689,463	-
16a. Other Monetary Liabilities	24,978	-	4,143	-
16b. Other Non-Monetary Liabilities	5,024	955	-	-
17. Non-Current Liabilities (14+15+16)	6,058,966	356,956	693,606	-
18. Total Liabilities (13+17)	6,811,879	386,213	792,036	5,661
19. Net Foreign Currency Asset/(Liability) Position (9-18)	(1,402,112)	589,389	(747,109)	746
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(3,987,719)	107,010	(755,306)	2,292
21. Export	-	-	-	-
22. Import	-	-	-	-

As of December 31, 2018, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
December 31, 2018				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TRY				
1- US Dollar net asset/liability	620,143	(620,143)	-	-
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	620,143	(620,143)	-	-
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	(900,715)	900,715	-	-
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	(900,715)	900,715	-	-
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	149	(149)	-	-
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	149	(149)	-	-
TOTAL (3+6+9)	(280,423)	(280,423)	-	-

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

32. 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, 2019 and 2018, the ratio of total capital to net liabilities is as follows:

	December 31, 2019	December 31, 2018
Total financial liability (*)	7,038,638	7,274,443
Less: cash and cash equivalents (**)	(2,624,889)	(2,921,116)
Net debt	4,413,749	4,353,327
Equity	5,041,489	4,299,418
Net financial debt / equity ratio	0.88	1.01

(*) As of December 31, 2018, the total amount of financial debt does not include convertible bonds issued by Akfen REIT amounting to TRY 173,000, all of which are received by Akfen Holding.

(**) Cash and bank deposits as of December 31, 2019; short-term and long-term financial investments of the Group amounting to TRY 539,531, excluding cash and cash equivalents, in the form of deposits and investment funds, (December 31, 2018: TRY 888,759).

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

32. Nature and level of risks from financial instruments (cont'd)

Fair value disclosures

Fair value is defined as the price to be obtained from the sale of an asset or to be paid in the transfer of a debt in the usual transaction between market participants on the measurement date.

Financial instruments

The Group has determined the estimated fair values of financial instruments using current market information and appropriate valuation methods. However, evaluating market information and estimating fair values requires interpretation and judgment. As a result, the estimations presented here cannot be an indication of the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions are used to estimate the fair values of financial instruments that are practically possible to estimate fair values:

Financial assets

Since they are short term cash assets, the registered values of cash and cash equivalents are assumed to be close to their fair values.

As their commercial receivables are short term, their recorded values are expected to reflect the fair value.

Since service concession agreements are a guaranteed income in the contract with the Ministry of Health, it accounts for the amount calculated based on the construction model, based on the service concession agreement, as a financial asset.

It is foreseen that the fair values of the foreign currency balances, which are converted at the end of the period, are close to their registered values.

Financial liabilities

Due to the fact that commercial debts and other monetary liabilities are short-term, their fair value is thought to approach the value they carry.

Bank loans are expressed in amortized cost values and transaction costs are added to the initial cost of the loans. Since the Group's floating rate bank loans have been repriced recently, their fair values are considered to represent the value they bear.

Financial Instrument classifications and fair values

31 December 2019	Amortized cost	Fair value difference reflected to profit/loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
Financial assets						
Cash and cash equivalents (*)	2,085,358	-	-	2,085,358	2,085,358	4
Trade receivables from third parties	63,796	-	-	63,796	63,796	6
Trade receivables from related parties	24,775	-	-	24,775	24,775	6-31
Other receivables from third parties	99,687	-	-	99,687	99,687	7
Other receivables from related parties	525,974	-	-	525,974	525,974	7-31
Receivables from service concession agreements / Financial assets related to concession agreements	783,743	4,783,977	-	5,567,720	5,567,720	9
Financial investments whose fair value difference is reflected in profit / loss	-	539,531	-	539,531	539,531	21
Financial investments shown from amortized value	226,533	-	-	226,533	226,533	21
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	1,668,211	1,668,211	1,668,211	21
Financial liabilities						
Bank loans	7,038,638	-	-	7,038,638	7,038,638	5
Financial borrowings	127,894	-	-	127,894	127,894	6
Trade payables to third parties	1,132,906	-	-	1,132,906	1,132,906	6-31
Trade payables to related parties	56,520	-	-	56,520	56,520	7
Other payables to third parties	439,753	-	-	439,753	439,753	7-31

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

32. Nature and level of risks from financial instruments (cont'd)

31 December 2018	Amortized cost	Fair value difference reflected to profit / loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
Financial assets						
Cash and cash equivalents (*)	2,032,357	-	-	2,032,357	2,032,357	4
Trade receivables from third parties	75,455	-	-	75,455	75,455	6
Trade receivables from related parties	8,965	-	-	8,965	8,965	6-31
Other receivables from third parties	54,017	-	-	54,017	54,017	7
Other receivables from related parties	457,679	-	-	457,679	457,679	7-31
Receivables from service concession agreements / Financial assets related to concession agreements	153,891	4,191,743	-	4,345,634	4,345,634	9
Financial investments whose fair value difference is reflected in profit / loss	-	594,359	-	594,359	594,359	21
Financial investments shown from amortized value	492,033	-	-	492,033	492,033	21
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	1,093,443	1,093,443	1,093,443	21
Financial liabilities						
Bank loans	7,447,443	-	-	7,447,443	7,447,443	5
Financial borrowings	66,542	-	-	66,542	66,542	6
Trade payables to third parties	1,840,129	-	-	1,840,129	1,840,129	6-31
Trade payables to related parties	146,017	-	-	146,017	146,017	7
Other payables to third parties	191,295	-	-	191,295	191,295	7-31

(*) As of December 31, 2019, the cash and cash equivalents include short-term and long-term financial investments amounting to TRY 607,990 (December 31, 2018: TRY 888,759).

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

32. Nature and level of risks from financial instruments (cont'd)

As of December 31, 2019, and December 31, 2018, the fair value classifications of financial assets and financial liabilities measured at fair value are as follows:

December 31, 2019	Fair Value Level		
	Level 1 TRY	Level 2 TRY	Level 3 TRY
Short term financial investments			
Financial assets at fair value through profit or loss (Note 21)	19,638	-	
Long term financial investments			
Financial assets held to maturity (Note 21)	226,533	-	
Financial assets at fair value through profit or loss	519,893	-	
Other financial investments (Note 21)	-	-	1,668,211
Interest rate swap transactions (Note 11)	-	(141,290)	
Receivables from service concession agreements / Financial assets related to concession agreements (Note 9)	-	-	5,567,720

December 31, 2018	Fair Value Level		
	Level 1 TRY	Level 2 TRY	Level 3 TRY
Short term financial investments			
Financial assets at fair value through profit or loss (Note 20)	26,270	-	-
Long term financial investments			
Financial assets held to maturity (Note 21)	197,633	-	-
Financial assets at fair value through profit or loss	360,728	-	-
Other financial investments (Note 21)	-	-	1,093,443
Interest rate swap transactions (Note 11)	-	(27,331)	-
Receivables from service concession agreements / Financial assets related to concession agreements (Note 9)	-	-	4,345,634

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.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

32. Nature and level of risks from financial instruments (cont'd)

Discounted Cash Flows

Under the discounted cash flows method, the fair value of an asset is estimated using the net assumptions about the ownership benefits and liabilities over the life of the asset, including the output and the final value. This estimation includes estimating a series of cash flows and a corresponding, market-based discount rate is applied to generate the present value of the revenue stream.

The duration of cash flow and specific timing of the inflows and outflows are determined by the review of rents, renewal of lease agreements and related lease periods, leasing, redevelopment and renewal.

Cost incurred during the development of the asset and construction costs, development costs and expected sales revenue are estimated to reach a set of cash flows that are reduced through additional development and marketing expenses throughout the lease. Certain development risks, such as planning, permits and development permits must be assessed separately.

Level 3 sensitivity analysis of significant changes in unobservable inputs used in fair value calculations

The sensitivity analysis of the Group's unobservable inputs for the measurement of fair values related to operating and investment properties is as follows:

		if increases	if decreases
December 31, 2018	Sensitivity analysis	Profit/(Loss) (TRY) effect of fair value	Profit/(Loss) (TRY) effect of fair value
Hotel			
Discount rate	0,50%	(96,743)	96,400
Room cost increase ratio	1 Euro	42,462	(42,414)
Occupancy rate	1%	30,639	(30,698)
Office			
Discount rate	0,50%	(752)	770
Occupancy rate	1%	300	(295)

The fair value of MIP, which is accounted as a financial investment in the Group's financial statements, has been evaluated within the scope of IFRS 9 standard as of December 31, 2019 and 2018 and the change in the value of the financial investment has been accounted in the other comprehensive income or expense statement in the Group's consolidated financial statements.

Sensitivity analysis of the financial investment in question for unobservable inputs used in the measurement of fair values is as follows:

		if increases	if decreases
December 31, 2019	Sensitivity analysis	Profit/(Loss) effect of fair value (TRY)	Profit/(Loss) effect of fair value (TRY)
Long term financial investments			
Discount rate	0.50%/bps	56,967	(56,967)

		if increases	if decreases
December 31, 2018	Sensitivity analysis	Profit/(Loss) effect of fair value (TRY)	Profit/(Loss) effect of fair value (TRY)
Long term financial investments			
Discount rate	0.50%	(46,372)	49,650

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

32. Nature and level of risks from financial instruments (cont'd)

As of December 31, 2019 and 2018, the sensitivity analysis of the significant assumptions used in the fair value calculation of the financial asset related to the concession agreements is as follows:

December 31, 2019		Inflation expectation ^(*)		Foreign Exchange rate expectation ^(*)	
Sensitivity level	%0.5 decrease	%0.5 increase	%5 decrease	%5 increase	
Fair value change	183,387	(71,713)	(95,497)	241,404	

December 31, 2018		Inflation expectation ^(*)		Foreign Exchange rate expectation ^(*)	
Sensitivity level	%0.5 decrease	%0.5 increase	%5 decrease	%5 increase	
Fair value change	(61,967)	73,158	(75,208)	48,141	

^(*) Refers to the change in inflation and exchange rate expectations for each year of the first 10 years of the contract period. In addition, this calculation was calculated for Isparta Hospital and Eskişehir Hospital.

33. Explanations on shares in other businesses

Information on the Group's affiliates with significant non-controlling interests is as follows:

December 31, 2019				
	Akfen REIT ^(*) (1)	Hacettepe Klinik ^(*)	Akfen Merter ^(*)	Isparta Hospital ^(*)
Non-controlling interest ratio	-	0.55	0.0848	0.0012
Equity – Non-controlling interest	-	(36,252)	4,601	839
Non-controlling interest	-	(36,252)	4,601	839
(Loss)/profit for the period - Non-controlling interest	(2,462)	(13,117)	(139)	404

December 31, 2018				
	Akfen REIT ^(*) (1)	Hacettepe Klinik ^(*)	Akfen Merter ^(*)	Isparta Hospital ^(*)
Non-controlling interest ratio	0.4312	0.55	0.0848	0.0012
Equity – Non-controlling interest	320,811	(23,134)	4,722	435
Profit/(loss) for the period - Non-controlling interest	49,765	(20,889)	(62)	17

^(*) Information about the non-controlling interest of Akfen Holding and Akfen Construction, which is a 100% subsidiary of the Company.

⁽¹⁾ As of 31 December 2018, as a result of the acquisition of Akfen Holding shares, Akfen REIT's non-controlling interests were accounted for under the control of the business combination subject to joint control as the acquisition is considered as a jointly controlled business combination. However, as of 31 December 2019, Akfen REIT is accounted for using the equity method in the consolidated financial statements and the non-controlling interests are eliminated due to the related consolidation change.

34. Subsequent events

The Coronavirus epidemic, which has recently emerged in China, spread to various countries around the world, causing potentially fatal respiratory infections, may cause disruptions in operations, especially in countries exposed to the epidemic, as well as negatively affect the economic conditions both regionally and globally. As the severity and duration of the effects of the epidemic become clearer, it will be possible to make a more clear and healthy assessment for the medium and long term maturity.

Notes to the consolidated financial statements as at and for the year ended December 31, 2019
(All amounts are expressed in thousand Turkish Liras ("TRY 000") unless otherwise specified.)
(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

34. Subsequent events (cont'd)

Akfen Holding and affiliates:

Akfen REIT's controlling bond with all of its rights, principal and interest, as of 14 April 2020, as of April 14, 2020, of Akfen Holding's 170,000,000 nominal convertible bonds issued by Akfen REIT. was transferred to his partner Hamdi Akın.

On January 6, 2020, the final coupon payment of the bond with a nominal value of TRY 300,000 (ISIN Code "TRSAKFH12015") with a maturity date of January 9, 2017, and the maturity of the maturity date.

Akfen Holding Board of Directors accepted the request of İbrahim Süha Güçsav, the General Manager of the Company, to leave our Company due to retirement on January 6, 2020; He has been appointed as the Chairman of the Board of Directors and CEO of Akfen Altyapı Holding A.Ş. and the Vice Chairman of the Company Selim Akın, as the Company's General Manager, and İbrahim Süha Güçsav as the Advisor to the Chairman of the Board of Akfen Holding. He decided to serve.

Subsidiary of Akfen Renewable Energy, a subsidiary of Akfen Holding, on 23 December 2019; İmbat Energy A.Ş. It was announced that Zorlu Rüzgar Enerjisi Elektrik Üretimi A.Ş. decided to purchase all of the shares it owns in its nominal capital of 58.500.000 TRY. As per the share purchase transaction, permits and approvals were obtained from the relevant institutions and organizations and the transaction was completed as of February 5, 2020. Thus, as of February 5, 2020, Akfen Renewable Energy's total installed power capacity has reached 712 MW, which was previously 632 MW in renewable energy plants where it operates through its subsidiaries.

On February 7, 2020, Akfen Holding sold qualified investors with a nominal value of TRY 150,000,000, 2-year maturity, 3-month coupon payment (ISIN Code "TRSAKFH22212"). The bond started trading on Borsa Istanbul on February 11, 2020. The interest rate of the said bond for the first coupon payment period to be made on May 8, 2020 has been finalized as 3.2411%.

As a result of the capital increase transaction of Akfen Renewable Energy that was completed on February 17, 2020, its total capital increased to TRY 1,016,031,947. In this context, the share of Akfen Holding was 66.91%, the share of EBRD was 17.10% and the share of IFC was 15.99%.

On 10 March 2020, Akfen Holding signed a 'Share Sales Agreement' to transfer its 123,250 shares (17% of the capital) to DASSAV Management and Consulting Inc. for 34mn TRY. After the transaction is completed, Akfen Holding's share in IBS Sigorta decreases to 20%.

Abbreviations

Acacia Mining	Acacia Mining Operation Inc.
Accor	ACCOR S.A.
Adana İpekyolu	Adana İpekyolu Energy
ADP	Aéroports de Paris Management
ADR	Average Daily Rate
Akfen Infrastructure Holding / Company	Akfen Infrastructure Holding
Akfen Thermal	Akfen Thermal Energy Investments
Akfen Energy Generation	Akfen Enerji Generation and Trade Co. Inc.
Akfen REIT	Akfen Real Estate Investment Trust Inc.
Akfen Holding/Akfen Group	Akfen Holding A.Ş.
Akfen Construction	Akfen Construction, Tourism and Trade Co.
Akfen Water	Akfen Environment & Water Investment, Construction, Operation Co.
Akfen Water Dilovası	Akfensu Arbiogaz Dilovası Waste Water Treatment Facilities Construction and Operation Co.
Akfen Su Güllük	Akfen Güllük Environment and Water Investment Construction and Operation Co.
Akfen Renewable Energy	Akfen Renewable Energy Co.
Akfen Tourism	Akfen Tourism Investment Management Co. Inc.
Akinisi	Akinisi Machinery Industry and Trade Co. Inc.
Aquila	Aquila Capital Wasserkraft Invest GmbH ve Aquila HydropowerINVEST Investitions GmbH & Co. KG
ATÜ	ATU Duty Free
BOT	Build-Operate-Transfer
CAGR	Annual Compound Growth Rate
EIA	Environmental Impact Assessment
DEİK	Foreign Economic Relations Board
ENR	Engineering News Record
EMH	East Mediterreanean Hub
EBRD	European Bank for Reconstruction and Development
EPDK	Energy Market Regulatory Authority
E-RTG	Electrical Rubber-tyred Gantry Crane
EBITDA	Earning Before Income Tax Depreciation and Amortization
GDP	Gross Domestic Product
GWh	Giga Watt hour
HAVAŞ	Havas Airport and Ground Services Co.
Hacettepe Teknokent	Hacettepe Teknokent, Inc.
HEPP	Hydro Electric Power Plant
IBS / IBS Insurance	IBS Insurance and Reinsurance Brokerage - UIB Turkey
İzbir	İzbir Mining Inc.
ICSG	International Copper Study Group
IFC	International Finance Corporation
İDO	İstanbul Sea Buses
Karine	Karine Energy Generation and Industry Co.
kWh	Kilo Watt hour
KYK	Institution of Student Loans and Dormitories
KAP	Public Disclosure Platform

Abbreviations

TRNC	Turkish Republic of Northern Cyprus
LACP	League of American Communications Professionals
MIGEM (MAPEG)	General Directorate Mining and Oil Affairs
Masanda Tourism	Masanda Tourism Investment Co. Inc.
Mersin CNGPP	Mersin Combined Cycle Natural Gas Power Plant
MIP	Mersin International Port
MW	Mega Watt
OECD	Organisation for Economic Cooperation and Development
OIZ	Organised Industrial Zone
Pak	Pak Energy
PMUM	Market Financial Reconciliation Center
PSA	PSA International PTE Ltd.
SPP	Solar Power Plant
TAV Airports	TAV Airports Holding Co.
TAV Construction	TAV Tepe-Akfen Investment, Construction & Operations
TAV İstanbul	TAV İstanbul Terminal Operations Co.
TAV Investment	TAV Investment Holding Co.
TAYÇED	All Types of Waste and Environmental Management Association
T.C.	Republic of Turkey
Tepe	Tepe Construction
TDI	Turkey Maritime Organization
TEİAŞ	Turkish Electricity Transmission Corporation
TEU	Twenty Feet Equivalent Unit
TGS	Turkish Ground Services
THY	Turkish Airlines
TİKAV	Turkish Human Resources in Health and Education Foundation
TİM	Turkey Exporters Assembly
TİSK	Turkish Confederation of Employer Associations
TUGIAD	Young Businessman Association of Turkey
TUVTÜRK	TuvTurk Vehicle Inspection Stations Construction & Operation Inc.
TÜSİAD	Turkish Industry & Business Association
TSKB	Industrial Development Bank of Turkey
TurkStat	Turkish Statistical Institute
TURKLİM	Port Operators Association of Turkey
TÜROB	Hotel Association of Turkey
TTK	6102 Turkish Commercial Code
UIB	United Insurance Brokers
USA	United State of America
WPP	Wind Power Plant
YEKDEM	Support mechanism for renewable energy resource



Akfen Infrastructure Holding

Kızı Cad. No:22 Gaziosmanpaşa 06700 Ankara / Türkiye

Tel : +90 (312) 408 10 00

Faks : +90 (312) 441 07 82

