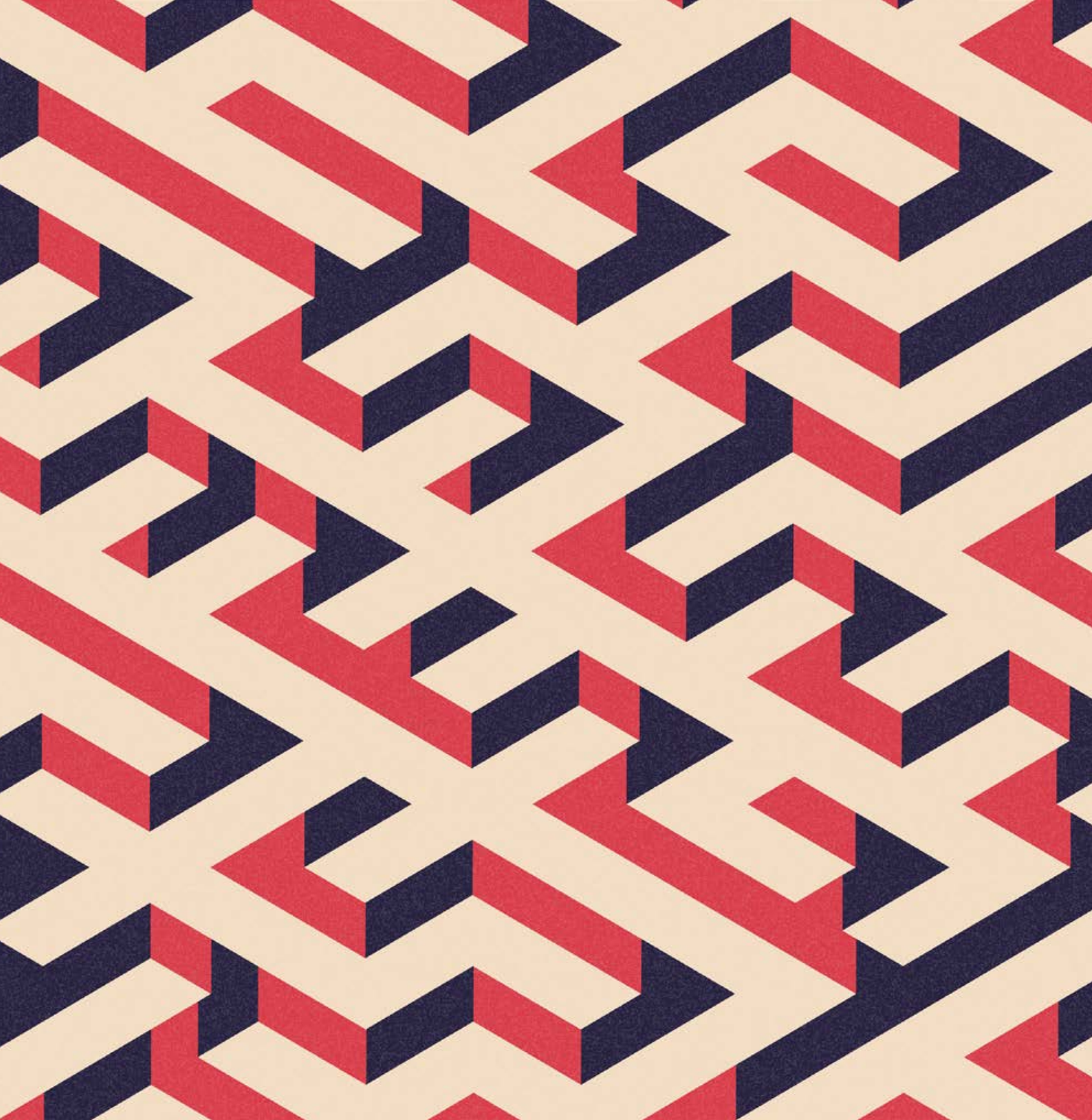


# Akfen REIT

Annual Report **2023**

OVERVIEW | MANAGEMENT | SECTOR ASSESSMENT | AKFEN REIT PORTFOLIO | FINANCIAL DEVELOPMENT | CORPORATE GOVERNANCE | SUSTAINABILITY PRINCIPLES COMPLIANCE | FINANCIAL STATEMENT



# TABLE OF CONTENTS

---

## Overview

---

Overview of Akfen REIT	6
Akfen REIT Portfolio Table	7
Capital/Shareholder Structure	8
Subsidiaries / Affiliates	9
Milestones	10
Developments in 2023	12
Financial Landmarks	16
Summary of Significant Developments in 2023	18
Mission, Vision and Strategy	19
Organizational Chart	20
Operational Map	21
Subsidiary Valuation Results	22

## Management

---

Message from CEO	24
Board of Directors	26
Senior Management	30
Declaration of Independence	32

## Sector Assessment

---

GDP	34
REIT Sector	35
Tourism Sector	37

## Akfen REIT Portfolio

---

Portfolio Table	39
Novotel&Ibis Hotel Z.burnu	40
Ibis Hotel İstanbul Esenyurt	41
Novotel İstanbul Bosphorus	42
Ibis Hotel Tuzla	43
Ibis Hotel Bursa	44
Ibis Hotel Alsancak	45
Ibis Hotel Eskişehir	46
Ibis Hotel Ankara Airport	47
Ibis Hotel Adana	48
Novotel Trabzon	49
Novotel&Ibis Hotel Gaziantep	50
Novotel&Ibis Hotel Kayseri	51
Ibis Hotel Moskova	52
Ibis Hotel Kaliningrad	53
Ibis Hotel Yaroslavl	54
Ibis Hotel Samara& Samara Office	55
Bodrum Loft	56
Isparta Student Dormitory	57
Kütahya Student Dormitory	58
Söğütlüçeşme Project	59
Yalıkavak Project	61
Kıyıkışlacık Project	63
Hadımköy Factory	64

## Financial Development

---

Summary Financial Information	66
Investment Properties	67
Net Asset Value	67
Rent Revenues	68
Total Financial Debt	69
Related Party Balances	69
Acquisition of Subsidiary	70
Operational Data	71
Operational and Financial Performance Assessments	73
Portfolio Limitations	75

## Corporate Governance

---

Corporate Governance Principles	78
Compliance Statement	78
Shareholders	79
Public Disclosure and Transparency	83
Stakeholders	85
Board Of Directors	87

## Compliance with Sustainability Principles

---

GM's Message	102
About the Report	103
Sustainability in Management	106
Sustainability in Compliance	119
Sustainability in Operations	125
Social Sustainability	130
Appendix	133

## Financial Statements

---

Independent Auditor's Report	149
Consolidated Statement of Financial Position	153
Consolidated Statement of Profit Or Loss and Other Comph. Incomes	155
Consolidated Income Table	155
Consolidated Changes in Equity Table	156
Consolidated Cash Flow Statement Table	157
Consolidated Financial Statements Explanatory Notes	158
Annual Report of the Board of Directors Independent Auditor Report	244
Early Risk Detection System and Committee Auditor's Report	246
Abbreviations	248



AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

## GENERAL OVERVIEW

MANAGEMENT

SECTOR ASSESSMENT

AKFEN REIT PORTFOLIO

FINANCIAL DEVELOPMENT

CORPORATE GOVERNANCE

SUSTAINABILITY PRINCIPLES  
COMPLIANCE

FINANCIAL STATEMENT

# Overview

---

- Briefly Akfen REIT
- Akfen REIT Portfolio
- Capital and Shareholder Structure
- Subsidiaries
- Milestones
- Developments in 2023
- Financial Milestones
- Akfen REIT Achievements
- Mission, Vision and Strategy
- Organizational Chart
- Operational Map
- Subsidiaries Valuation

# Overview of Akfen REIT

---

## Akfen REIT's investment property portfolio value approached TL 17 billion by the end of 2023.

---

The company, which started its operations in 1997 as Aksel Turizm Yatırımları ve İşletmecilik A.Ş., was transformed into a real estate investment trust in 2006. In 2007, Akfen REIT started the "Contemporary City Hotels" project, which it pioneered in the sector, and in 16 years, it has reached a portfolio of 19 hotels, 1 holiday village, 2 dormitory complexes, 1 office building and 1 factory investment.

Following the IPO process in 2011, Akfen REIT shares began trading on Borsa İstanbul (BIST) on May 11, 2011. Actual circulation rate Akfen REIT's closing share price for 2023 was TL 1.97 (Closing market capitalization: TL 7.68 billion/€236 million), which is 44.49%. Akfen REIT is currently traded on the Stars Market and has been included in the BIST All 100, BIST Sustainability and CMB's Group 1 companies throughout 2023.

### **From Hotel Investments to Portfolio Diversification**

Akfen REIT has developed Novotel and Ibis Hotel branded hotel projects in Turkey and Russia. Akfen REIT has leased a total of 19 hotels, 15 in Turkey and 4 in Russia, to Tamaris Turizm A.Ş. (Tamaris), a 100% subsidiary of Accor S.A., one of the world's largest hotel operators, operating in Turkey. Akfen REIT's portfolio also includes Bodrum Loft, a 5-star holiday village located in Bodrum. As of 31.12.2023, the total number of rooms in 19 hotels owned by Akfen REIT is 3,342.

In addition to its hotel portfolio, Akfen has an office building in Russia, 2 dormitory complexes consisting of 13 blocks in total, and 1 factory investment in Turkey. The REIT has 3 ongoing projects: commercial in Söğütlüçeşme, İstanbul, villa in Yalıkavak, Bodrum and touristic in Kıyıkışlacık, Milas. Akfen REIT's total portfolio value reached approximately EUR 597 million by the end of 2023. (On January 17, 2024, all shares of Akfen GT A.Ş., the owner of Merit Park Hotel, were sold and a portfolio outflow of approximately EUR 68 million was realized.)

### **Strategic Partnerships and Long Term Leases**

Having become a strategic partner with Tamaris (Accor), one of the world's leading hotel chains, in 2005, Akfen REIT has signed long-term lease agreements for 19 hotels in Turkey and Russia, generating regular and predictable rental income.

In the contracts signed with Tamaris (Accor) regarding Akfen REIT's hotels, there is a minimum guarantee clause for Akfen REIT's rental income. Rental income is determined as the higher of a certain percentage of turnover or adjusted hotel gross profit. This sharing; on the one hand, has a minimum income guarantee and on the other hand, has the potential to share the increase in income to be provided by the performance of the hotels.

Akfen REIT's Bodrum Loft holiday village is operated by Akfen Tourism and its dormitory complexes are operated by the Credit Dormitories Institution.

# Akfen REIT

## Real Estate Portfolio

### Hotels

LOCATION	UNIT	OPERATOR	PORTFOLIO VALUE (MILLION EUR)
Türkiye	15	Tamaris (Accor)	290,8
Russia	4	Tamaris (Accor)	68,1

### Holiday Resort

LOCATION	UNIT	OPERATOR	PORTFOLIO VALUE (MILLION EUR)
Türkiye (Bodrum Loft)	1	Akfen Turizm	36,9

### Student Dormitories

LOCATION	UNIT	OPERATOR	PORTFOLIO VALUE (MILLION EUR)
Türkiye (Isparta ve Kütahya)	2	State Inst.of Dormitories	23,0

### Other

LOCATION	UNIT	OPERATOR	PORTFOLIO VALUE (MILLION EUR)
Türkiye (Söğütluçeşme, Yalıkavak, Kıyıkışlacık )	3	Investment Phase	147,5
Russia (Samara Office)	1	CorporateTenant	4,5
Hadımköy Factory	1	CorporateTenant	3,1

# 573.8

million EUR

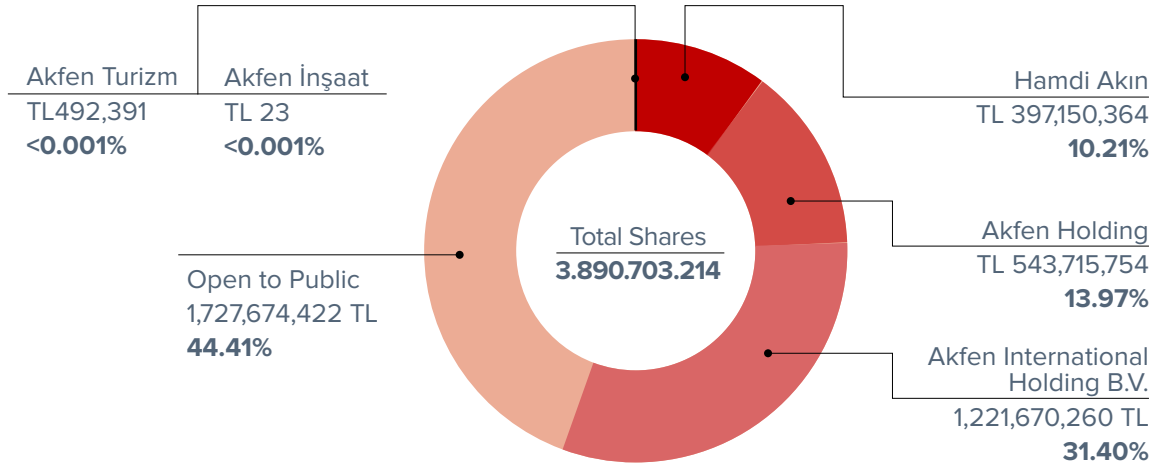
Akfen REIT Total  
Real Estate Portfolio

# 518.7

million EUR

Akfen REIT  
Net Asset Value

# Capital/ Shareholder Structure



31 December Shareholder distribution as of 2023

GROUP	REGISTERED/ BEARER	EACH SHARE NOMINAL VALUE (TL)	TOTAL NOMINAL VALUE (TL)	CAPITAL RATIO (%)	PRIVILEGE TYPE	TRADED ON STOCK EXCHANGE OR NOT
A	Regist.	1	11,315.949	<0.001	Privilege to elect two board Member at General Assembly	Not traded
B	Bearer	1	3,890,669,266	99.99	Privilege not available	Traded on BIST Star Market
C	Regist.	1	11,315,949	<0.001	Privilege to elect two board Member at General Assembly	Not traded
D	Regist.	1	11,315.949	<0.001	Privilege to elect two board Member at General Assembly	Not traded
<b>Total</b>			<b>3,890,703,214</b>	<b>100</b>		

Group A, C and D shares have the privilege to nominate candidates for the election of Board Members. Two members of the Board of Directors are elected by the General Assembly from among the candidates nominated by Group A, two by Group C and two by Group D shareholders.



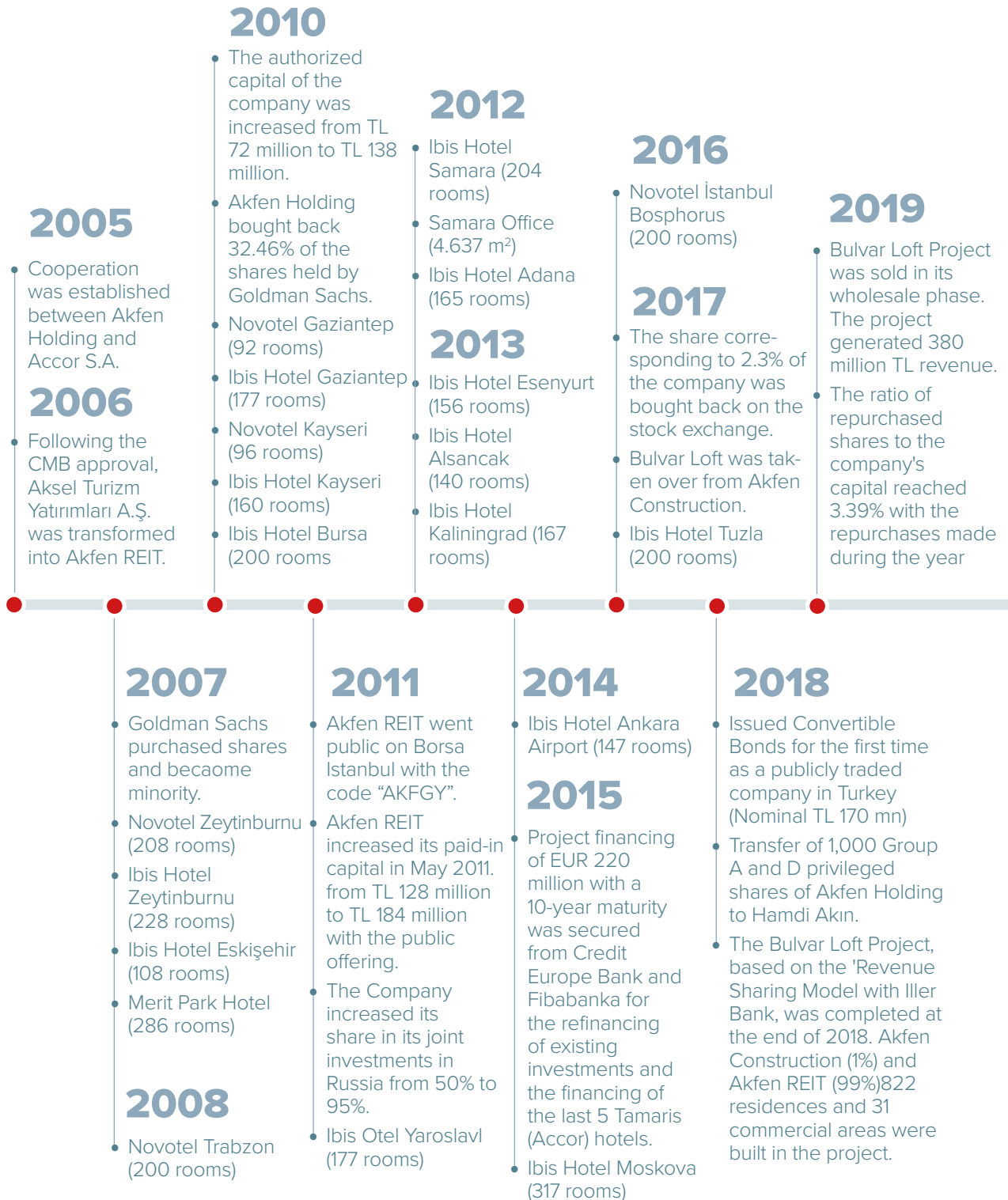
# Subsidiaries/ Indirect Subsidiaries

TITLE OF BUSINESS	FIELD OF ACTIVITY	PAID/ ISSUED CAPITAL	COMPANY'S SHARE IN CAPITAL	CURREN- CY	COMPANY'S SHARE IN CAPITAL (%)	THE NATURE RELATIONSHIP WITH THE COMPANY
Akfen Real Estate and Construction Inc.	Creating a real estate portfolio	117,238,308	117,238,308	TRY	100%	Subsidiaries
Akfen Karaköy G.Menkul Yatırım ve İnş. A.Ş.*	Investing in real estate	121,000,000	25,611,697	TRY	21,17%	Indirect Subsidiaries
Yaroslavl Hotel Invest Ltd.*	Developing a hotel project in Yaroslavl (Russia)	5,000,000	4,889,845	Ruble	97,8%	Subsidiaries
Samstroykom Ltd.*	Developing a hotel project in Samara (Russia)	5,000,000	4,889,845	Ruble	97,8%	Subsidiaries
Volgastroykom Ltd.*	Developing a hotel project in Samara (Russia)	5,000,000	4,808,303	Ruble	96,17%	Subsidiaries
KaliningradInvest Ltd.*	Developing a hotel project in Kaliningrad (Russia)	5,000,000	4,889,845	Ruble	97,8%	Subsidiaries
Severnyi Avtovokzal Ltd.*	Developing a hotel project in Moscow (Russia)	136,709,700	136,709,700	Ruble	100%	Subsidiaries
Fıratcan İnşaat Ticaret ve Turizm A.Ş.	TCDD committed to Kadikoy High Speed Train Viaduct at Sogutlucemesme and terminal construction & commercial areas to be operated until 2052	6,000,000	6,000,000	TRY	100%	Subsidiaries
Gökliman Yatırım İnş. Tur. ve Jeotermal Ticaret A.Ş.	Investing & operating in tourism sector	3,000,000	3,000,000	TRY	100%	Subsidiaries
Akfen Bafra G.Menkul Tic. ve İnş. A.Ş.	Investing in real estate	50,000	50,000	TRY	100%	Subsidiaries
Akfen Kuzey G.Menkul İşletme A.Ş.*	To operate, lease and participate in all kinds of tourism facilities in Turkey and abroad	34,331,344	34,331,344	TRY	100%	Subsidiaries
Akfen Güney G.Menkul İşletme A.Ş.*		48,430,348	48,430,348	TRY	100%	Subsidiaries

\* Akfen GT is divided into Akfen North and Akfen South. Akfen North is the new owner of 97.8% of Yaroslavl, Samstroykom and Kaliningrad, which include hotel investments in Russia; 96.17% of Volgastroykom, which includes office investments in Russia; and 100% of Severnyi, which includes one hotel investment in Moscow in Russia. The main activities of these companies are to realize hotel and office projects in Russia. Akfen Güney has acquired 78.8% of Akfen GT's shares in Akfen Karaköy through spin-off. The procedures for the sale of all shares of Akfen GT are in progress as of December 31, 2023. On 17.01.2024, all shares belonging to our subsidiary Akfen GT were transferred and the financial fixed asset sales transaction (USD 73,000,000 + variable consideration) was finalized by collecting the consideration.

\*\* Akfen Karaköy is 21.2% owned by Akfen REIT and 78.8% owned by Akfen Güney. In this context, the total ratio of Akfen REIT's direct and indirect ownership in Akfen Karaköy is 100%.

# Milestones



## 2020

- As part of the coronavirus measures, 13 hotels were suspended for an average of 4 month.
- Three hotels allocated to health workers for two months.
- A protocol was signed with Credit Europe Bank and Fibabanka for the restructuring of the existing bank debt of EUR 177.7 million with a maturity of 10 years.

## 2022

- Capital ceiling raised to TL 6.5 billion.
- A total of 133,707,223 shares, corresponding to 10.29% of Hamdi Akin's shares, were sold, increasing the Company's free float to 24.5%.
- The share buyback program was terminated with the approval of the General Assembly.
- Akfen REIT started to be traded on BIST 100 with the share code AKFGY.
- In Yalıkavak, Bodrum, Muğla, a 22,197 m<sup>2</sup> plot of land was purchased for TL 365 million with all licenses and permits ready.
- Shares with a total nominal value of TRY 259,980,000, corresponding to 20% of the Company's capital, including TRY 129,990,000 owned by Akfen Holding A.Ş. and TRY 129,990,000 owned by Akfen International Holding B.V., two of Akfen REIT's shareholders whose shares are traded on the Stars Market, were sold at a price of TRY 3,70 per share with a nominal value of TRY 1.
- Gökliman Yatırım İnşaat Turizm ve Jeotermal Tic. A.Ş., which owns 83.625 m<sup>2</sup> of land in Kıyıkışlacık, Milas, Muğla, for TL 477 million at a 40% discount from Akfen GPYŞ.

## 2021

- TL 238 million of convertible bonds were converted into shares and redeemed.
- With a TL 450 million allocated capital increase, three new assets (Isparta and Kütahya Student Dormitories, Bodrum Loft) worth EUR 62,5 million were acquired for EUR 53 million.
- The lease agreements of 19 hotels with Tamaris (Accor) were revised and approximately a 15% rent increase was achieved.
- EUR 177.7 million of financial debt was refinanced with a 10-year maturity.
- After the 3<sup>rd</sup> capital increase of EUR 55 million, financial debt was reduced to EUR 132 million.
- BBB rating from JCR.
- 51% of Fıratcan Construction, owner of the Söğütlüçeşme Project 6,2 million Euros.
- All repurchased shares (6,2 million shares) were sold.
- The Euribor-based interest rate of the loans was hedged with the IRS transaction.
- 44% bonus issue was realized and the capital was increased to TL 1,300,000,000.

# 2023 Developments

## FEBRUARY

### Akfen Karakoy Share Purchase

**FEBRUARY 16:** 85.16% (7.25% of the total shares) of the 8.53% shares of Akfen Karaköy owned by third parties was taken over by Akfen GT against the receivables of Akfen GT from the other shareholders of Akfen Karaköy with accrued interest until the date of share

transfer and 14.84% (1.27% of the total shares) of the remaining shares was taken over by Akfen Holding for USD 1,500,000. After the aforementioned share purchase, Akfen REIT's direct and indirect ownership rate in Akfen Karaköy became 98.73%.

## APRIL

### Akfen Bafra Real Estate Company Founded

**APRIL 3:** With a capital of TL 50 thousand, a new subsidiary was established as Akfen Bafra Gayrimenkul Ticareti ve İnşaat A.Ş. (Akfen Bafra).

permissions are obtained and the transaction is approved by the Company's Board of Directors following the valuation to be made in accordance with the CMB legislation.

### Amendment to Capital and Shares Article

**APRIL 12:** The Company made the necessary applications to the Capital Markets Board and the Ministry of Trade for the amendment of Article 8 of the Articles of Association titled "Capital and Shares" as attached, and the new amended article was approved by the shareholders at the General Assembly held on April 19, 2023.

Approximately EUR 30 million of the proceeds from the transaction will be used for prepayment of the loan and the remainder will be used for ongoing and new investments.

### Contract Signed for the Transfer of Merit Park Hotel

**APRIL 13:** Between Akfen REIT and Merit Kıbrıs Turizm Ltd (the Buyer), a transfer agreement was signed on 13.04.2023 regarding the transfer of the hotel in TRNC, whose investment has been completed and operated under the name of Merit Park Hotel & Casino. The most suitable transfer of the Hotel for the Company is the transfer of the Hotel by our subsidiary Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. (Akfen GT). Akfen GT will be transformed into a special purpose company and will be transferred to the Buyer for USD 70 million + variable consideration (USD 73 million + variable consideration on January 17, 2024), provided that the conditions in the Agreement are fulfilled, all necessary legal

### Long-Term National Rating Increased

**APRIL 20:** Our Long-Term National Corporate Credit Rating increased from A- (high credit quality) to AA- (very high credit quality) compared to the previous year. Our Short Term National Corporate Credit Rating improved from J2 (BBB) to J1+ (AA) compared to the previous year.

### Commence to Share Buy Back Program

**APRIL 24:** The share price should be adjusted according to our net asset value. (share price is TL 6.25 according to 31.12.2022 net asset value) and due to the discount compared to the market, share buy-back program started on 24.04.2023 in order to protect the interests of shareholders. The max. amount of funds that can be allocated is TL 200,000,000 and the max. number of shares that can be subject to share buy-back is TL 65,000,000 (5% of total shares)

## MAY

### Takeover of Uludag Hotel

It has been decided to take over Uludağ Hotel, one of Akfen Tourism's assets, upon completion of the necessary permits.

### Acquisition of Akfen Karaköy Shares

**MAY 2:** Akfen REIT acquired 1,27% of Akfen Karaköy shares owned by Akfen Holding for TL 16.048.940 on May 2, 2023. Following the share transfer, Akfen Karaköy became a 100% direct and indirect subsidiary of Akfen REIT.

### Purchase Agreement for Eraysan Factory Building and Land by Akfen Karaköy and Transfer of the Right of Usufruct

**MAY 5:** Eraysan İmalat İthalat İhracat Plastik Makina Ve Sanayi Ticaret Anonim Şirketi (Eraysan) owns a factory building and land with a closed area of 16.119 m<sup>2</sup> on a land of 7.027 m<sup>2</sup> on block 267, parcel 5, Ömerli Mahallesi, Arnavutköy District, Istanbul. According to the valuation report, the market value of this property is EUR 13,5 million and it was purchased on May 5, 2023 for EUR 3,1 million together with the right of interest.

## JULY

### Interim Valuation for Real Estates

**JULY 10:** Since it is foreseen that the change in real estate prices after the year-end valuations of the assets in the portfolio in 2022 and the increased business volume in 2023 may cause significant changes in the values of the assets in the portfolio, the results as of June 30, 2023, The results of the interim real estate valuation studies are disclosed to be included in the limited audited financial reports.

### Effects of the Increase in the Exchange Rate

**JULY 14:** End of 2022 EUR 5 million forward transaction fixed on July 14, 2023 was realized at an exchange rate of 23.79, resulting in a profit of approximately TL 28 million.

### Acquisition of the Remaining Shares of Fıratcan İnşaat

**JULY 18:** The remaining 49% shares of Fıratcan İnşaat, the owner of the business of leasing the Söğütluçeşme train station in Kadıköy, Istanbul, which 51% shares were purchased on 31.03.2021, for 2 years of permission - license, 2 years of construction period and to operate until 2051 within the scope of the High Speed Train Station project, were sold at a price 8% below the value determined in the valuation report dated 17.07.2023 prepared in accordance with the

### Share Buyback Program

CMB legislation. 10 million Euros for TL. The acquired company is committed to TCDD's Söğütluçeşme High Speed Train Station Project, which will be completed in 2024 and the commercial areas will be operated until 2051.

**JULY 25:** Capital Markets Legislation of the Company's Board of Directors "Share Buyback Program", which was initiated with the decision taken on April 24, 2023 within the framework of the principle decision regarding share buyback transactions published in the Capital Markets Board's bulletin dated 14.02.2023 and numbered 2023/10, has been terminated within the scope of the decision taken today (July 25, 2023). Within this framework

- Paid for the repurchased shares - the maximum price is TL 4.06 per share and the average price is TL 3.45 per share;
- Total number of shares repurchased 30,000,000 shares and the ratio of these shares to the share capital is 2.31%;
- The cost of these repurchases is the total cost amounted to TL 103,583,277.17 and this cost was covered from the Company's own resources.

## JULY

### Completion of the Transfer of Eraysan Factory Building and Land

- **JULY 26:** 77,80% of the subsidiary Akfen Karaköy factory building and land (the remaining part belongs to TCDD) has been purchased on 5.5.2023 (26.7.2023) and the title deed of the real estate has been transferred to Akfen Karaköy.

The transaction was completed. Akfen Karaköy leased the factory building and land to Eraysan company operating in the factory. The factory building and land will be leased for an annual rent amounting to EUR 314 thousand equivalent of TL and the Seller has a 3-year repurchase right at the same transfer price.



## AUGUST

### Sale of Repurchased Shares

**AUGUST 8:** The capital of Akfen REIT and its subsidiary 30,000,000 repurchased shares corresponding to 2.31% were sold on 08.08.2023 at a price range of TL 5.25 - 5.33 (average TL 5.2534) and Akfen REIT has no more repurchased shares.

### Paid-in Capital Increase Application

**AUGUST 23:** Akfen REIT TL6.5 billion TL2.6 billion (20%) of its issued capital of TL 1.3 billion within the registered capital ceiling of TL 1.3 billion to TL 3.9 billion through a rights issue and applied to the CMB on 23.08.2023.

### Demerger of Akfen GT

**AUGUST 28:** The demerger of Akfen GT into Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat Anonim Şirketi was completed and 78.83% of the shares of Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat Anonim Şirketi were transferred to the newly established Akfen Güney Gayrimenkul İşletme Anonim Şirketi and the shares of our subsidiaries in Russia were transferred to the newly established Akfen Kuzey Gayrimenkul İşletme Anonim Şirketi through the demerger.

## SEPTEMBER

---

### Mixed Project Pre-Concept Design in Bursa

**SEPTEMBER 6:** Within the scope of the contract signed on 10.03.2022, Bursa, Penguen Gıda the preliminary concept design studies of the mixed project to be realized in the area located on the Bursa land have been completed and zoning applications have been initiated.

### Listing in the BIST Sustainability Index

**SEPTEMBER 21:** "AKFGY" stock is traded in the BIST Sustainability index as of the fourth quarter of 2023 (01.10.2023-31.12.2023) he has begun to behold.

## OCTOBER

---

### Capital Increase Brokerage Agreement Signed

**OCTOBER 6:** Capital Increase Brokerage Agreement was signed between İfo Yatırım Menkul Değerler Anonim Şirketi ("İfo") and Akfen REIT as the authorized institution for consultancy and brokerage.

### Income from Hedging Transactions

**OCTOBER 13:** At the end of 2022, the forward transaction of EUR 8 million fixed on October 13, 2023 was realized at an exchange rate of 25.51, resulting in an operational profit of approximately TL 31 million.

### Updated Prospectus and Fund Utilization Report Published on PDP

**OCTOBER 12:** Prospectus and Fund Utilization Report applied to CMB on 23.08.2023 for the capital increase through rights issue to increase the issued capital of TL 1.3 billion by TL 2.6 billion (200%) to TL 3.9 billion within the registered capital ceiling of TL 6.5 billion were re-published on PDP

## DECEMBER

---

### Approval of Capital Increase Application by CMB

**DECEMBER 8:** TL 1.3 billion of issued capital within the registered capital ceiling of TL 6.5 billion, to be increased by TL 2,600,000,000 (200%) to TL 3.9 billion, all in cash, Approved by the Capital Markets Board at its meeting dated 07.12.2023 and numbered 76/1684.

# Financial Milestones

## Foreign Shareholding and Pre-IPO

---

**2007:** Goldman Sachs acquired 32.46% of Akfen REIT's shares and became a minority shareholder.

**2010:** Akfen Holding acquired the shares held by Goldman Sachs.

## Convertible Bonds

---

**January 2018:** TL 170 million (EUR 36 million) convertible bond with a three-year maturity and 12% interest rate was issued.

**January 2021:** TL 238.8 million bond principal + interest (EUR 26 million) converted into shares and 59 million shares allocated to Hamdi Akin. Financial liabilities decreased by 13%.

## Project Sold

---

**2019:** The completed Bulvar Loft Project generated TL 380 million in revenue.

## Capital Increase and New Portfolio

---

**2010:** Capital increased from TL 72 million to TL 138 million.

**2011 IPO:** 25 percent of the company was offered to the public and the price was set at TL 2.28. 5,211 investors bought shares, generating TL 105 million (EUR 46.7 million) in revenue.

**February 2021:** Hamdi Akin raised TL 450 million in capital (101.6 million shares). Bodrum Loft and Isparta & Kütahya Student Dormitories with a total value of EUR 66.2 million were acquired for EUR 53 million.

**March 2021:** Acquired 51% shares of Firatcan İnşaat Turizm Ticaret A.Ş., the owner of Söğütlüçeşme Project, for EUR 6.2 million as part of the long-term lease agreement with TCDD.

**August 2021:** 161% rights issue was realized.

**November 2021:** Euribor-based interest rate on loans hedged with IRS transaction.

**December 2021:** 44% bonus issue completed.

**December 2023:** 200% paid in capital increase completed.<sup>(\*)</sup>

*(\*) As of 31.12.2023, the share capital is TL 3,890,703,214 and as a result of the sale of the remaining shares with a nominal value of TL 9,296,716.21 in the Primary Market of Borsa Istanbul A.Ş. for 2 business days between January 2 and 3, 2024, the sale of all shares within the scope of public offering transactions in the Primary Market was completed as of January 3, 2024. (TL 3,900,000,000)*



## Other Developments

**March 2021:** Revised lease agreements with Tamaris (Accor) for 19 hotels; rental income increased from 72.5% to 85% to 95% of adjusted gross operating profit.

**November 2022:** The sale of shares with a total nominal value of TRY 259,980,000, corresponding to 20% of the Company's capital, including TRY 129,990,000 owned by Akfen Holding A.Ş. and TRY 129,990,000 owned by Akfen International Holding B.V., two of Akfen REIT's shareholders whose shares are traded on the Stars Market, was realized at a price of TRY 3.70 per share with a nominal value of TRY 1TL

**December 2022:** Akfen REIT acquired the entire company Gökliman Yatırım İnşaat Turizm ve Jeotermal Tic. A.Ş., which owns 83,625 m<sup>2</sup> of land in Milas Kıyıkışlacık, from Akfen GPYŞ at a 40% discount amounting to TL 477 million

**April 2023:** Long-term credit rating upgraded to AA- from A- in 2022.

**December 2023:** EBITDA margin realized at 90% on a portfolio value approaching TL 20 billion.

**December 2023:** In 2022, EUR revenues were generated from 23 projects worth approximately EUR 597 million with ongoing operations and regular rental income. In 2023, rental income increased by 16% in TL terms to TL 1,095 million.

**December 2023:** After the valuation of the properties in the portfolio of the Company and its subsidiaries and the effect of inflation accounting, the value in the portfolio increased by 22% in Euro terms compared to last year to EUR 597 million (31.12.2022: EUR 488 million).

## Loan Closure and Refinancing

**2015:** EUR 205 million financing was obtained from Credit Europe Bank and Fibabanka with 10-year maturity to refinance existing investments in Turkey, Cyprus and Russia and to finance the last 5 hotels.

**April 2021:** Credit Europe Bank and Fibabanka's existing EUR 175.9 million loan was rescheduled with the same maturity and 10-year term.

**August 2021:** The capital increase by 161% (EUR 55 million) was completed. 44 million EUR 8 million in financial debt and EUR 8 million in shareholder loans were repaid. Exchange rate risk was eliminated by converting Russian loans into Ruble.

**April 2022:** Prepayment of EUR 3.1 million in loans.

**December 2023:** EUR 6.2 million in early loan repayments during the year.



## 2023 Summary of Key Developments

---

### **Stronger Balance Sheet and Income Statement**

- Capital increases
- Increased revenue profile with improvement in revised hotel lease contracts
- Despite high inflation, operating expenses keeping it under control

### **Portfolio Growing with Long-Term Contracts and Asset Acquisitions that Ensure Sustainable Cash Flow and Profitability**

- Reducing loan payables and reaching dividend distribution earlier with the positive cash flow generated from increased rental income
- Investment with cheap financing of new land investments reducing costs

### **Declining Net Debt/ EBITDA Profile**

- Continued to reduce net debt by early repayment of loan principal debt with the cash surplus generated as a result of the continuation of hotel rental income performances with high EBITDA margins

## Vision



Akfen REIT aims to keep its trusted position in the sector by establishing itself as one of the select REIT corporations with regards to the net asset value with its qualified projects in the real estate sector.

## Mission



Akfen REIT has made it its mission to increase the size and value of its portfolio to a higher level while continuously increasing the regular rental income from its strong shareholders' equity and qualified portfolio, and to provide information to its shareholders in a transparent structure while doing so.

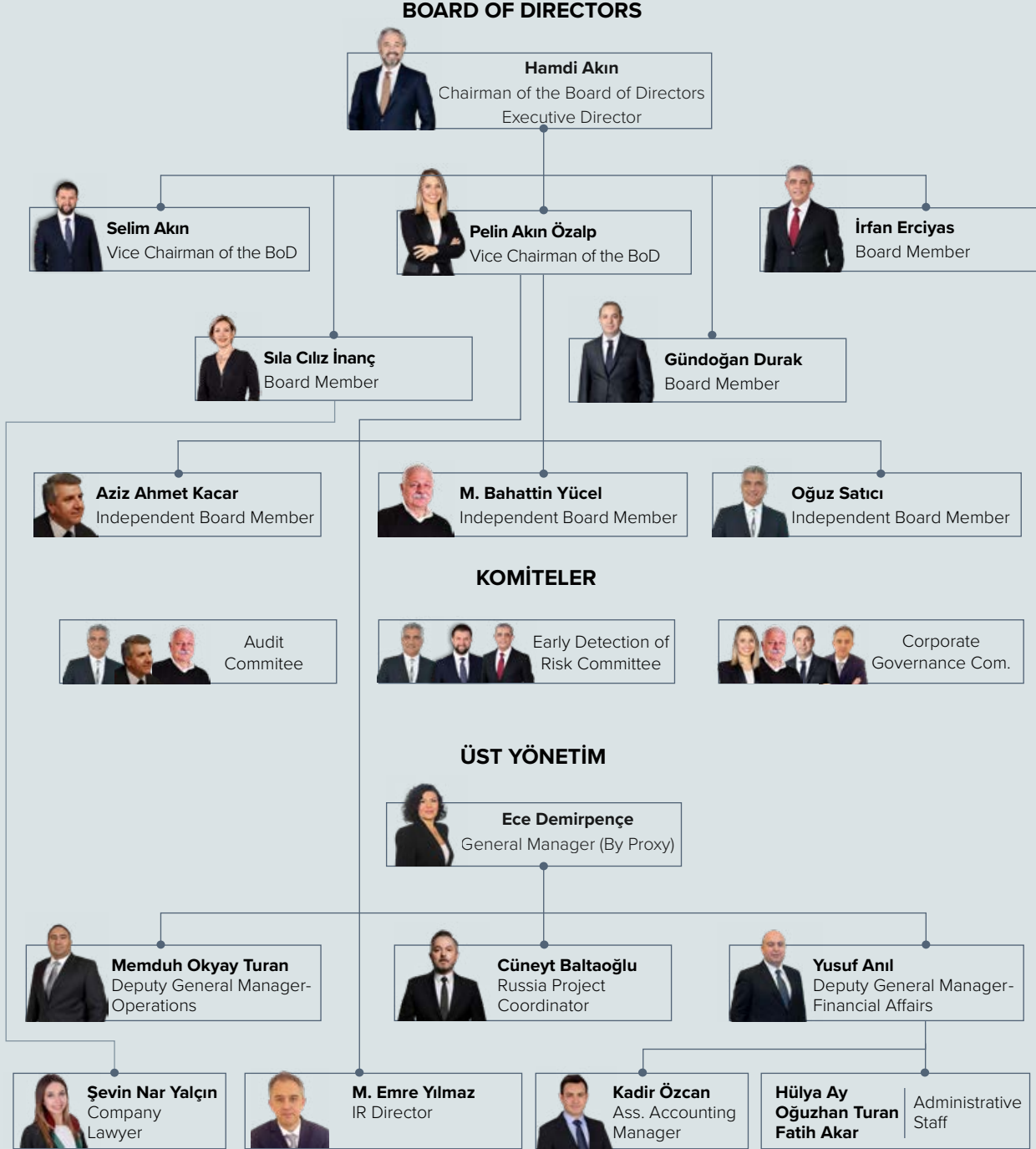
## Strategy



- Earlier dividend distribution with reduced debt and increased revenue
- Growth in revenue and profitability through new investments without additional financial burden
- Evaluating new real estate investment opportunities with high profit margins that will increase portfolio diversification
- A growing portfolio with sustainable cash flow through long-term contracts and new asset acquisitions expected to increase profitability in the long term
- Increased trading volume and liquidity as a result of increased actual circulation
- Potential to make new investments and repay loans early with rapidly decreasing net debt/EBITDA contribution and increasing cash surplus due to operational profitability
- Stronger balance sheet and income statement with rapidly growing assets and profitability, minimal currency risk and high EBITDA margin driven by low operational/overhead expenses
- Increase in net asset value, potential to create more value in the future with the transition from premium to discount



# Organizational Structure



## Benefits Provided to Executives

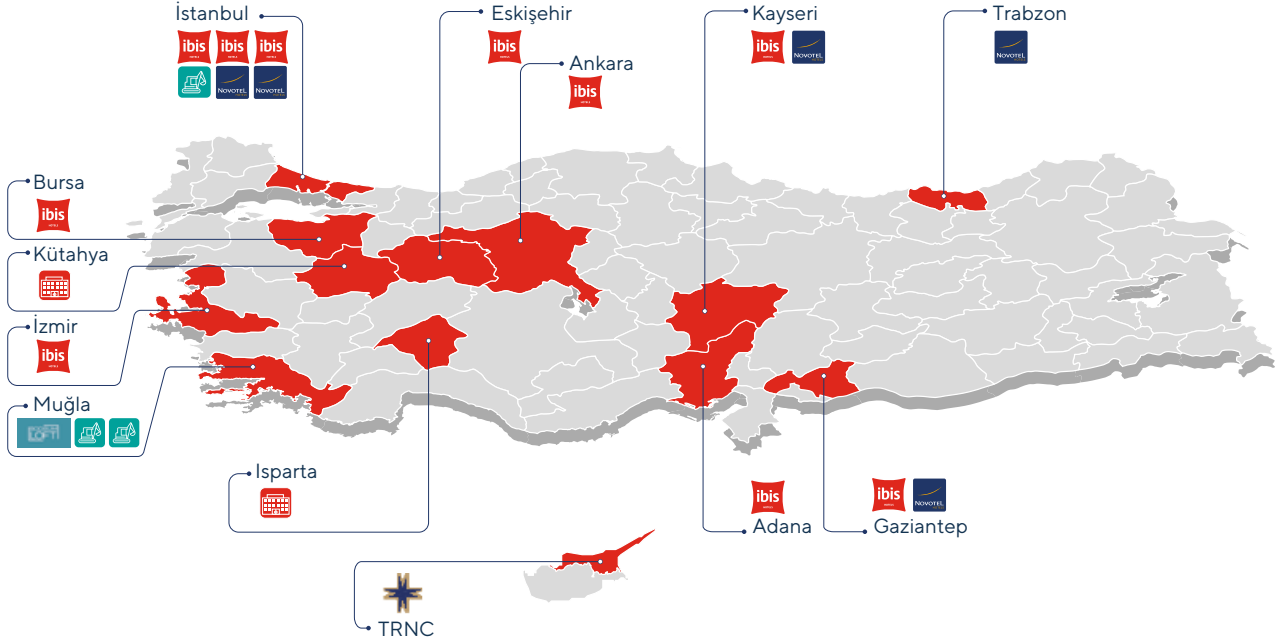
(THOUSAND TL)

31.12.2023	21,364
31.12.2022	6,708

**43** Number of employees and subsidiaries/associates in Turkey and Russia

Apart from this, no material rights, allowances, representation expenses, in-kind cash rights, insurance or similar guarantees have been granted. Disclosures made pursuant to legal regulations are complied with and transactions are carried out in line with the Company's remuneration policy.

# Operation Map



Number of Countries

**3** (Russia, Türkiye, TRNC)

Number of Hotels

**20** 14 Ibis Otel, 5 Novotel,  
1 Merit Park Otel

Resort

**1** Bodrum Loft (Muğla)

Office

**1** Samara Office (Russia)

Student Housing

**2** Kütahya and Isparta  
Dormitory Investments

Ongoing Projects

**3** Söğütlüçeşme (İstanbul)  
Yalıkavak (Muğla)  
Kıyıkışlacık (Muğla)

Factory Building

**1** Hadımköy Factory  
(İstanbul)



# Valuation of Subsidiaries

## Akfen Gayrimenkul Ticareti ve İnş. A.Ş. [Akfen GT],

## Akfen Kuzey G.Menkul İşletme A.Ş. [Akfen Kuzey],

## Akfen Güney G.Menkul İşletme A.Ş. [Akfen Güney]

**164.7** million EUR

Equity Value

On August 28, 2023, as a result of the spin-off of Akfen GT, Akfen Kuzey and Akfen Güney companies were established with 100% ownership. While determining the value of these companies according to the total net asset value (NAD, Underlying Asset / Addition) method, the "Investment Properties" item has been revised according to the value determined in Net Kurumsal Gayrimenkul Değerleme Ve Danışmanlık A.Ş.'s Special 2023-1262 (Karaköy Bosphorus Hotel) and Special 2023-1259 (Factory Building) dated 31.12.2023, Special 2023- 566 (Merit Park Hotel) dated 30.06.2023 and the balance sheets of the companies dated 31.12.2023 have been taken into consideration.

For the valuation of the hotel and office assets in Russia, the 31/12/2023 dated 31.12.2023 N° 01/06/23-KI, N° 01/06/23-SA, N° 01/06/23-SSK, N° 01/06/23-VSK, N° 01/06/23-YOI current appraisal values are taken into consideration. According to 31 December 2023 balance sheet, total equity value of the companies is determined as EUR 164,741,779 (TL 5,366,282,247).

## Akfen Karaköy Gayrimenkul Yatırım ve İnşaat A.Ş. [Akfen Karaköy]

**75.0** million EUR

Equity Value

While finding the net asset value of the company according to the (NAD, Underlying Asset / Addition) method, Net Kurumsal Gayrimenkul Değerleme Ve Danışmanlık A.Ş.'s Special 2023-1262 (Karaköy Bosphorus Hotel) dated 31.12.2023 and Special 2023-1259 (Factory Building) reports, the "Investment Properties" item was revised and the balance sheet dated 31.12.2023 was taken into consideration. According to the December 31, 2023 balance sheet, the equity-cash value of the company was determined as EUR 75,047,601 (TL 2,444,593,062).

## Fıratcan İnşaat Turizm Ticaret A.Ş. [Fıratcan]

**28.8** million EUR

Equity Value

While determining the net asset value of the company according to the (NAD, Underlying Asset / Addition) method, the "Investment Properties and Under Construction Investment Properties" item was revised according to the value determined in the Special 2023-1260 (Söğütluçeşme Project) report of Net Kurumsal Gayrimenkul Değerleme Ve Danışmanlık A.Ş. dated 31.12.2023 and the balance sheet dated December 31, 2023 was taken into consideration. According to December 31, 2023 balance sheet, the equity value of the company is determined as EUR 28,752,468 (TL 936,580,023).

## Gökliman Yatırım İnş. Tur. ve Jeotermal Tic. A.Ş. [Gökliman]

**28.6** million EUR

Equity Value

While determining the value of the company according to the net asset value (NAD, Underlying Asset / Addition) method, the "Investment Properties and Under Construction Investment Properties" item was revised according to the value determined in the Special 2023-1261 (Kıyıkışlacık Project) report of Net Kurumsal Gayrimenkul Değerleme Ve Danışmanlık A.Ş. dated 31.12.2023 and the balance sheet dated December 31, 2023 was taken into consideration. According to the December 31, 2023 balance sheet, the equity-cash value of the company was determined as EUR 28,639,301 (TL 932,893,723).

GENERAL OVERVIEW

MANAGEMENT

SECTOR ASSESSMENT

AKFEN REIT PORTFOLIO

FINANCIAL DEVELOPMENT

CORPORATE GOVERNANCE

SUSTAINABILITY PRINCIPLES  
COMPLIANCE

FINANCIAL STATEMENT

# Management

- Message from the General Manager  
Board of Directors
- Senior Management
- Declarations of Independence

# Dear Stakeholders,

---

As Akfen REIT, we look forward to 2023 with an investment grade credit rating (AA-), a real estate portfolio of EUR 597 million and a net profit of EUR 519 million. As a company, we believe that we will achieve even greater goals in 2024 with the support of our stakeholders.



**Ece Demirpençe**

Akfen GYO  
General Manager  
(by proxy)



As Akfen Real Estate Investment Trust, our company displayed a determined performance in 2023. During this period, we made significant progress towards achieving the strategic goals we set to increase the value of our real estate portfolio and provide sustainable returns to our investors. Thanks to the effective management of the assets in our portfolio and accurate valuation policies, we have seen a steady increase in our portfolio value. In this context, our net asset value increased by 27% in 2023 compared to 2022, reaching a total value of approximately EUR 519 million. On the other hand, we continued to maintain our transparent communication policies with our investors in 2023 and regularly shared information with them. At the roadshow meeting we organized in November, we shared our current position, goals and strategies with our senior management and all valuable participants.

The increase in our revenues led to a significant improvement in our debt coverage ratio. In FY2023, our Net Debt/EBITDA ratio fell to 2.8X. Our revenues grew by 16% year-on-year. With our operational profitability, we continued to reduce our loan debt by making an early payment of EUR 6.2 million. With the rights issue capital increase realized at the end of 2023, we created a strong resource for new and ongoing investments. The acceleration of the projects we are investing in to diversify our real estate portfolio is critical for us to move forward with more solid steps into the future. In 2023, we started the construction of our 29-villa project in Yalikavak, Bodrum and we are on track to open an open-air market concept with food and beverage, culture and arts areas within the scope of the High-Speed Train Viaduct and Terminal project in Sogutlucemesme, Istanbul in 2024.

The financial stability of our company was reinforced with the AA- (very high credit quality) rating we received from the independent credit rating company in 2023. Despite the general economic difficulties in the country and the earthquake disaster, we continued to focus on continuous improvement efforts in 2023 in order to adapt quickly to the changing dynamics of the real estate market.

In this period, while the average hotel occupancy rate in Turkey was 59%, the average occupancy rate of the 15 hotels in our portfolio was 67.5%.

While the average occupancy rate in Istanbul decreased by 8.5% in 2023 compared to the previous year to 60.2%, the average occupancy rate of our hotels in Istanbul in the Akfen REIT portfolio was realized as 73.3% in 2023.

Similar success was realized in our hotels in Anatolia. In 2023, the average occupancy rate in Anatolia decreased by 5.9% compared to the previous year to 44.6%, while the occupancy rate of our hotels in our portfolio was realized as 63.7%.

When we look at our entire portfolio, the average occupancy rate of our 19 hotels in Turkey and Russia increased by 1.7% compared to the previous year, while room rates increased by 16.5% in Euro terms. Each of the Novotel and Ibis hotels in our portfolio, operated by Tamaris (Accor) group, one of the world's most famous hotel chains, ranked among the most successful hotels in its competitive field.

In addition to all these, we achieved a significant success as the second REIT company to be included in the BIST Sustainability Index in September 2023. We have made a voluntary and superior effort to fulfill the requirements of the sustainability index, from human resources to finance, from social responsibility to our carbon footprint, taking a 360-degree approach to our company. In all ESG issues, we achieved a significant improvement in our Refinitiv global score in 2023. In the coming period, sustainability will be a determining factor in all our investments.

We ended 2023 with an investment grade rating of AA- (very high credit quality), continuity in the BIST 100 index and a net asset value of approximately EUR 519 million. In the coming period, we will focus on diversifying our investments and increasing the operational efficiency of our existing portfolio in order to grow steadily and maintain our promise of sustainable returns to our investors. We will maintain our financial soundness and continue to increase our company value by seeking new opportunities.

As Akfen REIT, we believe that we will achieve even greater goals in 2024 with the support of our esteemed stakeholders.

Regards,

# Board of Directors



## Hamdi Akin

Chairman of the Board of Directors / Executive Director

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

In addition to his private entrepreneurship, Mr. Akin realized projects in infrastructure, energy and investment in scope of privatization efforts. He also carried his dynamism and hard work in business to volunteer efforts and

non-governmental organizations as a Manager and founder of many societies, foundations, chambers of commerce. He has served as Vice President of Fenerbahçe Sports Club (2000-2002), MESS-Metal Industrialists' Union President of Ankara Regional Representatives Council (1992-2004), President of TÜGİAD-Turkish Young Businessmen's Association(1998-2000), Board Member of TİSK-Turkish Confederation of Employers' Associations (1995-2001), Board Member of TÜSİAD-Turkish Industrialists' and Businessmen's Association President of Information Society and New Technologies Commission (2008-2009) and Board Member of Clean Seas Association/TURMEPA (2011-2018).

Hamdi Akin is a founder of the Contemporary Turkey Studies Chair at the London School of Economics. He is also the Founding Member and Honorary President of the Turkey Human Resources Foundation (TİKAV), founded in 1999 to provide Turkey with well-trained human resources. He is also member of the Board of Trustess at Support and Education Foundation for Basketball and Board Member of Bodrum Promotion Foundation (BOTAV).

### Pelin Akın Özalp

Vice Chairman of the BoD



After graduating from Surrey University, UK, in 2010, Pelin Akın Özalp started her career in the Deutsche Bank. Following her return to Turkey, she attended the MT Program of TAV Airports Holdings. Later moving on to the parent company, she has been serving as a Board Member in Akfen Holding as of 2012.

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

She has been serving in DEİK (Foreign Economic Relations Board of Turkey) as a Board Member in Spanish, British and US Business Councils. She is also a Board Member of Turkish Tourism Investors Association (TTYD), Turkey Business Women's Association (TIKAD), the Marine Environment Protection Association (TURMEPA), Turkish Enterprise and Business Confederation (TURKONFED) and American Turkish Society (ATS) Boards and Steering Committee Member at Inclusive Capitalism at the moment.

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

Currently serving as Board Member of Akfen Holding, and Board of Directors Member of Akfen Renewable Energy, Akfen REIT, Istanbul Sea Buses (İDO) and Travelex. She has enjoyed her YPO network from 2013-2020.

### Selim Akın

Board Member



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 are the privatization and financing of Vehicle Inspection Stations, the privatization and financing of Mersin Port and Akfen Holding's public offering and bond issue. Besides his Chairman of the Board of Directors role at Akfen İnşaat ve Turizm A.Ş. and İstanbul Fast Ferries (İDO), Mr. Akın also serves as the Vice Chairman of the Board of Directors and CEO at Akfen Holding and its various subsidiaries.

Mr. Akın is a member of TÜSİAD, Turkish Tourism Investors Association (TTYD), Young Businessmen Association of Turkey (TÜGİAD) and Turkish Contractors Association (TMB) Supervisory Board. He has also been serving as DEİK representative since 2018.



### İrfan Erciyas

Board Member

Having graduated from Gazi University, Department of Economics and Finance in 1977, İrfan Erciyas started his professional career at Türkiye Vakıflar Bankası. After serving as Inspector and branch manager at Türkiye Vakıflar Bankası, he worked as Executive Vice President from 1996-2002 and as CEO from 2002-2003.

In 2003, he joined Akfen Holding as Vice Chairman and played a key role in Vehicle Inspection Stations, privatization of Mersin International Port and İDO, establishment of Akfen REIT and Akfen Energy, the IPO of Akfen Holding and Akfen REIT, sales of subsidiaries' shares and longterm finance. Since March 2010, İrfan Erciyas has served as Executive Director at Akfen Holding; in addition, he is the Chairman, Vice Chairman and Board Member at a number of Akfen Holding affiliates and subsidiaries.



### Sıla Cılız İnanç

Board Member

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

She worked at every stage of build-operate-transfer projects, transfer of rights/concession and all process of privatizations implementations including tenders and transfers in which Akfen and its subsidiaries participated, also dealt with establishment of financial structures, facility agreements and both share and bond issues laws and regulations. She conducted company and holding structure works. She is now Board of Directors Chief Legal Counsel of Akfen Holding A.Ş. and also Board Member of various Akfen Holding subsidiaries, Akfen Altyapı Danışmanlık A.Ş. and Akfen İnşaat Turizm ve Ticaret A.Ş.



### Gündoğan Durak

Board Member

In 2001, Mr. Durak graduated from Hacettepe University, Faculty of Economics and Administrative Sciences and started his professional career as an Assistant Account Specialist at the Ministry of Finance in the same year. Between 2005 and 2008, Mr. Durak worked as an Account Specialist at the Ministry of Finance and Special Advisor to the Minister of Finance, and served as Group Manager at the Ankara Tax Office between 2008 and 2009. After completing his master's degree in Finance at the University of Illinois between 2010-2011, he returned to Turkey and was appointed as Chief Tax Inspector in 2012.

In June 2013, he joined Deloitte Turkey and worked as a certified public accountant with the titles of tax director and tax partner until August 2017. Gündoğan Durak is a Certified Public Accountant (CPA) registered in Illinois, USA. He also holds CMA and CGMA certificates. He is a Certified Public Accountant, Independent Auditor, CMB Level 3, Derivatives and Corporate Governance licenses and is also a member of TÜSIAD Tax Working Group.

He currently serves as the Assistant General Manager in charge of Financial Affairs at Akfen Holding A.Ş.

## Independent Members of the Board of Directors



### Oğuz Satıcı

Bağımsız  
Yönetim  
Kurulu Üyesi

Oğuz Satıcı, was born on 27.01.1965'te in Istanbul. After completing elementary school in Resitpasa Primary School, secondary education-mini Mahmutpasa Middle School, he continued his high school education in Kabatas Men's High School. Oguz Seller, who started his business life at an early age in Oguz Iplik, a family company, successfully raised the company. In 1990, he became the youngest Assembly Member in Istanbul Chamber of Commerce (ITO). 1996-1998 Member of the Board of Directors of the Foundation for Economic Development (IKV), Istanbul Textile and Raw Materials Exporters' Association (ITHIB) between 1999-2001,

He assumed the position of Chairman of the Board of Directors. Between 2001-2008, he was the President of Turkish Exporters Assembly (TIM) for three consecutive terms. During his presidency, Turkish exports increased by 500. He was also a member of the Investment Environment Improvement Coordination Authority of Turkey (YOKK) between 2001-2008 and the Investment Advisory Council of Turkey (YDK) in 2004-2009. He is also, DEIK (Foreign Economic Relations Board) is the President of Turkey - Central America and Caribbean Business Council. Oguz Satıcı is still a Member of the Board of Directors of Turkish Eximbank. He holds a Washington International University business license.



### Aziz Ahmet Kacar

Bağımsız  
Yönetim  
Kurulu Üyesi

Aziz Ahmet Kacar, graduated from Ankara Academy of Economic and Commercial Sciences, started his career as a civil servant in Turkey Foundations Bank T.A.O.' in 1976. Bank of Foundations of Turkey T.A.O.O in 1988. Founder of Fund Management, 1988 Turkish Foundations Bank T.A.O. Kacar, who continues to serve as Group Manager of Computing Banker, later became an ATM, bank card, call center, telephone banking, POS systems, future 2001 unmanned banking, in Turkish Foundations Bank T.A.O, it has established new technological fog-sites such as internet banking.

In 1994, Turkish Foundations Bank T.A.O. The Capital Branch Directorate and the first Finance Mar- Ket Branches were established in 1997 and the Turkish Foundations Bank T.A.O. He became Assistant General Manager. He has been Assistant General Manager in charge of many departments such as Financial Affairs, Information Processing, Individual Loans, Retail Banking, Credit Cards, Corporate Finance, Marketing. Sun Life (Vakif Pension) Deputy General Manager, Takasbank Board Member, Interbank Card Center Board Member, Board of Directors and Membership of Vakifbank Various Affiliates, TSKR Executive Board Member.

In 2003, Turkish Foundations Bank T.A.O. Appointed as General Manager and held this position until the first half of 2005. between 2006 - 2007, Ankara Insurance Inc., and Ankara Pension Co. & Board Membership, CEO and Board Member, Between 2007 – 2012, Kiler Holding Inc.S.'de CEO has been a Member of the Board of Directors of its subsidiaries and affiliates, including Kiler REIT. Kacar has been working as an independent consultant since 2012.



### Mehmet Bahattin Yücel

Bağımsız  
Yönetim  
Kurulu Üyesi

Bahattin Yücel was born in Nazilli, 1949 who graduated from Fatih Saraçhanebaşı Elementary School (Istanbul), Bakırköy-Kartaltepe Elementary School, Konya Ereğli High School and then Istanbul University, Faculty of Law in 1968. He started his career in Kayhan Turizm (Hertz Rent a Car) while studying history in Faculty of Literature of Istanbul University and graduated in 1975.

He became co-founder of Esin Turizm A.Ş (Europcar) between 1975-1982 and worked as the general secretariat of Association of Turkish Travel Agencies (TÜRSAB) between 1979-1983. Then he continued his management business in Ekin Turizm in between 1982-1991. Between 1991-1995, been elected as 19th era senator to the Parliament of Turkey, Deputy, he used to be members of Commission of Public Works, Transportation and Tourism, Commission of Investigation of Unidentified Murders and Commission of Investigation of Events in Gazi District. Committee member in 1995 He was a Parliament of Turkey's Gazi Neighbor's case investigation committee member. After he was reelected to Parliament he became the Minister of Tourism between 1996-1997

# Senior Management

## Ece Demirpençe

General Manager (by proxy)



Ece Demirpençe, Acting General Manager of Akfen GYO, completed her undergraduate education in the Department of Urban and Regional Planning at Mimar Sinan University, Faculty of Architecture, and holds a Master's degree from Istanbul Technical University in Real Estate Development. Demirpençe started her professional career as a Real Estate Development Consultant in Proje Yönetim A.Ş. between 2003 and 2005. In 2005, she joined Multi Development, a Netherlands-based company, where she spent a decade working on the development and management of large-scale international real estate projects. She undertook roles and re-

sponsibilities respectively as Assistant Project Manager, Commercial Project Manager, Director of Investment and Operations, and Commercial Director. In 2016, she moved to the United States and established her own company in the online retail sector and progressed successful steps in the entrepreneurship ecosystem under her own brand. Ece Demirpençe who started her role as the Real Estate Development Coordinator at Akfen Holding at the beginning of 2023, and as of December 31, 2023, she was appointed as Assistant General Manager at Akfen REIT A.Ş. and served as General Manager by proxy.

## Yusuf Anıl

Deputy General Manager/Financial Affairs



Yusuf Anıl was graduated from the School of Economics of Anadolu University in 1994 and began his professional career in 1988. After completing his military duty in 1995, he worked as the Accounting and Financial Affairs Manager at Tam Group from 1996 until 2000. Between 2000 and 2004, he opened his own Independent Accounting and Financial Advising office. He worked as the Accounting Manager Borusan Telekom

and other technology companies of Borusan Holding from 2004 until 2007. He had worked as the Accounting Manager of Akfen Real Estate Investment Trust since February 2008 and Anıl has been working as Deputy General Manager since 2018. He received his independent accountant and financial advisor certificate in 2001 and Independent Auditor certificate of Public Oversight Authority.

### **Memduh Okyay Turan**

#### **Deputy General Manager/Operation**



Memduh Okyay Turan graduated from Bilkent University, Department of Tourism and Hotel Management in 1993. He began his professional career at Antalya Club Hotel Sera City & Resort and also at Antalya Dedeman Convention Center. He holds a Tourism Agencies Information Certificate granted by the Ministry of Tourism. Mr. Turan held managerial positions at the Front Office and Sales & Marketing Departments of Mega Residence Hotel and has served as the General

Manager of St. Paul Tourism & Travel Agency and of the Mersin Hotel Chain Group. In addition, Mr. Turan served as General Coordinator at City Residence and at Kuşadası Mersin Beach Resort, both of which belong to the same group. Mr. Turan joined Akfen Group in June 2005 and has served as Deputy General Manager of Operations at Akfen REIT since 2008.

### **Cüneyt Baltaoğlu**

#### **Russia Coordinator**



After graduating from the German High School, Istanbul and Istanbul Technical University, Faculty of Architecture; Cüneyt Baltaoğlu began his professional career in 1994 working at the construction of a hotel project in Tyumen, Russia for Gama Construction. Having involved in real estate development/investment projects at Koray-Enka JV between 1995-1998 in Moscow and further at Koray Construction in Istanbul, Baltaoğlu studied

at the Rotterdam School of Management of Erasmus University between 1999 and 2001 and received his MBA degree. He subsequently worked as the Managing Director of Lycos-Europe of Bertelsmann Group in Moscow, Russia and has been working as the Coordinator of Akfen Real Estate Investment Trust's investment projects in the Russian Federation since 2007.

### **Mustafa Emre Yılmaz**

#### **Investor Relations Director**



Mustafa Emre Yılmaz began his professional career as an independent auditor in Deloitte Touche Tohmatsu advisory company in 2008 and till the end of 2011 served as a senior independent auditor in various production, real estate, FMCG, and energy sectors. Then he started working as an internal auditor in Global Investment Holding between 2011-2013, and between 2013-2016 in Turk Telekom he undertook the same role and was then promoted to a senior role, performing audits in both the main company and its affiliates in financial, compliance, performance,

and fraud audit. Between 2016-2018 and 2020-2022, he served as Financial Controller and Investor Relations and Finance Manager in GSD Holding (open to the public) respectively. Between 2018 and 2020 he served as Finance and Controlling Manager in Enerco Energy. As of September 2022, He has been serving as the Director of Investor Relations in Akfen REIT married with 2 children, Mr. M. Emre Yılmaz graduated from Yeditepe University with an honor degree in the Department of Business Administration and also holds an MBA degree from the same university.

# Declarations of Independence

---

As Akfen REIT A.S. ("Company") that I am a candidate to serve on the Board of Directors as an "independent board member" within the scope of the Capital Market Legislation, Corporate Governance Principles and the criteria set out in the Company's Articles of Association, and in this context;

a) Between the Company, the partnerships in which the Company has management control or significant influence and the partners who have management control of the Company and have significant influence in the Company and the Decrepit legal entities that have management control of these partners and myself, my spouse and my blood and health relatives up to the second degree; i do not have an employment relationship in a managerial position that will assume important duties and responsibilities in the last five years, I do not own more than 5% of my capital and voting rights or privileged shares together or alone, or I have not established a significant commercial relationship,

b) During the last five years, I have not worked in an executive position to assume important duties and responsibilities as a partner (5% and above), or as a member of the board of directors in companies where the Company has significantly purchased or sold services or products around agreements concluded, primarily for the audit (including tax audit, legal audit, internal audit), rating and consulting of the Company, during the periods when the service or product has been purchased or sold, partner (5% and above), important duties and responsibilities,

c) As can be seen in my resume, I have the professional education, knowledge and experience to perform the duties I will undertake properly due to the fact that I am an independent member of the board of directors,

d) that I do not work full-time in public institutions and organizations,

e) The Income Tax Law dated 31/12/1960 and numbered 193 (g.V.K.) according to which I am considered a resident in Turkey,

f) that I can make positive contributions to the Company's activities, maintain my impartiality in conflicts of interest between the Company and shareholders, Decipher freely by taking into account the rights of stakeholders, have strong ethical standards, professional reputation and experience,,

g) To the extent that I can follow the functioning of the Company's activities and fully fulfill the requirements of the tasks I undertake, I will be able to devote time to the Company's business,

h) that I do not take office as an independent board member in more than three of the companies where the same person, the company or the partners holding the management control of the company have management control and in total in more than five of the companies listed on the stock exchange

i) I declare that I have not been registered and announced on behalf of the legal entity elected as a member of the board of directors.

**Aziz Ahmet Kacar**

**Mehmet Bahattin Yücel**

**Oğuz Satıcı**



GENERAL OVERVIEW

MANAGEMENT

SECTOR ASSESSMENT

AKFEN REIT PORTFOLIO

FINANCIAL DEVELOPMENT

CORPORATE GOVERNANCE

SUSTAINABILITY PRINCIPLES  
COMPLIANCE

FINANCIAL STATEMENT

# Sector Assessment

- GDP
- REIT Sector
- Tourism Sector

## Growth Expectations

# 4.5%

2023 GDP increase rate\*

# 4.0%

MTP 2024 GDP Increase estimate\*\*

# 3.1%

IMF 2024 GDP increase estimate\*\*\*

The COVID-19 pandemic proves surprisingly resistant to global economic recovery after Russia's invasion of Ukraine and the cost of living crisis.

Turkey's economy has experienced 2023 earthquake disasters affecting 11 provinces and Kahramanmaraş in the year under the influence of general elections. Turkey, which has been living in the shadow of the Russian-Ukrainian war and energy crisis in the previous year, has closed with an increase of 5.5 percent GDP, and despite the negativities experienced in 2023, it has managed to grow 4.5%.

to the growth in 2023; the increase in household expenditure expenditure of 12.8%, has been effective. When evaluated in terms of production, the increase of 1.5% in the construction sector of 2023'te, where the manufacturing industry recorded growth of only 7.8 ', was effective in GDP loading. Inflation fell faster than expected from its peak in 2022', while its impact on isty-hdam and activity was less than expected, reflecting positive developments on the supply side and the tightening of central banks that kept inflation expectations stable.

At the same time, the withdrawal of financial support due to high interest rates and high debt aimed at fighting inflation is expected to put pressure on growth in 2024.

In the World Economic Outlook Report published in January 2024, the International Monetary Fund (IMF) estimated 2023 growth to be 4%, reducing the growth forecast by one point to 2024 %3.1 (October 2023 estimated 3.0%).

The OECD estimated the 2024 growth forecast to be 2.9. The reason for the cautious approach in two dry-mun estimates; in case of interruption in energy supply at key points, the rise in energy prices may be noted as concern.

In the Central Term Plan (OVP) prepared by the government, the growth forecast for 2024 was announced as 4%.

\* Source: TurkStat

[https://data.tuik.gov.tr/TUIK\\_2024\\_4\\_Quarter\\_data](https://data.tuik.gov.tr/TUIK_2024_4_Quarter_data).

\*\* Source: Presidential Strategy and Budget Directorate

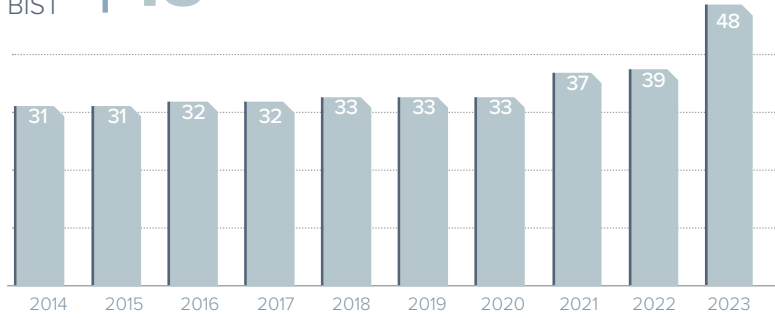
[https://www.sbb.gov.tr/wp-content/uploads/2023/09/Orta-Vadeli-Program\\_2024-2026.pdf](https://www.sbb.gov.tr/wp-content/uploads/2023/09/Orta-Vadeli-Program_2024-2026.pdf)

\*\*\* Source: IMF Ekonomik Görünüm Raporu Ocak 2024

<https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>

## Number of REITs Traded in BIST

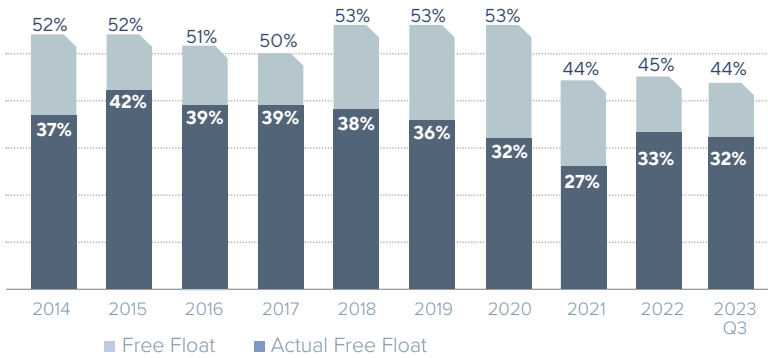
REIT in BIST | **48**



REIT sector in Turkey was launched in 1995. The trading of companies on the stock exchange began in 1997. The number of REITs, which was 11 in 2009, increased to 21 in 2010 with the reduction of the public offering rate from 49% to 25%. While the number of REITs in operation remained 33 between 2018 and 2020, the number of publicly traded companies increased to 38 in 2022. By the end of the first 9 months of 2023, the number of REITs listed on the stock exchange reached 48.\*\*\*

## Free Float and Actual Free Float in REITs (%)

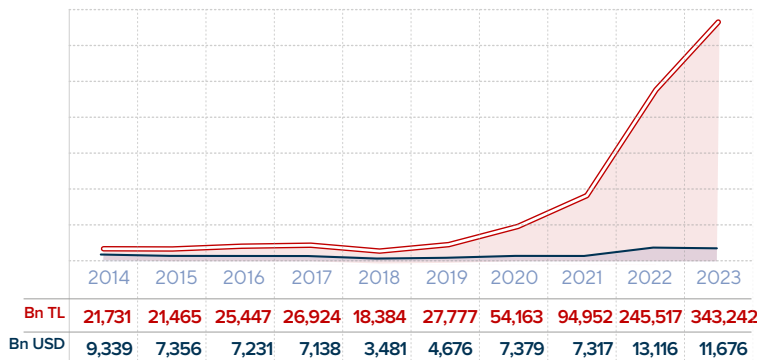
Free Float | **44%** Actual Free Float | **32%**



According to BIST data, 2023 3. At the end of the quarter, the public clearance rate of REITs was calculated as 44% and the actual circulation rate was calculated as 32%. Both ratios were observed to decrease by 1 percentage point each.

## Market Value of REITs (TL-USD)

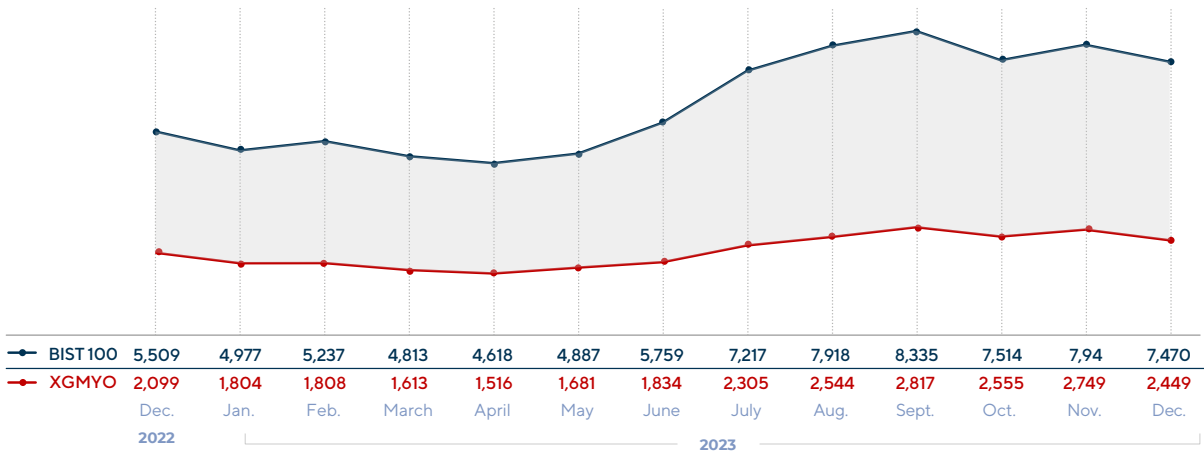
Market Cap (billion TL) | **343.2** Market Cap (billion USD) | **11.7**



\*\*\* Source:  
GYODER Indicator Turkey Real Estate Sector 2023 3<sup>rd</sup> Quarter Report

On the other hand, the effect of the rise in the exchange rate on the market values of publicly traded REITs was clearly observed. According to the data, the market value in dollar terms has been at the level of \$ 7 billion for the last 3 years - it has experienced a very rapid increase in TL terms and has almost doubled to over \$ 13 billion by the end of 2022. Due to the rapid increase in TL-based valuations, the market values of REIT companies have shown a very rapid increase over the past 3 years. According to the information compiled by GYODER from the data of the Registration Board, the market value of REITs has increased by 40% compared to the previous year and exceeded TL 343 billion by the end of 2023. \*\*\*\*

## BIST REIT Index Development (TL)

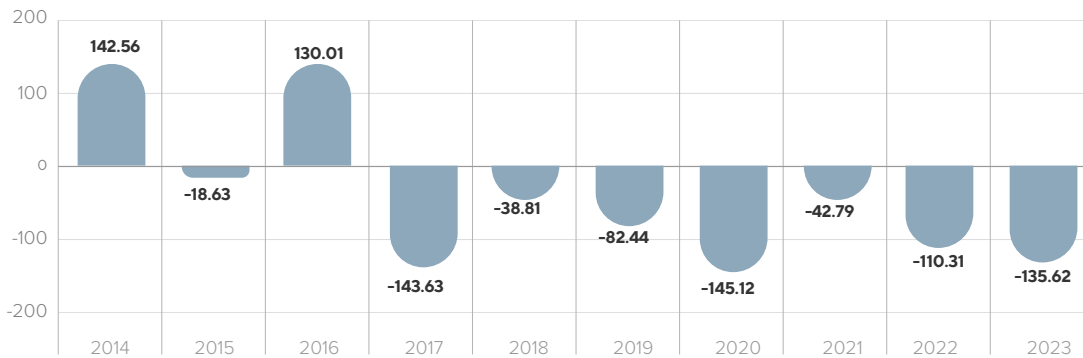


**16.7%**

BIST REIT Index Annual Change

The BIST REIT Index (XGMYO), which gained 60 percent in 2020 and 11.4 percent in 2021, also showed a rapid increase in 2022 and completed the year with a 191% increase in value. The BIST REIT Index, which rose above 2 thousand points for the first time in its history, the rapid increase in exchange rates has been effective in increasing by close to 2 times. in 2023, the BIST REIT Index, which follows a fluctuating course and moves below 2 thousand points, will be in the second half, it reached over 2 thousand points again and closed the year at 2,449 points. The REIT Index continued to rise in the first quarter of 2024 and reached 3 thousand points.

## Foreign Investor Net Entry-Exit (USD million)

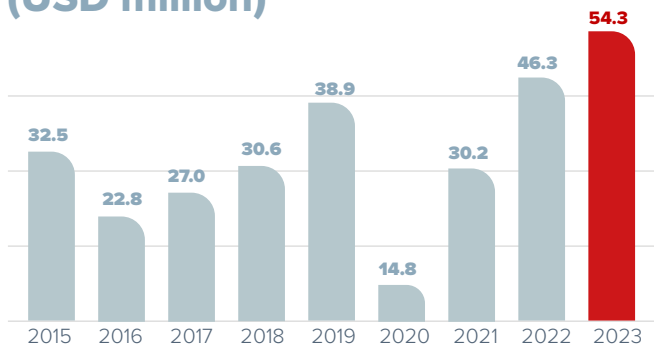


**-135.6** million USD

Foreign exits (2023)

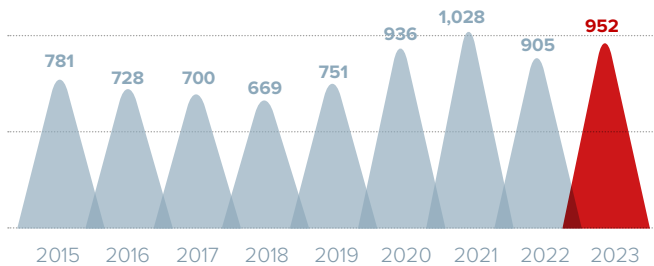
Despite the rapid increase in the REIT index based on TL throughout 2022, it was observed that foreign investors were net sellers. GYODER's Central Registration According to the data compiled by the organization, the net sales of foreigners exceeded 135 million dollars in the whole of 2022. Thus, net sales of foreigners have continued since 2017.

## Tourism Revenues (USD million)



Tourism revenue in 2023 compared to the previous year it increased by 16.9% to 54 billion 315 million dollars. Personal expenses accounted for 41 billion 61 million 408 thousand dollars of this year's income, while package tour expenses accounted for 13 billion 254 million 134 thousand dollars. (\*)

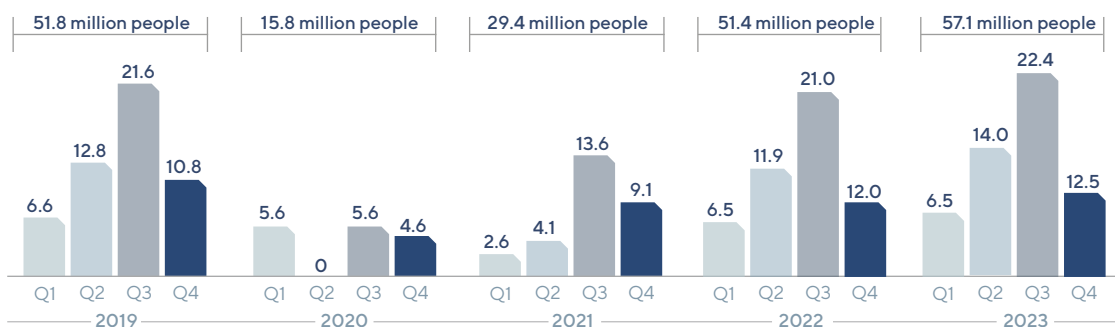
## Tourism Income per Capita (USD)



Despite the rapid depreciation in the TL, the average tourism expenditure per capita exceeded the thousand dollar limit for the first time on an annual basis and increased to 1,028 dollars in 2021. The most important reason for the increase was the increase in travel demand after the pandemic.

In 2022, the continued erosion of the TL, the energy crisis and the global inflation experienced together with the Russia-Ukraine war had a negative impact on consumption expenditures in the world, causing the spending trend to slow down despite the rapid increase in the number of tourists. despite the rapid increase in the number of tourists in 2023, the depreciation of the TL against the euro had caused tourist expenditures per capita to remain below thousand dollars.

## Number of Visitors (million people)



The number of visitors to Turkey had reached 2019, which was the best period before the pandemic, in 2022. 2023 was the year when the number of visitors increased even more. the number of visitors reaching 51.4 million in 2022 reached the highest level in its history, exceeding 57.1 million in 2023.

GENERAL OVERVIEW

MANAGEMENT

SECTOR ASSESMENT

**AKFEN REIT PORTFOLIO**

FINANCIAL DEVELOPMENT

CORPORATE GOVERNANCE

SUSTAINABILITY PRINCIPLES  
COMPLIANCE

FINANCIAL STATEMENT

# Akfen REIT Portfolio

- Portfolio Table
- Novotel and Ibis Hotel Zeytinburnu
- Ibis Hotel İstanbul Esenyurt
- Novotel İstanbul Bosphorus
- Ibis Hotel Tuzla
- Ibis Hotel Bursa
- Ibis Hotel Alsancak
- Ibis Hotel Eskisehir
- Ibis Hotel Ankara Airport
- Ibis Hotel Adana
- Novotel Trabzon
- Novotel and Ibis Hotel Gaziantep
- Novotel and Ibis Hotel Kayseri
- Merit Park Hotel Kyrenia
- Ibis Hotel Moscow
- Ibis Hotel Kaliningrad
- Ibis Hotel Yaroslavl
- Ibis Hotel Samara and Samara Office
- Bodrum Loft
- Isparta Student Dormitory
- Kütahya Student Dormitory
- Söğütlüçeşme Project
- Yalıkavak Project
- Kıyıkışlacık Project
- Factory Hadımköy

# Real Estate Portfolio Table

	CAPACITY	OPENING DATE	OPERATOR	LEASE END DATE	APPRAISAL VALUE 31.12.2023 (MN EUR)	INVESTMENT (MN EUR)
<b>HOTELS</b>						
<b>Türkiye</b>						
Novotel and Ibis Hotel Zeytinburnu	208/228 rooms	03.2007	Tamaris (Accor)	2067	63.5	23.1
Ibis Hotel Eskişehir	108 rooms	04.2007	Tamaris (Accor)	2029	1.1	4.6
NovHotel Trabzon	200 rooms	10.2008	Tamaris (Accor)	2058	27.1	13.9
Novotel and Ibis Hotel Gaziantep	92 / 177 rooms	01.2010	Tamaris (Accor)	2038	14.5	16.2
Novotel and Ibis Hotel Kayseri	96 / 160 rooms	03.2010	Tamaris (Accor)	2058	10.9	12.2
Ibis Hotel Bursa	200 rooms	11.2010	Tamaris (Accor)	2040	7.9	8.9
Ibis Hotel Adana	165 rooms	09.2012	Tamaris (Accor)	Freehold	13.5	9.7
Ibis Hotel Esenyurt	156 rooms	01.2013	Tamaris (Accor)	Freehold	12.4	8.0
Ibis Hotel İzmir Alsancak	140 rooms	06.2013	Tamaris (Accor)	2059	14.5	6.5
Ibis Hotel Ankara Airport	147 rooms	09.2014	Tamaris (Accor)	Freehold	9.2	8.8
Novotel Karaköy	200 rooms	02.2016	Tamaris (Accor)	2058	94.3	35.6
Ibis Hotel Tuzla	200 rooms	04.2017	Tamaris (Accor)	Freehold	21.8	16.0
<b>Russia</b>						
Ibis Hotel Yaroslavl	177 rooms	09.2011	Accor	Freehold	12.4	16.1
Ibis Hotel Samara	204 rooms	03.2012	Accor	Freehold	10.5	14.7
Ibis Hotel Kaliningrad	167 rooms	08.2013	Accor	Freehold	17.0	15.0
Ibis Hotel Moskova	317 rooms	07.2015	Accor	2059	28.2	33.0
<b>OFFICE</b>						
Samara Office	4.637 m <sup>2</sup>	03.2012	Corp. Tenants	Freehold	4.5	7.3
<b>RESORT</b>						
Bodrum Loft	92 rooms	07.2020	Akfen Turizm	2067	36.9	27.6
<b>STUDENT HOUSING</b>						
Isparta Student H.	4,032 beds	12.2018	State Inst. of St.H.	2042	13.2	14.4
Kütahya Student H.	3,808 beds	09.2019	State Inst. of St.H.	2045	9.8	10.9
Söğütlüçeşme Project	~18,250	2024*	Inv. Phase	2051	56.4	25.7
Yalıkavak Land	~22,197	2025	Inv. Phase	Freehold	53.4	27.0
Kıyıkışlacık Land	~83,625	-	-	Freehold	37.8	24.3
Hadımköy Factory	~7,027	-	-	Freehold	3.1	3.1
<b>TOTAL</b>					<b>573.8</b>	<b>382.6</b>

**19** unit  
(3,342 rooms)

**Hotel**

**1** unit  
(36 villas)

**Resort**

**1** unit  
(4,637 m<sup>2</sup>)

**Office**

**1** unit  
(124,072 m<sup>2</sup>)

**Land**

**2** unit  
(7,840 beds)

**Student H.**

**1** unit  
(16,119 m<sup>2</sup>)

**Factory Building**



## Novotel and Ibis Hotel Zeytinburnu

Novotel Istanbul and Ibis Hotel Zeytinburnu Decoupage received a 49-year allocation from the Treasury of Finance with the top-right agreement dated 04.12.2013 and the contract was extended for 49 years on 22.12.2018.

Zeytinburnu is a convenient accommodation point for commercial and touristic trips with its proximity to the historical regions of Istanbul and business centers on the beach.

Being 0.5 km away from Veliefendi Hippodrome and Abdi İpekçi Sports Stadium, 6 km away from Olympic Stadium, 10 km away from Sultanahmet and Beyazıt districts, hotel visitors can easily access the activities they want.

### Novotel / Ibis Hotel Zeytinburnu

Land Area	11,720 m <sup>2</sup>
Construction Area	26,372 m <sup>2</sup>
No. of Rooms (Ibis/Novotel)	228 / 208
Total Investment	23.1 m EUR
Appraisal Value	63.5 m EUR
Operational Date	March 2007
Operator	Tamaris Tourism (Accor)





## Ibis Hotel Esenyurt

Ibis Hotel Istanbul Esenyurt, which is located in Esenyurt, one of the rapidly developing regions of Istanbul with Uydukent projects and whose land belongs to Akfen REIT, was opened to operation on January 25, 2013. The hotel is located facing the E-5 highway and close to the TÜYAP Fair and Congress Center.

### Ibis Hotel Esenyurt

<b>Land Area</b>	1,755.4 m <sup>2</sup>
<b>Construction Area</b>	7,331 m <sup>2</sup>
<b>No. of Rooms</b>	156
<b>Total Investment</b>	8.0 m EUR
<b>Appraisal Value</b>	12.4 m EUR
<b>Operational Date</b>	January 2013
<b>Operator</b>	Tamaris Tourism (Accor)



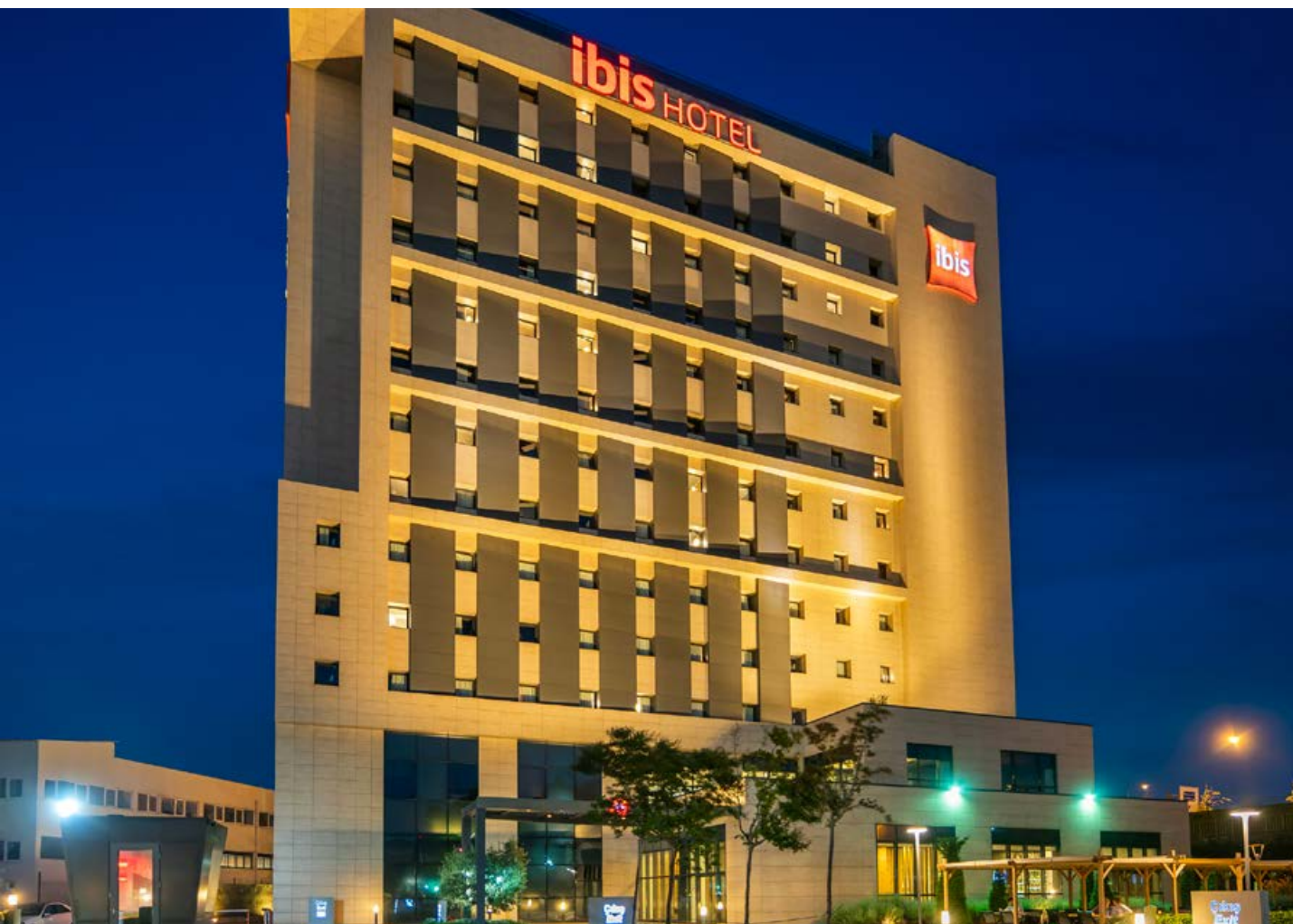
# Novotel İstanbul Bosphorus

The land on which Novotel Bosphorus was located was leased from the General Directorate of Foundations for a period of 49 years, was built on the land of the old Kozluca Han on Karakör Rıhtım Avenue, that is the one of the most valuable regions of Istanbul in terms of historical and touristic value.

As the world's first five-star Novotel, the hotel was opened in February 2016. Located opposite the Galataport Project, which is under construction and will, when completed, become the tourist attraction center of Istanbul in terms of cruise tourism, Novotel Karaköy also hosts the famous Mürver Restaurant.

## Novotel İstanbul Bosphorus

<b>Land Area</b>	21,440 m <sup>2</sup>
<b>Construction Area</b>	3,074.58 m <sup>2</sup>
<b>No. of Rooms</b>	200
<b>Total Investment</b>	35.6 m EUR
<b>Appraisal Value</b>	94.3 m EUR
<b>Operational Date</b>	February 2016
<b>Operator</b>	Tamaris Tourism (Accor)

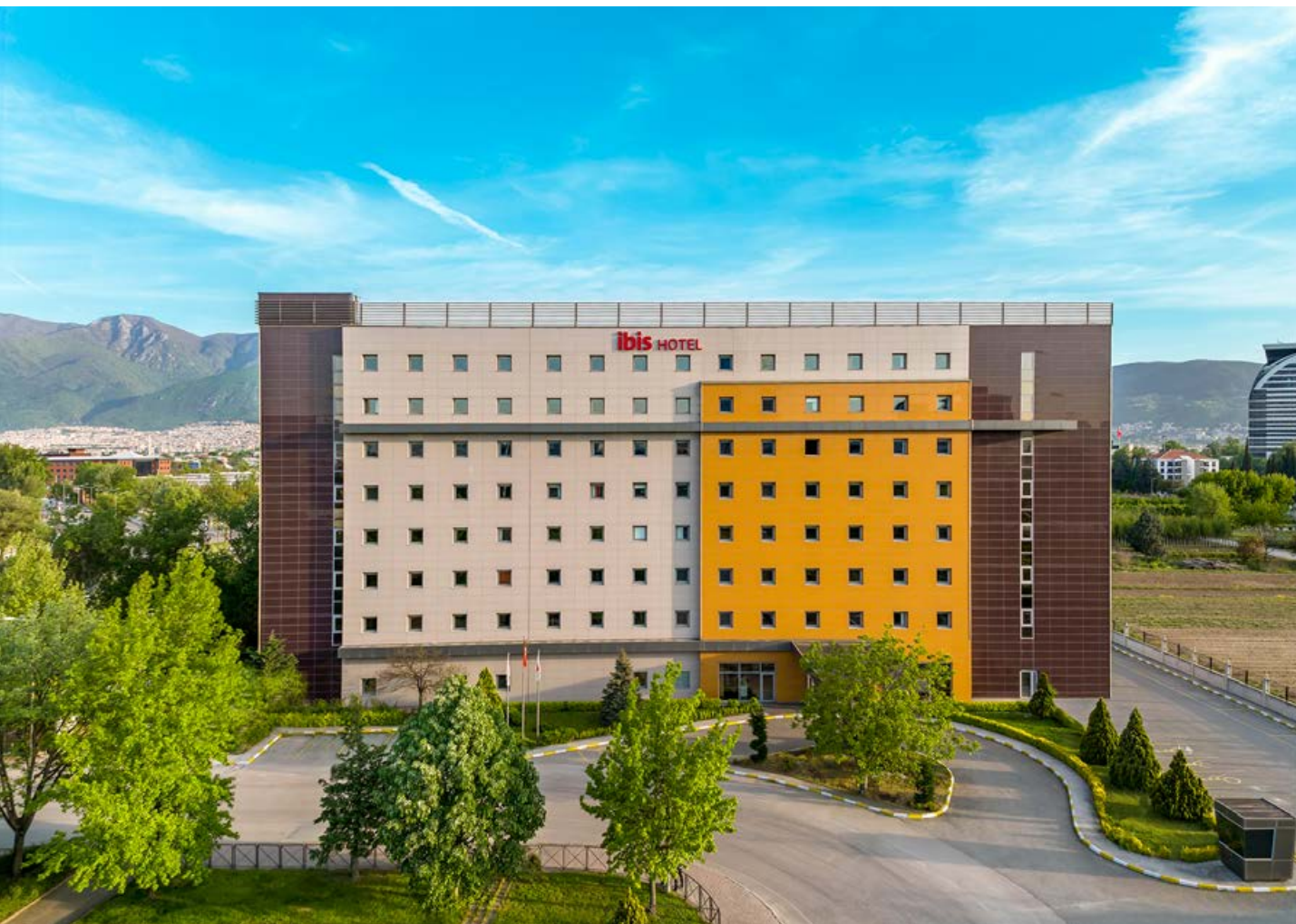


## Ibis Hotel Tuzla

Ibis Hotel Tuzla, Istanbul's Anatolia close to the Shipyard, Metro, Organized it is located on the E5 motorway in Tuzla, Industrial zones and Sabiha Gökçen Airport.

### Ibis Hotel Tuzla

<b>Land Area</b>	21,440 m <sup>2</sup>
<b>Construction Area</b>	3,074.58 m <sup>2</sup>
<b>No. of Rooms</b>	200
<b>Total Investment</b>	16.0 m EUR
<b>Appraisal Value</b>	21.8 m EUR
<b>Operational Date</b>	January 2013
<b>Operator</b>	Tamaris Tourism (Accor)

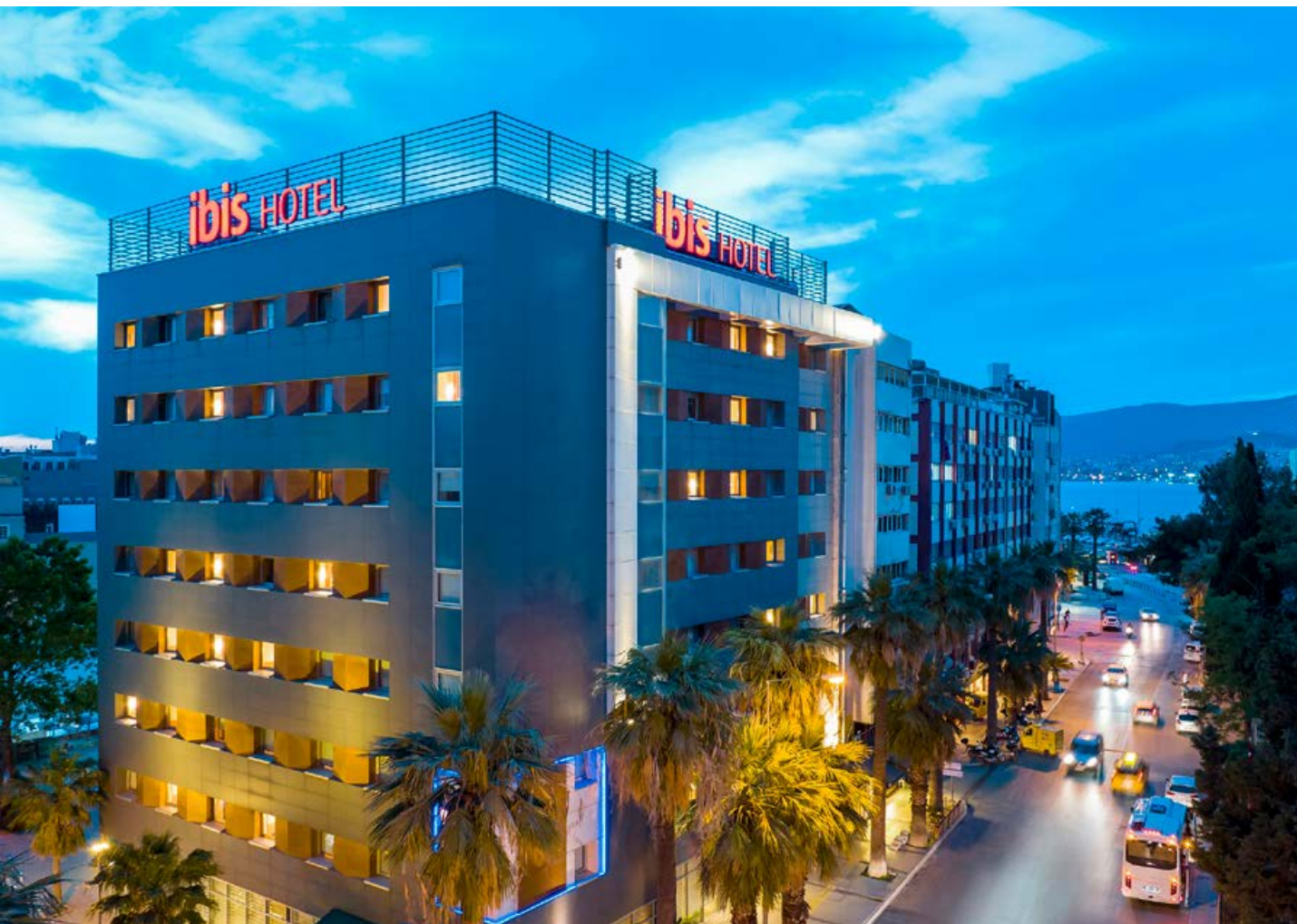


# Ibis Hotel Bursa

Ibis Hotel Bursa land, which provides an advantage with its location close to commercial centers in Bursa, one of the most important industrial and commercial regions of Turkey, was rented from Bursa International Textile Trade Center Enterprise Cooperative on 09.05.2008. the 30-year permanent and separate upper right has been registered in the title deed.

## Ibis Hotel Bursa

<b>Land Area</b>	7,962 m <sup>2</sup>
<b>Construction Area</b>	7,523 m <sup>2</sup>
<b>No. of Rooms</b>	200
<b>Total Investment</b>	8.9 m EUR
<b>Appraisal Value</b>	7.9 m EUR
<b>Operational Date</b>	November 2010
<b>Operator</b>	Tamaris Tourism (Accor)



## Ibis Hotel Alsancak

The land on which Ibis Hotel Alsancak was built was opened on Dec. 25.08.2010. It has been leased from the General Directorate of Foundations of the Prime Ministry for 49 years.

Ibis Hotel Izmir Alsancak is a great place for the in Izmir, one of the contributing cities, with its central location, it offers a comfortable and modern transportation opportunity. Located in the Al-sancak district of Konak district, the hotel is also close to Alsancak Train Station and Alsancak Port Turkish economy with its location and workforce potential.

### Ibis Hotel Alsancak

<b>Land Area</b>	629 m <sup>2</sup>
<b>Construction Area</b>	5,555 m <sup>2</sup>
<b>No. of Rooms</b>	140
<b>Total Investment</b>	6.5 m EUR
<b>Appraisal Value</b>	14.5 m EUR
<b>Operational Date</b>	June 2013
<b>Operator</b>	Tamaris Tourism (Accor)

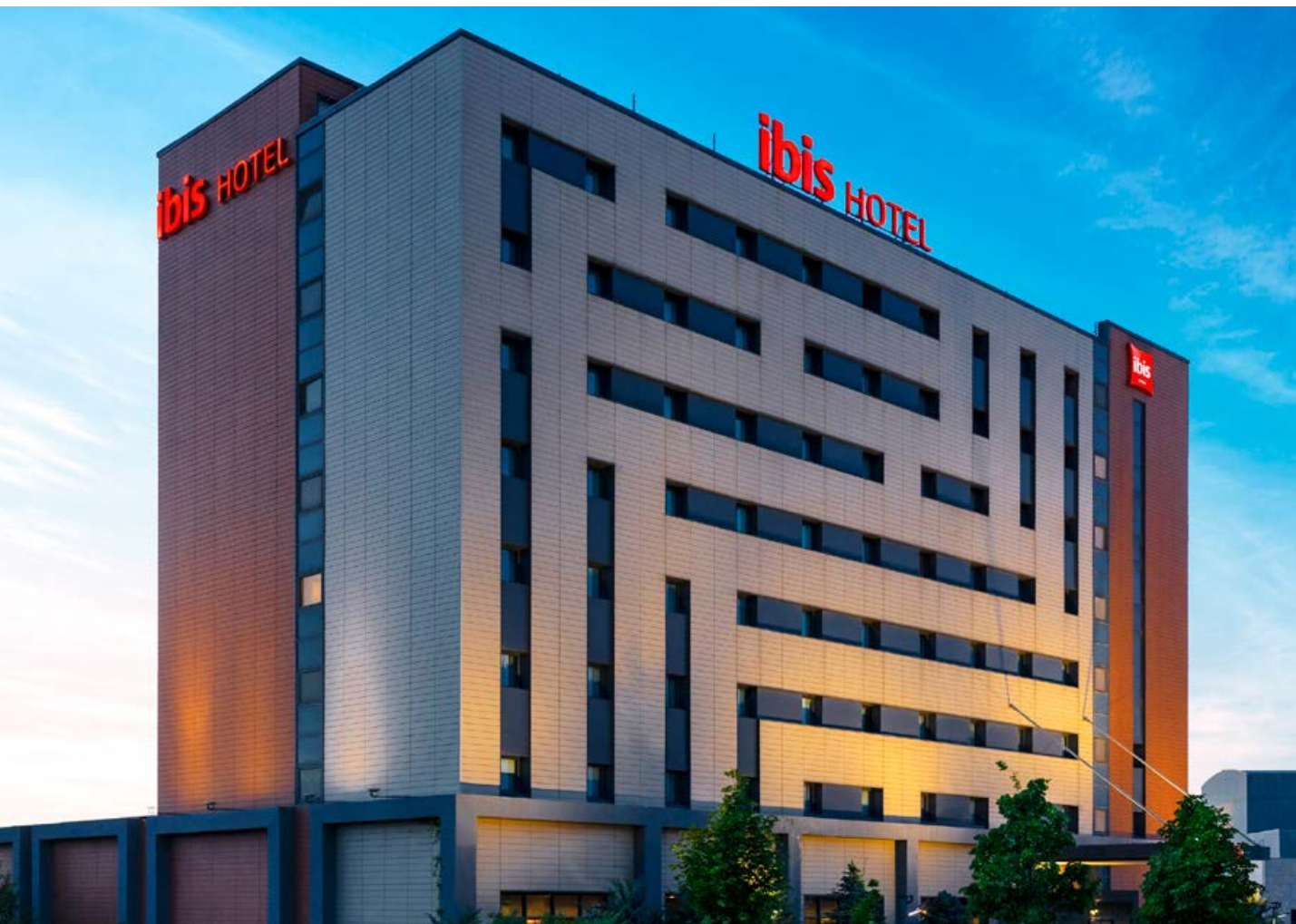


## Ibis Hotel Eskişehir

Ibis Hotel Eskişehir's plot, Eskişehir It is rented from the Metropolitan Municipality and the old silo building has been converted into an Ibis Hotel. The hotel is within walking distance of all the important shopping, business and entertainment centers of Eskişehir and is also very close to the Anadolu University campus, one of the most important focal points of the city. The proximity of the hotel to the train station also enriches the transportation options.

### Ibis Hotel Eskişehir

<b>Land Area</b>	6,806 m <sup>2</sup>
<b>Construction Area</b>	5,868 m <sup>2</sup>
<b>No. of Rooms</b>	108
<b>Total Investment</b>	4.6 m EUR
<b>Appraisal Value</b>	1.1 m EUR
<b>Operational Date</b>	April 2007
<b>Operator</b>	Tamaris Tourism (Accor)



## Ibis Hotel Ankara Airport

The Ibis Hotel Ankara Airport land was purchased by Akfen REIT on 21.07.2011. Ibis Hotel is only 1 km away from Esenboğa Airport and only 28 km away from Ankara Airport and Ankara city center.

### Ibis Hotel Ankara Airport

<b>Land Area</b>	14,443 m <sup>2</sup>
<b>Construction Area</b>	7,593 m <sup>2</sup>
<b>No. of Rooms</b>	147
<b>Total Investment</b>	8.8 m EUR
<b>Appraisal Value</b>	9.2 m EUR
<b>Operational Date</b>	September 2014
<b>Operator</b>	Tamaris Tourism (Accor)



# Ibis Hotel Adana

The Ibis Hotel Adana land was purchased by Akfen REIT on 03.08.2010. Ibis Hotel Adana is located in the city center of Adana Province, which is located Decently among the important industrial, commercial and agricultural centers of Anatolia.

## Ibis Hotel Adana

<b>Land Area</b>	2.213 m <sup>2</sup>
<b>Construction Area</b>	9.047 m <sup>2</sup>
<b>No. of Rooms</b>	165
<b>Total Investment</b>	9.7 m EUR
<b>Appraisal Value</b>	13.5 m EUR
<b>Operational Date</b>	September 2012
<b>Operator</b>	Tamaris Tourism (Accor)





## Novotel Trabzon

Novotel Trabzon land located on the Black Sea coast was leased from Trabzon World Trade Center for 49 years on 09.12.2005. On February 27, 2008, the 49-year-old permanent and detached super-right was registered in the deed in favor of Akfen REIT. Novotel Trabzon, which offers the advantage of transportation to its customers with its proximity to the airport and the city center, also carries a special importance by being the first international chain hotel of the city and the region. Located right next to the World Trade Center, the hotel is one of the most acclaimed hotels in Trabzon with its central location and design. Novotel Trabzon has been entered into the 5-star hotel category as of 2021.

### Ibis Hotel Trabzon

<b>Land Area</b>	13,450 m <sup>2</sup>
<b>Construction Area</b>	15,232 m <sup>2</sup>
<b>No. of Rooms</b>	200
<b>Total Investment</b>	13.9 m EUR
<b>Appraisal Value</b>	27.1 m EUR
<b>Operational Date</b>	October 2008
<b>Operator</b>	Tamaris Tourism (Accor)



# Novotel and Ibis Hotel Gaziantep

Novotel and Ibis Hotel, which were leased from Gaziantep Metropolitan Municipality for 30 years on 31.05.2007, were registered on Gaziantep land on 17.07.2007 in favor of Akfen REIT as a 30-year permanent and detached upper share in the title deed.

The area where both hotels are located, Governorship, Metropolitan Municipality, etc. it is within walking distance to the city center, where public institutions, shopping places and historical sites are located.

## Novotel and Ibis Hotel Gaziantep

<b>Land Area</b>	6,750 m <sup>2</sup>
<b>Construction Area</b>	18,825 m <sup>2</sup>
<b>No. of Rooms (Novotel /Ibis)</b>	177/92
<b>Total Investment</b>	16.2 m EUR
<b>Appraisal Value</b>	14.5 m EUR
<b>Operational Date</b>	January 2010
<b>Operator</b>	Tamaris Tourism (Accor)



## Novotel and Ibis Hotel Kayseri

Novotel and Ibis Hotel Kayseri land was leased from Kayseri Chamber of Industry and Commerce on 04.11.2006 for 49 years. On this land, on 17.08.2007 in favor of Akfen REIT, the 49-year-old permanent and detached upper right was registered in the deed.

The hotels located in the city center are 10 minutes from the airport and 30 minutes from the Erciyes Ski Center

### Novotel and Ibis Hotel Kayseri

<b>Land Area</b>	11,035.4 m <sup>2</sup>
<b>Construction Area</b>	11,064 m <sup>2</sup>
<b>No. of Rooms (Novotel/Ibis)</b>	160 / 90
<b>Total Investment</b>	12.2 m EUR
<b>Appraisal Value</b>	10.9 m EUR
<b>Operational Date</b>	March 2010
<b>Operator</b>	Tamaris Tourism (Accor)



# Ibis Hotel Moskova

Located in the center of Moscow, the hotel is next to the sports facilities in the Dynamo district it is located at the beginning, a 15-minute walk from the world-famous Tretyakov Gallery and a 10-minute walk from Paveletsky Train Station.

With its bright rooms furnished with a warm decoration and modern architectural design, Ibis Hotel Moscow offers a comfortable alternative for business and tourism-oriented trips. The metro station located near the hotel provides an advantage in urban transportation.

## Ibis Hotel Moskova

<b>Land Area</b>	2,010 m <sup>2</sup>
<b>Construction Area</b>	13,250 m <sup>2</sup>
<b>No. of Rooms</b>	317
<b>Total Investment</b>	33.0 m EUR
<b>Appraisal Value</b>	28.2 m EUR
<b>Operational Date</b>	July 2015
<b>Operator</b>	RHPC (Accor)



## Ibis Hotel Kaliningrad

The hotel is located on the Baltic Sea coast, 1.2 km from the city center of Leningrad, an important trans-fer and tourist center, by the Progolia River. It is located 20 km from the airport.

### Ibis Hotel Kaliningrad

<b>Land Area</b>	4,432 m <sup>2</sup>
<b>Construction Area</b>	7,916 m <sup>2</sup>
<b>No. of Rooms</b>	167
<b>Total Investment</b>	15.0 m EUR
<b>Appraisal Value</b>	17.0 m EUR
<b>Operational Date</b>	August 2013
<b>Operator</b>	Tamaris Tourism (Accor)



## Ibis Hotel Yaroslavl

The three-star Ibis Hotel Yaroslavl attracts attention with the quality service it offers in the city of Yaroslavl, which is one of the places frequented by domestic and foreign tourists.

Yaroslavl, located on the periphery 250 km from Moscow, is a very lively region with business tourism and cultural tourism, both a tourist cruise on the Volga River and a return of international conferences.

### Ibis Hotel Yaroslavl

<b>Land Area</b>	7,916 m <sup>2</sup>
<b>Construction Area</b>	4,432 m <sup>2</sup>
<b>No. of Rooms</b>	177
<b>Total Investment</b>	16.1 m EUR
<b>Appraisal Value</b>	12.4 m EUR
<b>Operational Date</b>	September 2011
<b>Operator</b>	Yarhotel (Accor)



## Ibis Hotel Samara

Ibis Hotel Samara is located on the main street of Samara in the area of commercial centers. At the same time, the Volga River and the city beach are just 1.8 km away. Gorky Green Park, Botanical Garden and Samara University are located within 1.5 km from the hotel. Bus and tram stops are a 7-minute walk away. The hotel is suitable for both family holidays and business trips. The hotel has secure underground parking and a restaurant

### Ibis Hotel Samara

<b>Land Area</b>	3,095 m <sup>2</sup>
<b>Construction Area</b>	8,453 m <sup>2</sup>
<b>No. of Rooms</b>	204
<b>Total Investment</b>	14.7 m EUR
<b>Appraisal Value</b>	10.5 m EUR
<b>Operational Date</b>	March 2012
<b>Operator</b>	Samhotel (Accor)

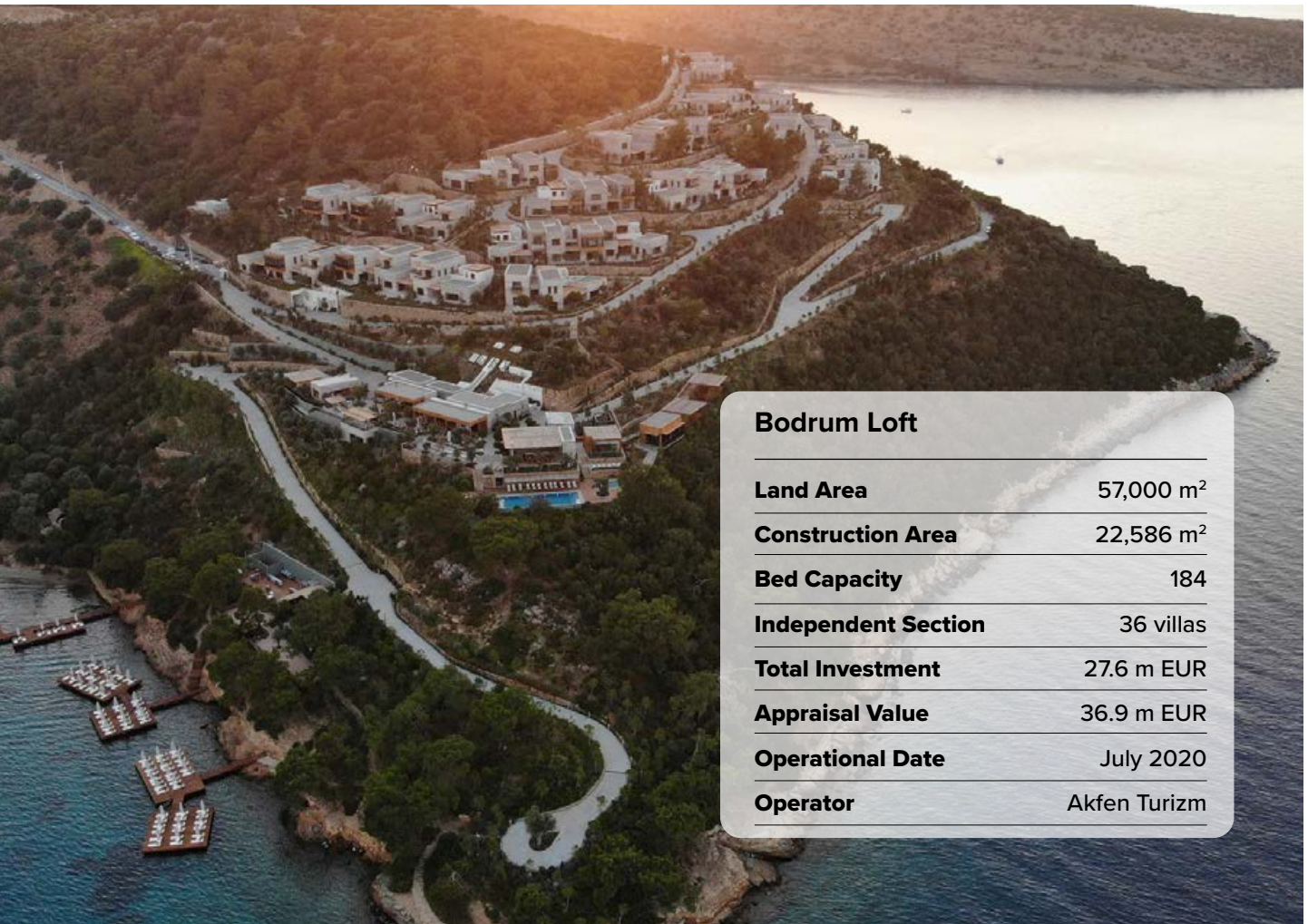
## Samara Office

Samara Office is located in the business district of Samara, on the main street of the city. At the same time, the Volga River and the city beach are just 1.8 km away. Gorky Green Park, Botanical Garden, Samara University-site are located 1.5 km from the office. Bus and tram services are a 7-minute walk away.

The entire Samara Office is rented with a long-term contract.

### Samara Office

<b>Land Area</b>	1.048 m <sup>2</sup>
<b>Construction Area</b>	5.933 m <sup>2</sup>
<b>Rentable Area</b>	4.637 m <sup>2</sup>
<b>Total Investment</b>	7.3 m EUR
<b>Appraisal Value</b>	4.5 m EUR
<b>Operational Date</b>	March 2012
<b>Operator</b>	Corporate Tenants



### Bodrum Loft

<b>Land Area</b>	57,000 m <sup>2</sup>
<b>Construction Area</b>	22,586 m <sup>2</sup>
<b>Bed Capacity</b>	184
<b>Independent Section</b>	36 villas
<b>Total Investment</b>	27.6 m EUR
<b>Appraisal Value</b>	36.9 m EUR
<b>Operational Date</b>	July 2020
<b>Operator</b>	Akfen Turizm

## Bodrum Loft

Bodrum Loft Holiday Village, which has become the favorite address of Bodrum in a short time with its modern architecture, cozy ambience and brand restaurants that respect nature, has been joined to Akfen REIT's portfolio on February 9, 2021.

Bodrum Loft, which is the choice of holidaymakers from all over the world, has been included in the lists of many press magazines and newspapers. Publications such as The Times, Tatler, Vanity Fair, Conde Nast Traveller, Time, The Telegraph, Forbes, Bodrum Loft, respectful architecture to nature and with its quality, the opera-

tor Akfen Tourism has praised it as a prominent holiday destination. November May Bodrum Loft, which offers short and long term rental options with 36 different villa types, combines local delicacies and international cuisines with its unique nature. Bodrum Loft is a Decadent villa with 36 different villa types. While Loft Elia Restaurant attracts attention with its rich menu, restaurants such as Paper Moon Bodrum Loft and Vakko L'Atelier Patisserie de Bodrum Loft also offer sweet memories to holidaymakers.





# Isparta Student Housing

Isparta Student Dormitory opened its doors to students in March 2017. The dormitory, which attracts attention with its modern architecture and sophisticated facilities, is located in the commercial area of Isparta City Hospitals. In the dormitory building consisting of six blocks; there are four dormitories and two social facilities blocks. The dormitory, which was built as ground + seven floors, has a capacity of 1,016 rooms / 4,032 beds. With the Credit and Dormitories Institution (KYK) Isparta Student Dormitory, which became active in 2018 as a result of the contract, aims to provide students with a

quality educational life and a warm home away from home. Designed to support the academic achievements of young people and contribute to their social development, the dormitory also offers students an encouraging learning environment with its advanced infrastructure.

## Isparta Student Housing

<b>Land Area</b>	67,000 m <sup>2</sup>
<b>No. of Beds</b>	4.032
<b>Concession period</b>	25 years (2042)
<b>Total Investment</b>	14.4 m EUR
<b>Appraisal Value</b>	13.2 m EUR
<b>Operational Date</b>	December 2018
<b>Operator</b>	State Institution of Student Housing



# Kütahya Student Housing

In 2017, the easement right of the land located in Kütahya Dumlupınar University was acquired for 29 years and the student dormitory was designed for realization. Completed in 2019, Kütahya Student Dormitory. It was delivered to the Credit Dormitories Institution.

Built on the Evliya Çelebi Campus, the dormitory aims to offer our students a contemporary living experience with its modern architecture and well-equipped facilities. With a total capacity of 3,808 beds, the dormitory allows students to focus on their academic lives in a comfortable and safe environment.

## Kütahya Student Housing

<b>Land Area</b>	59,000 m <sup>2</sup>
<b>No. of Beds</b>	3.808
<b>Concession period</b>	29 years (2045)
<b>Total Investment</b>	10.9 m EUR
<b>Appraisal Value</b>	9.8 m EUR
<b>Operational Date</b>	September 2019
<b>Operator</b>	State Institution of Student Housing





# Söğütlüçeşme Project

Akfen REIT is continuing the construction of TCDD's High Speed Train Viaduct and Terminal located in Söğütlüçeşme neighborhood of Kadıköy, İstanbul.

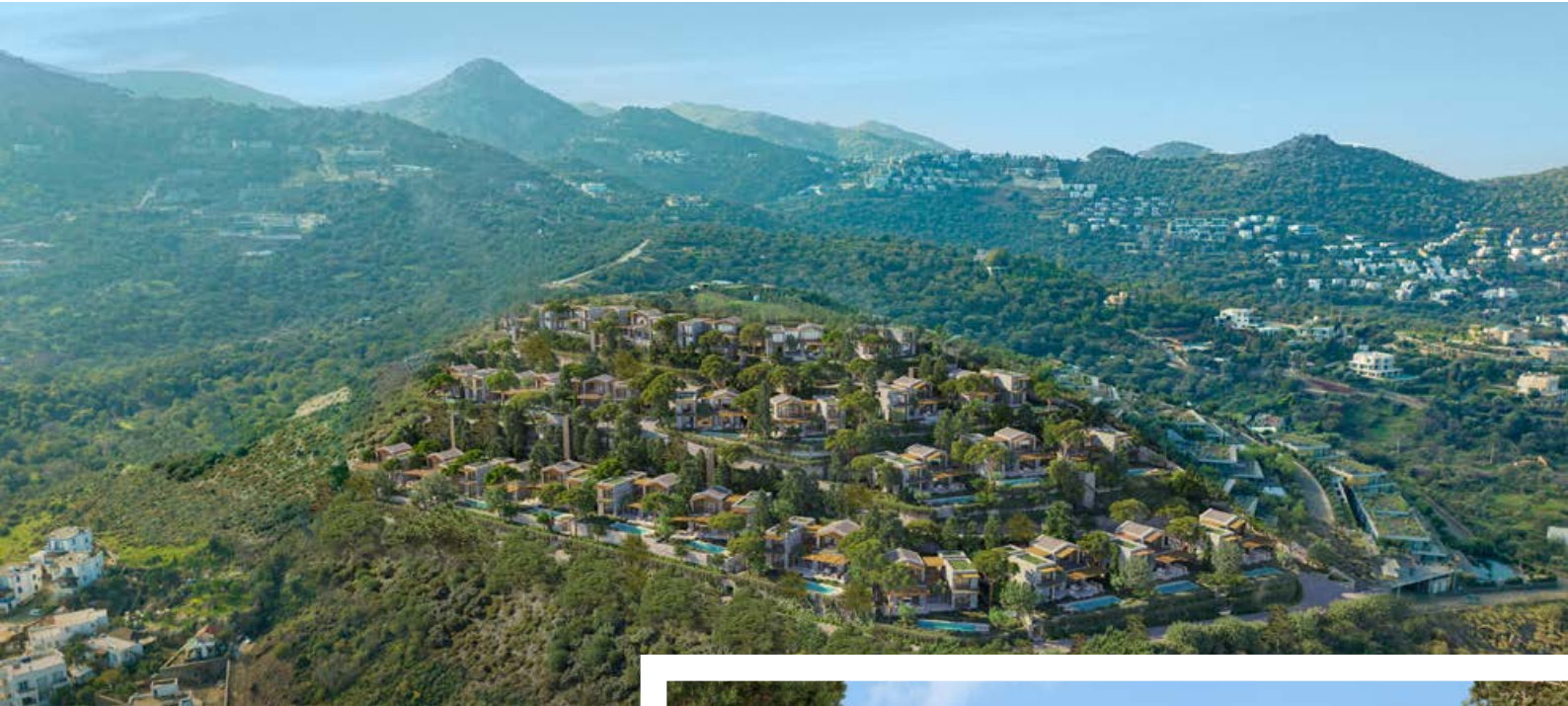
The cost of the Söğütlüçeşme Project is estimated at 45 million dollars and it is planned to be opened in the second half of 2024.

In the project designed by Tabanlıoğlu Architecture, Akfen REIT aims to create food and beverage and culture and art areas in a 19 thousand square meter leasable area with environmentally friendly structures. The aim of the project, where the open-air market concept is planned to be realized, is to offer the same experience as its counterparts in cities such as London, Barcelona, Paris and Moscow.

The project, which will cover a total area of 41,700 square meters and will be visited by 120,000 people a day, aims to generate an annual rental income of over \$9 million in the concept consisting of food and beverage areas, culture and art center, parking lot and landscape areas.

## Söğütlüçeşme Project

<b>Land Area</b>	41,700 m <sup>2</sup>
<b>Construction Area</b>	20,695 m <sup>2</sup>
<b>Gross Rentable Area</b>	19,375 m <sup>2</sup>
<b>Concession period</b>	27 years (2051)
<b>Car Park</b>	130
<b>Total Investment</b>	25.7 m EUR
<b>Value</b>	56.4 m EUR
<b>Target Operational Date</b>	March 2024



# Yalıkavak Project

Akfen REIT has signed a significant investment by purchasing the Yalıkavak Project 22 thousand 197 square meters plot in Yalıkavak Bodrum on September 15, 2022. A villa project is planned to be built on the plot and Decamped for sale. It is planned to build 29 villas in this project, which will be implemented with an investment of approximately 38 million dollars, in a magnificent spot overlooking the harbor from the hill in Yalıkavak, Bodrum, and the front will not be closed.

Akfen REIT aims to generate approximately \$60 million in income from the sale of the villas. The project undertaken by Tabanlıoğlu Mimarlık is planned to be completed and delivered in 2025. With this investment, Akfen REIT aims to add value to the existing value of Bodrum and offer a similar living space to its investors.

## Yalıkavak Project

<b>Land Area</b>	22,197 m <sup>2</sup>
<b>Closed (Gross) Area</b>	5,655 m <sup>2</sup>
<b>Terrace Area</b>	729 m <sup>2</sup>
<b>No. of Villas</b>	29
<b>Realized Investment</b>	27.0 m EUR
<b>Appraisal Value</b>	53.4 m EUR
<b>Construction Start Date</b>	December 2022
<b>Target Operational Date</b>	2025





## Kiyıkışlacık Project

Akfen REIT's Kiyıkışlacık Project is located on a total of 83.5 acres of land in the Kiyıkışlacık Region, which is shown as the future of Bodrum. Kiyıkışlacık, which is only 15 minutes away from the center of Bodrum by sea, also attracts attention with its location close to the airport.

Designed as a 464-room apart hotel, project is located in a natural harbor to match the unique views of nature. With its new project,

Akfen REIT aims to evaluate the beauties of Bodrum in the best way, to provide added value to the region and to create unforgettable living spaces. The decision "Environmental Impact Assessment is Positive" was made regarding the EIA proposal submitted to the Ministry of Environment Urbanism and Climate Change on 17.01.2024. Detailed design and project design studies of the project are ongoing.

# Hadımköy Factory Building and Land

Hadımköy Factory, Istanbul, Arnavutköy District, Ömerli Neighborhood, 267 block no. 5 Eraysan located on the parcel Manufacturing Import Export Plastic Makina AŞ (Eraysan) 16,119 on a 7,027m<sup>2</sup> plot Immovable with m<sup>2</sup> closed area was purchased.

Factory building and land of the 77.80% (remain an part belongs to TCDD). On 26.07.2023, the real estate Akfen Karakoy The transac-

tion was completed with the transfer. Hadımköy Factory building and its land, in which it operates closely with the real estate

Factory building and 314 thousand euros per year equivalent of TL equivalent of rental income and the Seller shall not be liable for the same 5 years back from the transfer price purchase rights are available.

## Hadımköy Factory

<b>Project Area</b>	7,027 m <sup>2</sup>
<b>Closed Area</b>	16,119 m <sup>2</sup>
<b>Appraisal Value*</b>	3.1 m EUR
<b>Investment Value</b>	3.1 m EUR

*(\*)It is the fair value found according to the cash flow direction created on the basis of the existing lease agreement.*





GENERAL OVERVIEW

MANAGEMENT

SECTOR ASSESSMENT

AKFEN REIT PORTFOLIO

**FINANCIAL DEVELOPMENT**

CORPORATE GOVERNANCE

SUSTAINABILITY PRINCIPLES  
COMPLIANCE

FINANCIAL STATEMENT

# Financial Developments

- Financial Structure
- Investment Properties
- Income Distribution
- Rent Revenues
- Total Financial Liability
- Related Party Balances
- Acquisition of Subsidiary
- Operational and Financial Performance Evaluation
- Share Performance
- Portfolio Limitations

# Summary

## Financial Information

(MILLION TL)	31.12.2023	31.12.2022	(%)
Revenue	1,095	946	16%
Cost of Sales	(38)	(38)	0
Real Operating Profit	1,463	872	68%
Finansman Gideri	(3,276)	(1,476)	122%
Period (Loss)/ Profit	731	1,364	-46%
EBITDA	984	877	12%
EBITDA Margin	90%	93%	-3%
Investment Expenditures	3,066	1,256	144%

(MILLION TL)	31.12.2023	31.12.2022	(%)
Investment Properties**	17,044	17,614	-3%
Paid Capital	3,890	1,300	199%
Equity Capitals	15,783	13,033	21%
Financial Liability**	4,890	4,417	11%
Financial Liability (net)	2,714	4,194	-35%
Total Assets	23,380	20,511	14%
Financial Liability / Total Assets	21%	22%	-3%

31.12.2022	31.12.2023
<b>488.2</b>	<b>597.3</b>

Total Property Value (m EUR)\*

31.12.2022	31.12.2023
<b>407.4</b>	<b>518.7</b>

Net Asset Value (m EUR)\*

(\*) Excluding investments in subsidiaries and associates.

(\*\*) Excluding the effect of IFRS 16 accounting. This amount excludes the value of Merit Park Hotel amounting to TL 2.66 billion which is recognized under non-current assets classified as held for sale.



## Investment Properties

(MILLION TL)	31.12.2023	31.12.2022	CHANGE
Türkiye	14,586	11,704	25%
TRNC*	2,660	3,252	-18%
Russia	2,363	2,544	-7%
<b>TOTAL</b>	<b>19,610</b>	<b>17,500</b>	<b>12%</b>

(\*) The investment property has been reclassified to assets held for sale due to the sale of Akfen GT (TRNC)

## Net Asset Value (NAV)

### Regional Revenue Distribution (31.12.2023)

Türkiye	74.1%
TRNC	13.4%
Russia	12.5%

### Regional EBITDA Distribution (31.12.2023)

Türkiye	74.1%
TRNC	14.2%
Russia	11.7%

### Distribution of Investment Properties (31.12.2023)

Türkiye	74.4%
TRNC	13.6%
Russia	12.1%

ASSETS (MILLION TL)	31.12.2023	31.12.2022
<b>Projects</b>		
Ibis Hotel ve Novotel Zeytinburnu	63,525	59,275
Ibis Hotel Eskişehir	1,130	1,175
Novotel Trabzon	27,110	24,480
Ibis Hotel ve Novotel Kayseri	10,930	9,200
Ibis Hotel ve Novotel Gaziantep	14,520	9,515
Ibis Hotel Esenyurt	12,350	9,630
Ibis Hotel Adana	13,545	8,300
Ibis Hotel İzmir Alsancak	14,475	9,605
Ibis Hotel Ankara Airport	9,180	7,895
Ibis Hotel Bursa	7,845	6,405
Ibis Hotel Tuzla	21,785	18,225
Isparta Student Housing	13,207	18,617
Kütahya Student Housing	9,758	13,283
Bodrum Loft	36,920	38,140
Yalıkavak Project	53,405	22,072
<b>Subsidiaries</b>		
Akfen GT & Akfen Kuzey & Akfen Güney	148.857	172.713
Gökliman Yatırım İnş. Tur. Jeotermal A.Ş.	28.639	30.952
Fırat Can İnşaat	28.752	12.151
Akfen Karaköy Gayrimenkul Yat. ve İnş. A.Ş.	15.885	11.944
Money & Capital Market Instruments	65.494	4.631
<b>TOTAL PORTFOLIO VALUE</b>	<b>597.313</b>	<b>488.209</b>
<b>Other Assets &amp; Claims</b>	<b>10.184</b>	<b>17.585</b>
<b>LIABILITIES</b>	<b>88.767</b>	<b>98.429</b>
<b>NET ASSET VALUE (NAV)</b>	<b>518.730</b>	<b>407.365</b>

# Rent Revenues



Novotel Türkiye  
**390,575**



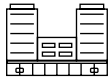
Ibis Hotel Türkiye  
**280,935**



TRNC  
**146,894**



Ibis Hotel Russia  
**125,574**



Student Housing  
**69,566**



Resort  
**62,895**



Office  
**10,795**



(THOUSAND TL)	31.12.2023	31.12.2022	CHANGE
Ibis Hotel Zeytinburnu	57,718	53,771	7%
Novotel Zeytinburnu	76,373	77,918	-2%
Ibis Hotel Eskişehir	9,353	7,224	29%
Novotel Trabzon	52,482	27,196	93%
Ibis Hotel Gaziantep	22,039	11,499	92%
Novotel Gaziantep	17,977	9,162	96%
Ibis Hotel Kayseri	13,507	8,367	61%
Novotel Kayseri	8,499	5,545	53%
Ibis Hotel Bursa	16,237	11,842	37%
Ibis Hotel Adana	28,929	10,201	184%
Ibis Hotel Esenyurt	23,296	20,683	13%
Ibis Hotel İzmir Alsancak	38,489	22,670	70%
Ibis Hotel Ankara Airport	18,996	6,393	197%
Ibis Hotel Tuzla	52,371	41,276	27%
Novotel İst, Bosphorus, Karaköy	235,245	227,905	3%
Ibis Hotel Yaroslavl	21,361	25,370	-16%
Ibis Hotel Samara	12,702	10,295	23%
Samara Office	10,795	18,156	-41%
Ibis Hotel Kaliningrad	41,915	43,123	-3%
Ibis Hotel Moscow	49,597	27,442	81%
Merit Park Hotel - TRNC Kyrenia	146,894	157,573	-7%
Isparta&Kütahya Student H.	69,566	67,201	4%
Bodrum Loft	62,895	55,539	13%
Hadımkoç Factory Rent Income	7,672	-	-
<b>TOTAL</b>	<b>1,094,905</b>	<b>946,350</b>	<b>16%</b>
Türkiye Total- İbis	280,935	193,926	45%
Türkiye Total - Novotel	390,575	347,726	12%
<b>Türkiye Total - Ibis&amp;Novotel</b>	<b>671,509</b>	<b>541,652</b>	<b>24%</b>
Student Housing Income	69,566	67,201	4%
Bodrum Loft	62,895	55,539	13%
Other TR Rent Income	7,672		
<b>Russia Total - Ibis</b>	<b>125,574</b>	<b>106,230</b>	<b>18%</b>
<b>Türkiye &amp; Russia Total</b>	<b>937,216</b>	<b>715,082</b>	<b>31%</b>
<b>GRAND TOTAL (TL) *</b>	<b>1,094,905</b>	<b>946,350</b>	<b>16%</b>

## Total Financial Liability

<b>BOOK VALUE (MILLION TL)</b>	<b>DECEMBER 31, 2023</b>	<b>DECEMBER 31, 2022</b>	<b>CHANGE</b>
Less than 1 year	607	419	45
1 - 2 years	510	369	38
2 - 3 years	1,065	365	192
3 - 4 years	398	387	3
4 - 5 years	413	409	1
5 years and longer	1,897	2,467	-23
<b>Total</b>	<b>4,890</b>	<b>4,417</b>	<b>11</b>

<b>NOMINAL VALUE (MILLION TL)</b>			
Less than 1 year	195	136	43
1 - 2 years	238	173	38
2 - 3 years	989	207	377
3 - 4 years	275	274	1
4 - 5 years	344	343	0
5 years and longer	2,408	3,075	-22
<b>Total</b>	<b>4,449</b>	<b>4,209</b>	<b>6</b>

## Related Party Balances

	<b>JANUARY 1- DECEMBER 31, 2023</b>	<b>JANUARY 1- DECEMBER 31, 2022</b>
<b>Rent Incomes</b>		
Akfen Turizm (Bodrum Loft)	62,886,180	55,532,726
	<b>62,886,180</b>	<b>55,532,726</b>
<b>Rent expense/payments</b>		
Isparta City H, (Isparta Student H.)	2,964,150	2,780,239
Akfen GPYŞ 1, GMY Fund (Head Office)	1,151,073	432,610
	<b>4,115,223</b>	<b>3,212,849</b>
<b>Interest income</b>		
Akfen Holding	1,558,042	7,898
Akfen Turizm	-	1,243,503
	<b>1,558,042</b>	<b>1,251,401</b>
<b>Interest expense</b>		
Akfen International	42,538,423	8,256,947
Akfen GPYŞ 1. GMY Fund	-	136,828
	<b>42,538,423</b>	<b>8,393,775</b>

	31 ARALIK 2023	31 ARALIK 2022
<b>TRADE RECEIVABLES FROM RELATED PARTIES (SHORT TERM - TL)</b>		
Akfen Turizm <sup>(1)</sup>	11.414.889	8.902.996
	<b>11.414.889</b>	<b>8.902.996</b>
<b>TRADE PAYABLES DUE TO RELATED PARTIES (SHORT TERM - TL)</b>		
Akfen İnşaat <sup>(2)</sup>	37.908.604	7.628.871
Akfen Holding	3.113.553	2.501.500
Akfen GPYŞ 1. GMY Fonu	-	365.377
Akfen Danışmanlık	327	-
	<b>41.022.484</b>	<b>10.495.748</b>
<b>TRADE PAYABLES TO RELATED PARTIES (LONG TERM - TL)</b>		
Akfen İnşaat <sup>(3)</sup>	-	7.982.943
	-	<b>7.982.943</b>
<b>TRADE PAYABLES TO RELATED PARTIES (SHORT TERM - TL)</b>		
Akfen International BV <sup>(4)</sup>	792.930.205	-
Akfen GPYŞ 1. GMY Fonu	-	2.355.140
	<b>792.930.205</b>	<b>2.355.140</b>
<b>TRADE PAYABLES TO RELATED PARTIES (LONG TERM - TL)</b>		
Akfen International BV <sup>(4)</sup>	-	1.251.782.338
	-	<b>1.251.782.338</b>
<b>PREPAID EXPENSES RELATED TO RELATED PARTIES (SHORT TERM - TL)</b>		
Akfen İnşaat <sup>(5)</sup>	-	28.584.836
	-	<b>28.584.836</b>

<sup>(1)</sup> It consists of trade receivables related to Bodrum loft project.

<sup>(2)</sup> As of December 31, 2023, trade payables to related parties to Akfen İnşaat consist of payables related to the Company's Yalıkavak project (December 31, 2022: Bulvar Loft project).

<sup>(3)</sup> As of December 31, 2023 and 2022, trade payables to related parties to Akfen İnşaat consist of payables related to the Group's Bulvar Loft project.

<sup>(4)</sup> Is owned by the Group's shareholders. As of December 31, 2023 and 2022, other payables to Akfen International BV consist of long-term payables related to the Group's villa project in Bodrum Yalıkavak and Gökliman share purchase.

Interest is accrued on the debt and the borrowings from Akfen International on September 14, 2022 and December 29, 2022 will be repaid together with the accumulated interest after 3 years and 5 years from the date of borrowing, respectively.

<sup>(5)</sup> It consists of construction advances given for the project that Akfen REIT plans to develop on Yalıkavak land.

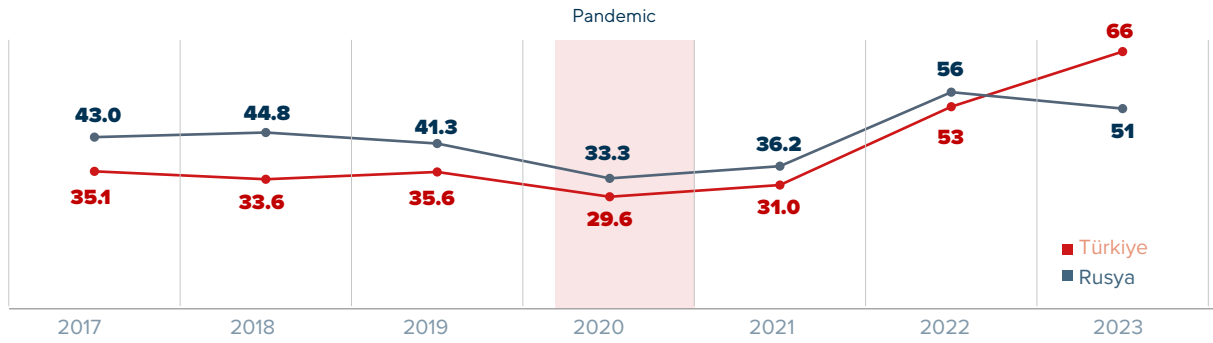
## Acquisition of Subsidiary

	JANUARY 1- DECEMBER 31, 2023	JANUARY 1- DECEMBER 31, 2022
Akfen GPYŞ 1. GMY Fonu <sup>(1)</sup>	-	785.966.822
	-	<b>785.966.822</b>

<sup>(1)</sup> On December 29, 2022, Akfen REIT acquired 100% shares of Gökliman from Akfen GPYŞ 1st GMY Fund for TL 785.966.822.

## Accor Hotels Operational Data

### Rate per Room (EUR)



## Occupancy Rates and Average Room Rates

DEC. 31, 2023 DEC. 31, 2022 CHANGE (%)

### Occupancy Rates (%)

Türkiye Total - İbis	67.8%	68.4%	-0.6%
Türkiye Total - Novotel	67.0%	67.8%	-0.8%
Türkiye Total - İbis&Novotel	67.5%	68.2%	-0.7%
Rusya Total - İbis	62.8%	54.4%	8.5%
<b>Türkiye &amp; Rusya Grand Total</b>	<b>66.3%</b>	<b>64.6%</b>	<b>1.7%</b>

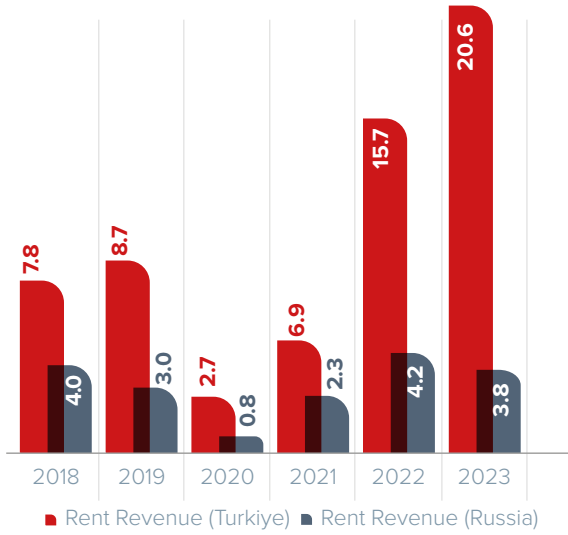
### Average Room Price (Turkish Lira - Excluding VAT)

Türkiye Total - İbis	1,209	593	104%
Türkiye Total - Novotel	2,826	1,662	70%
Türkiye Total - İbis&Novotel	1,724	934	85%
Rusya Total - İbis	1,307	969	35%
<b>Türkiye &amp; Rusya Grand Total</b>	<b>1,600</b>	<b>928</b>	<b>72%</b>

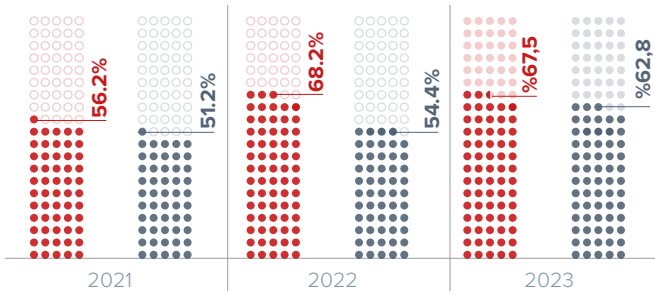
### All Inclusive Revenue per Room for Hotels (TL - Excluding VAT)

Türkiye Total - İbis	1,007	504	100%
Türkiye Total - Novotel	2,356	1,363	73%
Türkiye Total - İbis&Novotel	1,440	780	85%
Rusya Total - İbis	1,041	682	53%
<b>Türkiye &amp; Rusya Grand Total</b>	<b>1,319</b>	<b>744</b>	<b>77%</b>

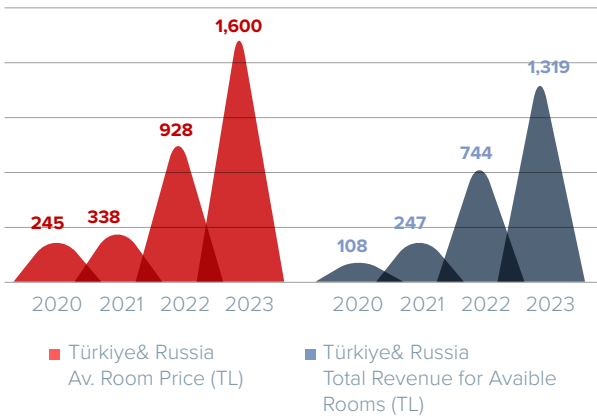
### Total Hotel Revenues (€ thousand)



### Occupancy Rates (%)



### Room Rates (TL-VAT Included)





# Operational and Financial Performance

Total rental income of hotels will be adjusted for the previous year's inflation in 2023. adjusted results, it increased by 16% to approximately TL 1.1 billion.

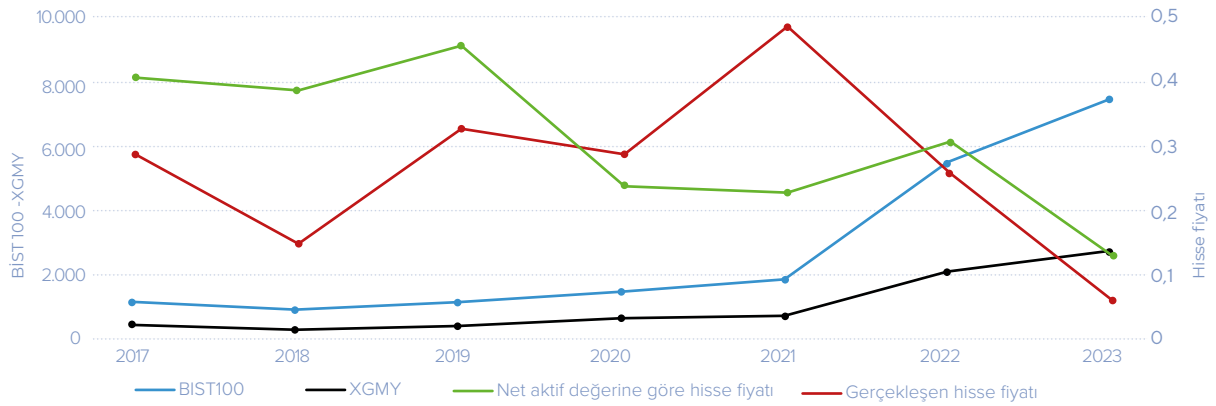
With the vision of reducing financial indebtedness and strengthening the financial structure, which started in 2021 and continued decisively in 2022, Akfen REIT managed to increase its rental income by 16% in 2023 to TL 1,094,905 thousand.

## Strengthening the Financial Structure

As a result of the positive cash flows, net financial debt decreased by 35% to EUR 83m at the end of 2023 (31.12.2022: EUR 129m).

As of December 31, 2023, the total number of employees of Akfen REIT and its subsidiaries is 43. (December 31, 2023: 37)

## SHARE PERFORMANCE



	2017	2018	2019	2020	2021	2022	2023
BIST 100 INDEX	1,153	913	1,144	1,477	1,858	5,509	7,470
XGMYO	441	285	405	647	721	2,099	2,449
COMPANY MARKET CAP. (M. EUR)	98	50	112	98	633	344	236
NET ASSET VALUE (M. EUR)	141	135	157	83	299	408	518
SHARE PRICE BY NET ASSET VALUE	0.41	0.39	0.46	0.24	0.23	0.31	0.13
REALIZED SHARE PRICE (EURO)	0.29	0.15	0.33	0.29	0.49	0.26	0.06



# Portfolio Limitations

According to the CMB's Communiqué Serial: III, No: 48.1 "Communiqué on Principles Regarding Real Estate Investment Trusts" of the CMB is as follows:

<b>UNCONSOLIDATED (SEPARATE) FINANCIAL STATEMENT MAIN ACCOUNT ITEMS</b>	<b>RELATED REGULATION</b>	<b>DEC. 31, 2023</b>	<b>DEC. 31, 2022</b>
<b>A</b> Cash and capital market instruments	III-48.1. Md. 24 / (b)	2,133,395,045	150,856,600
<b>B</b> Investment properties, investment property-based projects, investment property-based rights	III-48.1. Md. 24 / (a)	9,277,426,137	8,425,131,851
<b>C</b> Participations	III-48.1. Md. 24 / (b)	3,648,355,086	3,020,541,847
Due from related parties (non-trade)	III-48.1. Md. 23 / (f)	-	-
Other assets		284,117,292	500,685,289
<b>D</b> Total assets	III-48.1. Md. 3 / (p)	15,343,293,560	12,097,215,587
<b>E</b> Financial liabilities	III-48.1. Md. 31	1,829,315,368	1,826,915,711
<b>F</b> Other financial liabilities	III-48.1. Md. 31	52,292,977	83,495,264
<b>G</b> Finance lease liabilities	III-48.1. Md. 31	-	-
<b>H</b> Due to related parties (non-trade)	III-48.1. Md. 23 / (f)	792,930,205	1,251,782,338
<b>I</b> Shareholders' equity	III-48.1. Md. 31	12,446,599,436	8,885,225,053
Other liabilities		222,155,574	49,797,221
<b>D</b> Total liabilities and equity	III-48.1. Md. 3 / (p)	15,343,293,560	12,097,215,587

<b>UNCONSOLIDATED (SEPARATE) FINANCIAL STATEMENT MAIN ACCOUNT ITEMS</b>	<b>RELATED REGULATION</b>	<b>DEC. 31, 2023</b>	<b>DEC. 31, 2022</b>
<b>A1</b> Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. Md. 24 / (b)	-	-
<b>A2</b> Time / demand TRY / foreign currency	III-48.1. Md. 24 / (b)	2,002,803,047	150,773,960
<b>A3</b> Foreign capital market instruments	III-48.1. Md. 24 / (d)	-	-
<b>B1</b> Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. Md. 24 / (d)	-	-
<b>B2</b> Idle lands	III-48.1. Md. 24 / (c)	-	-
<b>C1</b> Foreign subsidiaries	III-48.1. Md. 24 / (d)	-	-
<b>C2</b> Participation to the operator company	III-48.1. Md. 28/1 (a)	-	-
<b>J</b> Non-cash loans	III-48.1. Md. 31	1,209,199,066	1,469,455,009
<b>K</b> Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. Md. 22 / (e)	-	-
<b>L</b> Money and capital market instrument Investments held on One Unique Company	III-48.1. Md. 22 / (l)	1,981,574,117	150,902,100

# Controlling Compliance with Portfolio Restrictions

PORTFOLIO CONSTRAINTS RELATED REGULATION	RELATED REGULATION	CURRENT PERIOD	PREVIOUS YEAR	MINIMUM / MAXIMUM RATIO
1 Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments	III-48.1. Md. 22 / (e)	0.00%	0.00%	<10%
2 Cash and Capital Market Instruments and Participations	III-48.1. Md. 24 / (a),(b)	60.47%	69.65%	>51%
3 Idle Lands	III-48.1. Md. 24 / (b)	37.68%	26.22%	<50%
4 Borrowing Limit	III-48.1. Md. 24 / (d)	23.78%	24.97%	<50%
5 Time / Demand TRY / Foreign Currency	III-48.1. Md. 24 / (c)	0.00%	0.00%	<20%
6 Money and capital market instrument Investments held on One Unique Company	III-48.1. Md. 28 / 1(a)	0.00%	0.00%	<10%
7 Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments	III-48.1. Md. 31	32.00%	38.04%	<500%
8 Investment Property, Investment Property Based Projects, Investment Property Based Rights <sup>(*)</sup>	III-48.1. Md. 24 / (b)	13.05%	1.25%	<10%
9 Cash and Capital Market Instruments and Participations <sup>(*)</sup>	III-48.1. Md. 22 / (l)	12.91%	1.25%	<10%

*(\*) As of December 31, 2023, the excess of the limitation is due to the cash inflows related to the rights issue of the Company in December 2023.*

GENERAL OVERVIEW

MANAGEMENT

SECTOR ASSESMENT

AKFEN REIT PORTFOLIO

FINANCIAL DEVELOPMENT

**CORPORATE GOVERNANCE**

SUSTAINABILITY PRINCIPLES  
COMPLIANCE

FINANCIAL STATEMENT

# Corporate Governance

---

- Declaration of Compliance with Corporate Governance Principles
- Shareholders
- Public Disclosure and Transparency
- Stakeholders
- Board of Directors

# Declaration of Compliance with Corporate Governance Principles

The Company continues its efforts to comply with the principles that are not mandatory. The Company's approach to the principles not yet complied with is detailed in the report.

Real Estate Investment Trust Inc. ("Company" or "Akfen REIT") complies with all mandatory principles from the Corporate Governance Principles annexed to the "Corporate Governance Communiqué" Serial: II17.1 in the period of 2023. The company continues to work to ensure compliance with non-obligatory principles, and our company's approach to the principles that have not yet been complied with and the latest situation are given under the following headings. Our company constantly takes the necessary steps to reach the highest standards in the field of corporate governance and continues its efforts to implement some of the advisory provisions. Akfen REIT considers the principles of ethics, transparency, fairness, responsibility and accountability sustainability as a part of the Company's culture.

Akfen REIT's Articles of Association has been amended from time to time and has been brought into compliance with the regulations that should be included in the Articles of Association pursuant to the Corporate Governance Principles. The Investor Relations Department reports directly to the Deputy Chairman of the Board of Directors in our company and prepares and presents a report to the Board of Directors at least once a year regarding the activities it carries out. The Investor Relations Manager has been appointed as a member of the Corporate Governance Committee and a member of the sustainability working group. In accordance with the Corporate Governance principles, the Audit Committee and the Corporate Governance Committee have been formed by the Board of Directors. Pursuant to our Company's Board of Directors Decision dated 14 March 2013, the duties of the Early Detection of Risk Committee, which was carried out by the Corporate Governance.

In accordance with the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1 ("Communiqué") dated 24.05.2023, our Company's Board of Directors resolved;

1. To appoint Mustafa Emre Yılmaz as Investor Relations Manager to **the Corporate Governance Committee** until 24.05.2024, replacing Independent Board Member Mehmet Bahattin Yücel, Deputy Chairman Pelin Akın Özalp, Board Member Gündoğan Durak and Ayşegül Yılmaz, and to appoint Mehmet Bahattin Yücel as the Chairman of the Corporate Governance Committee

2. That the Corporate Governance Committee also serves as **the Nomination Committee** and **Remuneration Committee**,

3. To appoint Independent Board Member Aziz Ahmet Kacar, Independent Board Member Mehmet Bahattin Yücel and Independent Board Member Oğuz Satıcı to **the Audit Committee** until 24.05.2024, and to appoint Aziz Ahmet Kacar as the Chairman of the Audit Committee,

4. To appoint Independent Board Member Oğuz Satıcı, Board Member Selim Akın and Board Member İrfan Erciyas to **the Early Detection of Risk Committee** until May 24, 2024, and to appoint Oğuz Satıcı as the Chairman of the Early Detection of Risk Committee,

decision has been taken.

The Board of Directors, Senior Management and all employees of Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. support the adoption of Corporate Governance Principles within the organization at every stage.

Following the adoption of the Corporate Governance Principles within the Company, the Corporate Governance Principles Compliance Report, in which it is declared that the activities will be carried out in line with the principles of equality, transparency, accountability and responsibility, was disclosed to the public as an annex to the Company's Annual Report.

Our Corporate Governance Principles Compliance Report was disclosed to shareholders and the public on the Public Disclosure Platform <https://www.kap.org.tr/tr/Bildirim/1116201> and the link to the relevant reports was made available on our Company's website [www.akfengyo.com.tr](http://www.akfengyo.com.tr).

# Shareholders

## 2.1. Investor Relations Department

The exercise of shareholders' rights complies with the legislation, the Company's Articles of Association and other internal regulations, and measures are taken to ensure the exercise of these rights.

- The Investor Relations Department reports to Pelin Akin Özalp, Deputy Chairman of the Board of Directors.
- Investor Relations Department is managed by Mustafa Emre Yılmaz, Investor Relations Manager of Akfen REIT, who holds CMB Level 3 and Corporate Governance Grading licenses.

The Investor Relations Department operates to provide accurate, timely and consistent information and reports about Akfen Real Estate Investment Trust to existing and potential investors; to carry out activities within the scope of the Corporate Governance Communiqué and Guidelines; to increase the awareness and credibility of the Company; to reduce the Company's cost of capital through the implementation of corporate governance principles; and to ensure communication between the Board of Directors and capital market participants. In parallel with this goal, the Company attaches great importance to communication with shareholders and investors and maintains an active investor relations program.

The Investor Relations Department reports to the Deputy Chairman of the Board of Directors and reports to the Board of Directors on its activities.

The main duties of the Investor Relations Department, which is the communication bridge between the Board of Directors, shareholders and the financial world, are as follows

- Ensuring that the records of meetings and correspondence between investors and the Company, as well as other information and documents are kept in a healthy, secure and up-to-date manner,
- Responding to shareholders' written requests for information about the Company,
- To prepare the documents required to be submitted to the shareholders for information and review in connection with the General Assembly meeting and to take measures to ensure that the General Assembly meeting is held in compliance with the relevant legislation, the Articles of Association and other internal regulations of the Company,
- Overseeing and monitoring the fulfillment of obligations arising from capital markets legislation, including all matters related to Corporate Governance and public disclosure.

The Investor Relations Unit endeavors to use electronic communication facilities and the Company's website in all its activities.

Access information of the Investor Relations Unit is published on the Company's website at [www.akfengyo.com.tr](http://www.akfengyo.com.tr) and in the annual reports. The Investor Relations Unit can be reached at [gyoyatirimci@akfengyo.com.tr](mailto:gyoyatirimci@akfengyo.com.tr) for all kinds of requests and questions.

## 2.2. Exercise of Shareholders' Right to Obtain Information

It is essential that all shareholders, potential investors and analysts are treated equally in the exercise of the right to obtain and review information and that our disclosures are delivered to everyone at the same time with the same content. Within the framework of information sharing, any information that may be of interest to shareholders and market players is announced through material event disclosures and all material event disclosures are available on our website.

Numerous written and verbal information requests received from shareholders are responded to without delay under the supervision of the Investor Relations Department and within the regulations of the Capital Markets Legislation. With the aim of expanding shareholders' rights to obtain information, information that may affect the exercise of these rights is disclosed to shareholders without delay.

All kinds of information that may be required is presented to the shareholders on our website in an up-to-date manner. All information on our website is equally available to domestic and foreign shareholders.

There is no regulation or restriction in the Company's Articles of Association regarding the request for the appointment of a special auditor. The Internal Directive on the Working Principles and Procedures of the Company's General Assembly contains an article stating that any shareholder's request for a special audit shall be resolved by the General Assembly regardless of whether it is on the agenda or not. The Company avoids taking any action that would make it difficult to conduct a special audit. The Company did not receive any request for the appointment of a special auditor in 2023.

### 2.3.2. General Assembly Meetings

In 2023, the Ordinary General Assembly Meeting of our Company for the year 2022 was held on 11.05.2023 at 14.00 hours in the Meeting Hall at the Company headquarters.

Regarding the said Ordinary General Assembly Meeting for the year 2022;

The invitation to the meeting requested to be held pursuant to Article 414 of the Turkish Commercial Code was made in due time as stipulated in the Turkish Commercial Code and the Company's Articles of Association, including the agenda, by being published in the Turkish Trade Reg-

istry Gazette dated 18.04.2023 and numbered 10814, on the Company's website, on the Public Disclosure Platform and on the Electronic General Assembly System of the Central Registry Agency.

From the examination of the List of Attendants, out of the total capital of the Company amounting to TL 1,300,000,000,000, 3,771,983 Group A shares corresponding to TL 3,771,983 of the Company's total capital of TL 1,300,000,000,000, 3,771,983 Group A shares corresponding to TL 3,771,983 of the Company's total capital of TL 721,969,313.9 of the Compa-



ny's total capital of TL 721,969,313.9

163,854.21 of the 721,969,313.9 Group B shares were represented in person, 721,805,459.69 of the 721,969,313.9 Group B shares were represented by proxy, 3,768,212 Group C shares corresponding to TL 3,768.212 were represented by proxy, 3,771,983 Group D shares corresponding to TL 3,771,983 were represented by proxy, and a total of 721,980.626,078 shares were represented at the meeting, thus the minimum quorum stipulated in both the legislation and the articles of association was present. The minutes of the General Assembly meeting are available on our website ([www.](http://www.)

[akfengyo.com.tr](http://www.akfengyo.com.tr)), on the Public Disclosure Platform <https://www.kap.org.tr/en/Bildirim/1150580> and in the Turkish Trade Registry Gazette.

In addition, the total amount of the upper limit for donations to be made in 2022 10,000,000 TL was accepted with a majority of votes against 416,692.85 votes against.

In addition, the total amount of the upper limit for donations to be made in 2023 was set as TL 10,000,000, which was approved by a majority of votes against 995,486 votes against.

---

## 2.4. Voting Rights and Minority Rights

In our Company, practices that make it difficult to exercise voting rights are avoided and each shareholder is provided with the opportunity to exercise his/her voting rights in the easiest and most convenient manner.

According to the Articles of Association of our Company, all shares have one vote for every one share. Group A, C and D shares are registered shares and are not traded on BİAŞ.

There is no provision in the Company's Articles of Association that stipulates the exercise of voting rights after a certain period of time from the date of acquisition.

The Company's Articles of Association

do not provide for the representation of a non-shareholder.

There are no provisions preventing minority shareholders from voting by proxy.

The exercise of minority rights in our Company is subject to the Turkish Commercial Code, the Capital Markets Law, the relevant legislation and the communiqués and resolutions of the Capital Markets Board. The Company envisages the exercise of minority rights in accordance with the aforementioned legislation. It is ensured that the minority is represented in the management through three independent members on the Board of Directors.

---

## 2.5. Dividend Right

Our Company determines dividend distribution decisions by taking into consideration the provisions of the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Board Regulations and Decisions, Tax Laws, other relevant legislation and the Company's Articles of Association.

There are no privileges among share groups in dividend distribution.

Our Company's strategies, capital requirements of our subsidiaries and affiliates, investment and financing policies, profitability and cash position are taken into consideration in dividend distribution decisions.

The manner and timing of the distribution of the profit is decided by the General Assembly upon the proposal of the Board of Directors. Depending on the decision to be taken at the General Assembly, the dividend to be distributed may be in cash or in the form of bonus shares or partially in cash and partially in the form of bonus shares.

The Company has adopted a dividend distribution policy based on the principle of "proposing to the General Assembly to distribute at least 30% of the distributable profit starting from the 2011 fiscal year, taking into account the general profitability of the Company" and if there is distributable profit, the General Assembly decides on the distribution of profit and the date of dividend distribution. As mentioned above, the dividend distribution policy approved by the shareholders at the general shareholders' meeting is also included in the annual report, published in the Turkish Trade Registry Gazette and disclosed to the public on PDP and the Company's website.

In 2022, although there was a profit of TL 3,082,287,680 (consolidated) according to IFRS, since there was no distributable profit according to the Tax Procedure Law, it was unanimously decided at the General Assembly that dividend distribution was not possible.

---

## 2.6. Transfer of Shares

The transfer and assignment of bearer shares in our Company are subject to the provisions of the Turkish Commercial Code, Capital Markets Law and related

legislation. According to the Company's Articles of Association, the transfer of bearer shares cannot be restricted.

# Public Disclosure and **Transparency**

## 3.1. Corporate Website and its Content

The Company's website is actively used for public disclosure as stipulated by CMB Principles.

All matters related to the "Investor Relations Department" are available on the website [www.akfengyo.com.tr](http://www.akfengyo.com.tr).

All information on the website is available

at The Company's public disclosures are also prepared in English for the benefit of foreign investors.

The information disclosed to the public by our Company is accessible on the internet. The following information is available on the website [www.akfengyo.com.tr](http://www.akfengyo.com.tr).

- History of our company,
- Management and shareholding structure as of the last situation,
- Board of Directors and Board committees,
- Final version of the Articles of Association,
- General Assembly meeting agenda, information document, proxy-voting form, minutes of the meeting,
- Prospectus and public offering circular,
- Continuous information form,
- Real estate appraisal reports,
- Monthly investor reports,
- Dividend distribution policy,
- Trade registry information,
- Annual reports,
- Corporate Governance Principles Compliance Report,
- Disclosure Policy,
- Dividend Distribution Policy,
- Code of Ethics,
- Periodic financial statements and reports,
- Material event disclosures,
- Information on stock price and performance, graphs,
- Investor relations contact information,
- Company contact information,
- Sustainability compliance report

Capital Markets Board Corporate Governance Principles that are applicable to our Company All of these are published

and updated on the Company's internet website.

### 3.2. Annual Report

Akfen Gayrimenkul Yatırım Ortak- lity's annual report is prepared in detail to ensure that the public has access to complete and accurate information about the Company's activities and in accordance with the matters specified in the legislation.

Annual reports are prepared by taking into account all the issues specified in the Corporate Governance Principles and in addition, annual reports are prepared in accordance with the Turkish Commercial Code regulations and CMB legislation.

The information required to be included in accordance with the regulations and the Corporate Governance Communiqué issued by the Ministry of Customs and Trade and published in the Official Gazette dated 03.01.2014 and numbered 28871.

In the 2023 annual report, a comprehensive sustainability compliance report, prepared in cooperation with SUCSR LTD.





# Stakeholders

---

## 4.1. Disclosure of Stakeholders

Our Company's corporate governance practices and code of ethics guarantee the rights of stakeholders regulated by legislation and mutual agreements. Stakeholders are continuously informed within the framework of the Company's disclosure policy established in accordance with existing legislation. In addition, it is aimed to inform all stakeholders through press releases, annual report, website and practices within the scope of our disclosure policy based on transparency.

While performing their jobs, our Company's employees are required to protect the interests of the Company and the interests of themselves, their families and relatives.

They are expected to fulfill their obligations by putting themselves above others. Employees shall refrain from any attempt to gain benefits for themselves or their relatives.

Foreseeable potential conflict of interest situations and situations identified by the Company management are shared with the employees and the Company management takes the necessary measures.

Stakeholders can report any illegal or unethical transactions of the Company to the Corporate Governance Committee and the Audit Committee through the independent members who are also the committee chairmen.

## 4.2. Stakeholders' Participation in Management

The independent members of the Board of Directors ensure that the Company and its shareholders, as well as all stakeholders, are represented in the management.

Stakeholders' opinions are taken into consideration in important decisions that have consequences for stakeholders.

## 4.3. Human Resources Policy

The main principles of the Company's human resources policy are summarized below:

- In recruitment, training and development, remuneration and career planning, the principle of providing equal opportunities to people under equal conditions has been adopted.
- Criteria for recruitment are determined in writing and these criteria are adhered to in practice.
- Employees are treated equally in terms of development and promotion; development policies and plans are in place for employees to increase their knowledge, skills and experience.

- The job descriptions, performance evaluation and rewarding criteria are determined by the managers and shared with the employees.
- Job descriptions, performance evaluation and rewarding criteria are determined by managers and shared with employees.

Employee relations are carried out by the Corporate Communications, Human Resources and Administrative Affairs Department and no discrimination is made between employees.

As of December 31, 2023, the total number of employees of Akfen Gayrimenkul Yatırım Ortaklığı and its subsidiaries and joint ventures is 43.

## 4.4. Code of Ethics and Social Responsibility

### Code of Ethics

Akfen Real Estate Investment Trust has announced the "Code of Ethics", which it has defined in order to add financial value to its shareholders and increase its corporate value, as the principles and rules that all managers and employees must comply with, and published them on its website.

With these rules, Akfen Real Estate Investment Trust's managers and employees are required to exhibit high standards of behavior, to be aware of the corporate effects of their behaviors and attitudes,

and to be in compliance with the highest standards in relation to company operations and shareholders.

to ensure that the right methods are used and the highest quality attitude is displayed.

### Social Responsibility

In its operations, our Company is sensitive to its social responsibilities and supports organizations related to its sector. There are no investigations, lawsuits or other legal disputes or sanctions initiated against our Company or its subsidiaries in relation to these matters.

# Board of Directors

## 5.1. Structure and Composition of the Board of Directors

The formation and election of the Board of Directors is carried out in accordance with the Corporate Governance Principles and the relevant principles are set forth in the Company's Articles of Association. Accordingly:

The Company's administration, representation and binding of the Company against third parties are carried out by the Board of Directors elected by the General Assembly within the framework of the provisions of the Turkish Commercial Code and Capital Markets Law.

The Company is governed by a Board of Directors consisting of 9 (nine) members, the majority of whom are non-executive.

At its first meeting, the Board of Directors elects a Chairman from among its members to chair the Board of Directors meetings and a Deputy Chairman to preside in his absence. The General Assembly shall elect a sufficient number of independent Board Members to the Board of Directors, not less than 2 (two), within the framework of the principles regarding the independence of the Board Members as set forth in the Corporate Governance Principles of the Capital Markets Board. The annual activity report of the Board of Directors contains an explanation regarding the independence of the Members of the Board

of Directors.

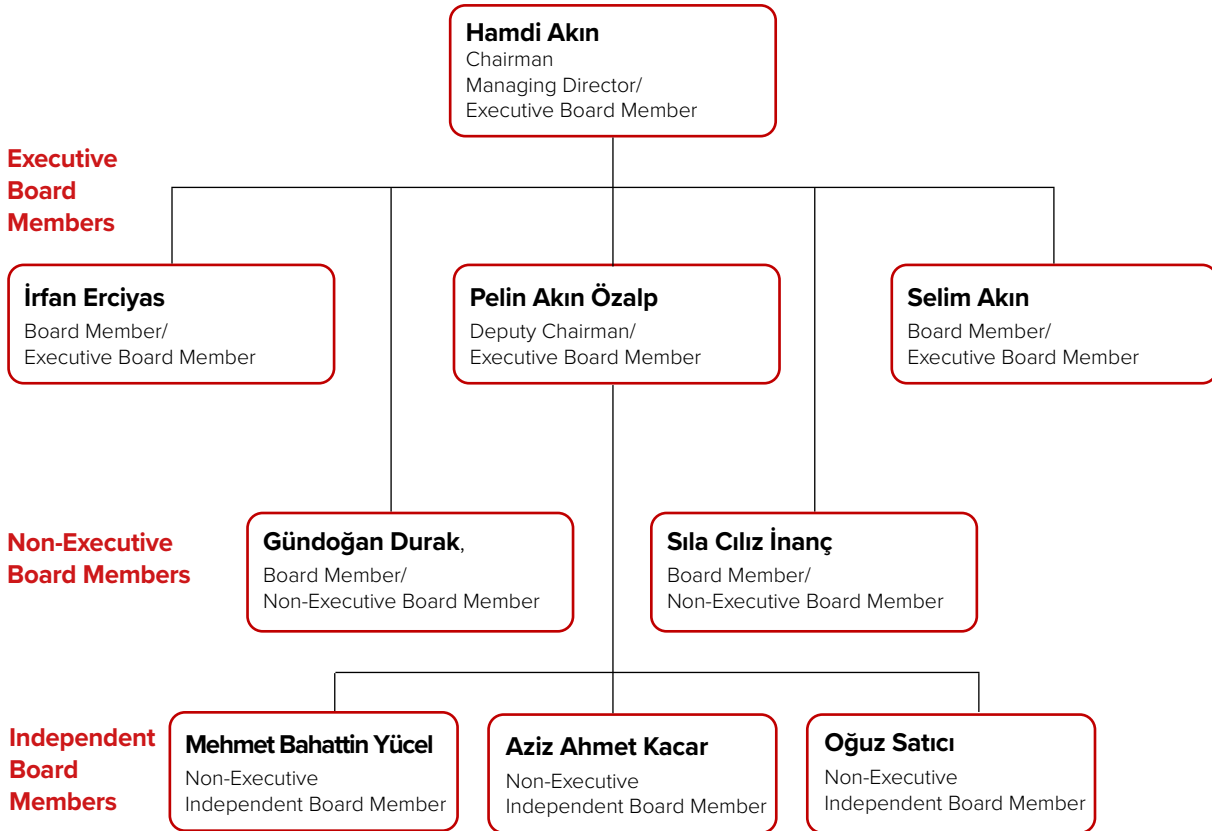
The names and surnames of the members of the Board of Directors serving in 2023, determined in accordance with the Company's Articles of Association, are listed below.

Our Company does not have an Executive Committee. The Chairman of the Board of Directors and the General Manager are not the same person. No Board Member is authorized to represent and bind the Company individually.

Pursuant to the legislation, Independent Members of the Board of Directors are required to submit a declaration of independence to the Board of Directors and to immediately inform the Board of Directors in the event of any loss of independence.

A person who has been a member of the Board of Directors of the Company for a total of six years within the last ten years cannot be appointed as an independent member of the Board of Directors.

Members of the Board of Directors are not bound and/or restricted by certain rules to assume other duties or tasks outside the Company. The duties of the Members of the Board of Directors outside the Company are disclosed in their resumes.





## Our Board Members CV's

### Hamdi Akın

Chairman /  
Managing Director /  
Executive Board Member

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

In addition to his private entrepreneurship, Mr. Akın realized projects in infrastructure, energy and investment in scope of privatization efforts. He also carried his dynamism and hard work in business to volunteer efforts

and non-governmental organizations as a Manager and founder of many societies, foundations, chambers of commerce. He has served as Vice President of Fenerbahçe Sports Club (2000-2002), MESS-Metal Industrialists' Union President of Ankara Regional Representatives Council (1992-2004), President of TÜGİAD-Turkish Young Businessmen's Association(1998-2000), Board Member of TİSK-Turkish Confederation of Employers' Associations (1995-2001), Board Member of TÜSİAD-Turkish Industrialists' and Businessmen's Association President of Information Society and New Technologies Commission (2008-2009) and Board Member of Clean Seas Association/TURMEPA (2011-2018).

Hamdi Akın is a founder of the Contemporary Turkey Studies Chair at the London School of Economics. He is also the Founding Member and Honorary President of the Turkey Human Resources Foundation (TİKAV), founded in 1999 to provide Turkey with well-trained human resources. He is also member of the Board of Trustees at Support and Education Foundation for Basketball and Board Member of Bodrum Promotion Foundation (BOTAV) .

**Pelin Akın Özalp**

Deputy Chairman  
Executive Board Member

After graduating from Surrey University, UK, in 2010, Pelin Akın Özalp started her career in the Deutsche Bank. Following her return to Turkey, she attended the MT Program of TAV Airports Holdings. Later moving on to the parent company, she has been serving as a Board Member in Akfen Holding as of 2012. She is an active member of the Board of Trustees and the Board of Directors at TIKAV (Turkish Human Resources Education and Health Foundation) and Vice President of The Duke of Edinburgh's International Award-Türkiye National Committee. She is also Chairwoman at the Advisory Board of the Contemporary Turkish Studies Chair founded in London School of Economics since 2010..

She has been serving in DEİK (Foreign Economic Relations Board of Turkey) as a Board Member in Spanish, British and US Business Councils. She is also a Board Member of Turkish Tourism Inves-

tors Association (TTYD), Turkey Business Women's Association (TIKAD), the Marine Environment Protection Association (TURMEPA), Turkish Enterprise and Business Confederation (TURKONFED) and American Turkish Society (ATS) Boards and Steering Committee Member at Inclusive Capitalism at the moment. Previously, her experience entails different Board Memberships in various networks such as Association of Family Businesses (TAİDER) and Turkey Union of Chambers and Commodity Exchanges (TOBB) Young Entrepreneurs Advisory Councils, Association of Women in Board of Directors (YKKD). She was elected as the youngest deputy board member in TUSIAD in 2014.

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

She has enjoyed her YPO network from 2013-2020.

**Selim Akın**

Board Member /  
Executive Board Member

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 are the privatization and financing of Vehicle Inspection Stations, the privatization and financing of Mersin Port and Akfen Holding's public offering and bond issue. Besides his Chairman of the

Board of Directors role at Akfen İnşaat ve Turizm A.Ş. and İstanbul Fast Ferries (İDO), Mr. Akın also serves as the Vice Chairman of the Board of Directors and CEO at Akfen Holding and its various subsidiaries.

Mr. Akın is a member of TÜSİAD, Turkish Tourism Investors Association (TTYD), Young Businessmen Association of Turkey (TÜGİAD) and Turkish Contractors Association (TMB) Supervisory Board. He has also been serving as DEİK representative since 2018.

**İrfan Erciyas**

Board Member /  
Executive Board Member

Having graduated from Gazi University, Department of Economics and Finance in 1977, İrfan Erciyas started his professional career at Türkiye Vakıflar Bankası. After serving as Inspector and branch manager at Türkiye Vakıflar Bankası, he worked as Executive Vice President from 1996-2002 and as CEO from 2002-2003. In 2003, he joined Akfen Holding as Vice Chairman and played a key role in Vehicle Inspection Stations, pri-

vatization of Mersin International Port and İDO, establishment of Akfen REIT and Akfen Energy, the IPO of Akfen Holding and Akfen REIT, sales of subsidiaries' shares and longterm finance. Since March 2010, İrfan Erciyas has served as Executive Director at Akfen Holding; in addition, he is the Chairman, Vice Chairman and Board Member at a number of Akfen Holding affiliates and subsidiaries.

**Sıla Cılız İnanç**

Board Member /  
Non-Executive Board Member

Sıla Cılız İnanç, graduated from Marmara University, Faculty of Law in 1995, joined Akfen Holding in 1997 upon having carried out law internship in 1996. She took part in Public Private Partnership projects (PPP) in Turkey, mergers and acquisitions, worked in concern with infrastructure, construction, energy and competition law. She took an active role in secondary legislation of Public Tender Law. She worked at every stage of build-operate-transfer projects, transfer of rights/concession and all process

of privatizations implementations including tenders and transfers in which Akfen and its subsidiaries participated, also dealt with establishment of financial structures, facility agreements and both share and bond issues laws and regulations. She conducted company and holding structure works. She is now Board of Directors Chief Legal Counsel of Akfen Holding A.Ş. and also Board Member of various Akfen Holding subsidiaries, Akfen Altyapı Danışmanlık A.Ş. and Akfen İnşaat Turizm ve Ticaret A.Ş.

**Gündoğan Durak,**

Board Member /  
Non-Executive Board Member

In 2001, Mr. Durak graduated from Hacettepe University, Faculty of Economics and Administrative Sciences and started his professional career as an Assistant Account Specialist at the Ministry of Finance in the same year. Between 2005 and 2008, Mr. Durak worked as an Account Specialist at the Ministry of Finance and Special Advisor to the Minister of Finance, and served as Group Manager at the Ankara Tax Office between 2008 and 2009. After completing his master's degree in Finance at the University of Illinois between 2010-2011, he returned to Turkey and was appointed as Chief Tax Inspector in 2012.

In June 2013, he joined Deloitte Turkey and worked as a certified public accountant with the titles of tax director and tax partner until August 2017. Gündoğan Durak is a Certified Public Accountant (CPA) registered in Illinois, USA. He also holds CMA and CGMA certificates. He is a Certified Public Accountant, Independent Auditor, CMB Level 3, Derivatives and Corporate Governance licenses and is also a member of TÜSİAD Tax Working Group.

He currently serves as the Assistant General Manager in charge of Financial Affairs at Akfen Holding A.Ş.

**Oğuz Satıcı**

Non-Executive  
Independent Board Member

Oğuz Satıcı, was born on 27.01.1965'te in Istanbul. After completing elementary school in Resitpasa Primary School, secondary education-mini Mahmutpasa Middle School, he continued his high school education in Kabatas Men's High School. Oguz Seller, who started his business life at an early age in Oguz Iplik, a family company, successfully raised the company. In 1990', he became the youngest Assembly Member in Istanbul Chamber of Commerce (ITO). 1996-1998 Member of the Board of Directors of the Foundation for Economic Development (IKV), Istanbul Textile and Raw Materials Exporters' Association (ITHIB) between 1999-2001, He assumed the position of Chairman of the Board of Directors. Between 2001-2008, he was the President of Turkish

Exporters Assembly (TIM) for three consecutive terms. During his presidency, Turkish exports increased by 500. He was also a member of the Investment Environment Improvement Coordination Authority of Turkey (YOKK) between 2001-2008 and the Investment Advisory Council of Turkey (YDK) in 2004-2009.He is also, DEIK (Foreign Economic Relations Board) is the President of Turkey - Central America and Caribbean Business Council. Oguz Satıcı is still a Member of the Board of Directors of Turkish Eximbank. He holds a Washington International University business license.

**Aziz Ahmet Kacar**

Non-Executive  
Independent Board Member

Aziz Ahmet Kacar, graduated from Ankara Academy of Economic and Commercial Sciences, started his career as a civil servant in Turkey Foundations Bank T.A.O.' in 1976. Bank of Foundations of Turkey T.A.O.O in 1988. Founder of Fund Management, 1988 Turkish Foundations Bank T.A.O. Kacar, who continues to serve as Group Manager of Computing Banker, later became an ATM, bank card, call center, telephone banking, POS systems, future 2001 unmanned banking, in Turkish Foundations Bank T.A.O, it has established new technological fog-sites such as internet banking. In 1994, Turkish Foundations Bank T.A.O. The Capital Branch Directorate and the first Finance Market Branches were established in 1997 and the Turkish Foundations Bank T.A.O. He became Assistant General Manager. He has been Assistant General Manager in charge of many departments such as Finan-

cial Affairs, Information Processing, Individual Loans, Retail Banking, Credit Cards, Corporate Finance, Marketing. Sun Life (Vakif Pension) Deputy General Manager, Takasbank Board Member, Interbank Card Center Board Member, Board of Directors and Membership of Vakifbank Various Affiliates, TSKR Executive Board Member.

In 2003, Turkish Foundations Bank T.A.O. Appointed as General Manager and held this position until the first half of 2005. between 2006 - 2007, Ankara Insurance Inc., and Ankara Pension Co. & Board Membership, CEO and Board Member, Between 2007 – 2012, Kiler Holding Inc.S.'de CEO has been a Member of the Board of Directors of its subsidiaries and affiliates, including Kiler REIT. Kacar has been working as an independent consultant since 2012.

**M. Bahattin Yücel**

Non-Executive  
Independent Board Member

Bahattin Yücel was born in Nazilli, 1949 who graduated from Fatih Saraçhanebaşı Elementary School (Istanbul), Bakırköy-Kartaltepe Elementary School, Konya Ereğli High School and then Istanbul University, Faculty of Law in 1968. He started his career in Kayhan Turizm (Hertz Rent a Car) while studying history in Faculty of Literature of Istanbul University and graduated in 1975.

He became co-founder of Esin Turizm A.Ş (Europcar) between 1975-1982 and worked as the general secretariat of Association of Turkish Travel Agencies (TÜRSAB) between 1979-1983. Then he continued his management business in Ekin Turizm in between 1982-1991. Between 1991-1995, been elected as 19th era senator to the Parliament of Turkey, Deputy, he used to be members of Commission of Public Works, Transportation and Tourism, Commission of Investigation of Unidentified Murders and Commission of Investigation of Events in Gazi District. Committee member in 1995 He was a Parliament of Turkey's Gazi Neighbor's case investigation committee member. After he was reelected to Parliament he became the Minister of Tourism between 1996-1997

## Qualifications of Board Members

In the election of members to the Board of Directors of our Company, all nominated and elected members possess the qualifications specified in the CMB's Corporate Governance Principles. The principle of providing equal opportunities to people under equal conditions in recruitment, training and development, remuneration and career planning adopted

The Board of Directors is structured to ensure maximum impact and efficiency. Article 14 of the Company's Articles of Association sets forth the relevant principles. It is essential that the members of the Board of Directors are elected from among persons who have basic knowledge of the legal principles governing the transactions and disposals related to the Company's field of activity, who are trained and experienced in company management, who have the ability to analyze financial statements and reports, and who preferably have higher education.

## 5.2. Operating Principles of the Board of Directors

Members of the Board of Directors are provided with timely access to all kinds of information in order to ensure that they can fully fulfill their duties.

A Board of Directors Secretariat reporting to the Chairman of the Board of Directors has been established to provide service to all members of the Board of Directors in order to keep the documents related to the Board of Directors meetings in an organized manner.

Board meetings are planned and held in an effective and efficient manner. As stipulated in the Company's Articles of Association, the Board of Directors convenes whenever deemed necessary for the Company's business.

The Board of Directors may convene upon the call of the Chairman or the Vice Chairman or upon written request of each Board Member to the Chairman or the Vice Chairman to convene the Board of Directors.

- The agenda of the Board of Directors meetings is determined by the Chairman of the Board of Directors, and the agenda may be amended by a resolution of the Board of Directors.
- Independent Board Members receive a monthly attendance fee to be determined by the General Assembly. No remuneration is paid to non-independent Board Members.
- The meeting quorum of the Board of Directors is established with the participation of at least five members.

A total of 18 resolutions were taken by the Board of Directors in 2023. All decisions, except for those considered as related parties, were taken unanimously.

"Directors and Officers Liability Insurance" with a limit of USD 5,000,000 on a group basis for the period 01.01.2023-31.12.2023 was taken out for the members of the Board of Directors.

### **Prohibition of Transactions and Competition with the Company**

Article 1.3.7 of the Communiqué on Determination and Implementation of Corporate Governance Principles published by the Capital Markets Board and Article 1.3.7 of the Turkish Commercial Code 395. and 396. to authorize the Chairman and Members of the Board of Directors to carry out the transactions specified in Articles 395 and 396. at the General Assembly meeting dated 11.05.2023. approved by the shareholders.

### **Authorities and Responsibilities of Board Members and Executives**

Pursuant to the Company's Articles of Association, the Board of Directors, consisting of 9 (nine) members who fulfill the requirements set forth in the Turkish Commercial Code and CMB legislation, is elected by the General Assembly for a maximum term of 3 (three) years and the majority of the Board of Directors is composed of non-executive members. In addition, not less than 2 (two) independent members who meet the independence criteria defined in the Corporate Governance Principles of the CMB are elected to the Board of Directors. Members whose term of office expires at the end of the term of office may be re-elected.

In the current situation, at the Ordinary General Assembly Meeting dated 11.05.2023 a total of 9 (nine) persons nominated by the Nomination Committee, 3 (three) of whom are independent board members, have been elected to the Board of Directors for a term of 1 (one) year and the term of office of the Board of Directors will expire on 11.05.2024.

The Board of Directors fulfills the duties assigned by the Turkish Commercial Code, the Capital Markets Law, the Company's Articles of Association, the resolutions of the General Assembly and the provisions of the relevant legislation. The Board of Directors is authorized to take decisions on all matters other than those that are required to be resolved by the General Assembly by law or the Articles of Association.

The Company shall be managed by the Board of Directors and shall be represented and binded against outsiders. The Board of Directors is authorized to delegate the management partially or completely to one or more members of the Board of Directors or to a third party according to an internal directive to be issued by the Board of Directors. This internal directive shall regulate the management of the company; it shall define the duties required for this purpose, indicate their location and, in particular, determine who reports to whom and who is obliged to provide information. Unless delegated, management shall be vested in all members of the board of directors. The board of directors may delegate the power of representation to one or more managing directors or to third parties as managers. At least one member of the board of directors must have the power of representation

The aforementioned Management Internal Directive ("Internal Directive"), dated 13.01.2011 367 and 371 of the TCC No. 6102. pursuant to Articles 367 and 371 of the TCC No. 6102; 30.04.2015 at the Board of Directors Meeting dated approved and will be published on 14.08.2020. registered on 14.08.2020 dated and numbered 10138 Turkey Trade Published in the Registry Gazette entered into

force. Internal Directive, Members of the Board of Directors, General Manager, Assistant General Managers clear duties, powers and responsibilities is organized in a way.

- Decisions of the Board of Directors the majority of respondents voting the same way is established by the Board of Directors.
- Each member shall have one vote the right to vote, the right to vote in person is used. One of the members of the meeting unless you request that it be done, that a member the consent of the other members to the proposal to notify in writing decisions may also be taken by way of a resolution.
- Board of Directors, legal entity the member representing the shareholder no connection with the legal entity in question the relevant legal entity that is no longer relevant person notified by the shareholder the member in question resigns. shall be deemed to have accepted and the management board replaces this member with the relevant by the legal entity shareholder designated person for the new management elects a member of the board.
- Members not attending the meeting, unless it is based on a legitimate excuse, in writing or otherwise cannot vote in any way.



### 5.3. Number, Structure and Independence of the Committees of the Board of Directors

In accordance with the regulations of the Capital Markets Board and the relevant legislation, the Board of Directors establishes the necessary committees within the Board of Directors in order to fulfill the duties and responsibilities of the Board of Directors in a healthy manner. Duties, working principles and the members of the committees are determined by the Board of Directors and disclosed to the public.

The Board of Directors may establish as many committees or commissions as necessary from among its members for various matters such as monitoring the progress of the business, preparing the matters to be submitted to it, deciding on all important matters, including the preparation of the balance sheet, and overseeing the implementation of the decisions taken. The committees shall meet as often as deemed necessary for the efficiency of their work.



## Corporate Governance Committee

The Corporate Governance Committee, which reports directly to the Board of Directors, ensures that the Company complies with internationally recognized Corporate Governance Principles.

The establishment and development of the necessary structures and practices for the management of the organization and its senior management.

assists the Board of Directors in coordinating the remuneration, development and career planning of the executives.

The Corporate Governance Committee supports the Board of Directors by conducting studies on Akfen REIT's compliance with corporate governance principles, determination of Board Members and senior executives, remuneration, reward and performance evaluation, career planning, investor relations and public disclosure. The Corporate Governance Committee consists of three members appointed from among the Board Members and the Investor Relations Department Manager. The Chairman of the Corporate Governance Committee is appointed by the Board of Directors.

In 2022, a sustainability working group was established and

It was connected to the Corporate Governance Committee by the Board of Directors' resolution. The Group's activities are tabulated in the table

2022 was included in the year-end annual report and a comprehensive report was prepared with SUCSR LTD. The report was disclosed in the integrated annual report for 2023.

The Corporate Governance Committee is responsible for monitoring the Company's compliance with corporate governance principles and is specifically tasked with the realization of the following issues:

- To investigate the extent to which corporate governance principles are applied in the Company, to determine the reasons for non-application, and to identify the negative consequences of non-application and to propose remedial measures to be taken,
- To be proposed to the Board of Directors

To determine methods to ensure transparency in the nomination of member candidates,

- Members of the Board of Directors and the Managing-Developing recommendations by conducting studies on the number of performers,
- Members of the Board of Directors and

Developing recommendations on principles and practices regarding the performance evaluation and rewarding of executives and monitoring their implementation.

- Oversee the management of the Investor Relations department and oversee the work of the sustainability working group.

*The Corporate Governance Committee also fulfills the duties of the Nomination Committee and the Remuneration Committee within the framework of the principles and the Company's Articles of Association.*

### Corporate Governance Committee

	<b>Chairman</b> <b>M. Bahattin Yücel</b> Independent Board Member		<b>Member</b> <b>Pelin Akın Özalp</b> Deputy Chairman of the BoD		<b>Member</b> <b>Gündoğan Durak</b> Board Member		<b>Member</b> <b>M. Emre Yılmaz</b> Investor Relations Director
---	---	---	--	---	--	---	---

## Audit Committee

*In order to ensure the participation of minority and stakeholders in management, the three independent members of the Board of Directors are members of both the Corporate Governance Committee and the Audit Committee.*




The Audit Committee supports the Board of Directors in overseeing Akfen REIT's accounting system, auditing and public disclosure of financial information, and the functioning and effectiveness of the internal control system. The Audit Committee consists of three members appointed from among the members of the Board of Directors. Members of the Audit Committee and the Corporate Governance Committee are appointed in accordance with the principles set out in Akfen REIT's Articles of Association. The Audit Committee is

appointed and its duties and authorities are determined by the Board of Directors.

The Audit Committee is responsible for taking all necessary measures to ensure that all kinds of internal and independent external audits are conducted in an adequate and transparent manner, and for carrying out the duties assigned by the Capital Markets Legislation and Corporate Governance Principles.

The Audit Committee convenes at least four times a year, at least quarterly. The members of the Audit Committee are listed below:

### Audit Committee




	<b>Chairman</b> <b>Aziz Ahmet Kacar</b> Independent Board Member		<b>Member</b> <b>M. Bahattin Yücel</b> Independent Board Member		<b>Member</b> <b>Oğuz Satıcı</b> Independent Board Member
---	--	---	---	--	---

## Early Detection of Risk Committee

Early Detection of Risk Committee With the decision of the Board of Directors of our Company dated March 14, 2013, it has been decided to carry out the duties of the Early Detection of Risk Committee, which is carried out by the Corporate Governance Committee, by establishing a separate committee in accordance with the Communiqué Serial IV, No: 63 amending the Communiqué Serial IV, No: 56 of the Capital Markets Board.

The Committee is responsible for early detection of risks that may jeopardize the existence, development and continuity of the Company, taking necessary precautions against identified risks and managing the risks, and reviews the risk management systems at least once a year. In addition, the Committee meets bi-monthly and informs the Board of Directors about the risks identified and the action plans taken.

### Early Detection of Risk Committee

	<b>Chairman</b> <b>Oğuz Satıcı</b> Independent Board Member		<b>Member</b> <b>Selim Akın</b> Board Member		<b>Member</b> <b>İrfan Erciyas</b> Board Member
---	---	---	--	--	---

## 5.4. Strategic Goals of the Company

### Mission

To be the leading hotel investor in Turkey and the surrounding geography, developing hotel projects operated at the highest standards by international hotel operators.

### Vision

To achieve stable balance sheet growth by developing highly profitable projects in the real estate sector, while providing high capital and dividend returns to its shareholders.

### Corporate Policy

To use the know-how, organizational skills and technological opportunities that we have gained since the first day with the driving force created by quality people and expert teamwork.

### Principles

Working with well-trained and experienced human resources; quality in production, construction and work management. To plan and complete the works under its responsibility in a timely and high quality manner.

The Board of Directors sets the strategic goals for the relevant periods in discussion with the Managing Director and senior management. The Board of Directors also reviews the degree to which the Company has achieved its goals, its activities and past performance within the scope of the yearend performance evaluation process.

### Strategic Perspective

Akfen REIT is optimally positioned for steady growth in the city hotel sector and specializes in city hotel investment at international standards.

- Strategic partnership with "Accor", Europe's largest and one of the world's leading hotel groups,
- Economic city hotel investment,
- Predictable, sustainable cash flow with long-term lease agreements,
- Growing portfolio with long-term contracts and asset purchases that provide sustainable cash flow and profitability
- Increasing rental income with the performance of hotels,
- Declining Net Debt/EBITDA profile
- Stronger balance sheet and income statement
- Know-how acquired through specialization in a single subject,
- The Company's ability to work with minimum staff as the hotel staff are Accor staff.

### Corporate Management Practices

Our Company has taken the necessary care to comply with the Corporate Governance Principles published by the Capital Markets Board. The Corporate Governance Information Form and Corporate Governance Compliance Report are disclosed in the related section <https://www.kap.org.tr/tr/Notification/1116201>. The Corporate Governance Committee continues its activities.

---

## 5.5. Risk Management and Internal Control Mechanism

In order to activate our Company's Risk Management activities, it was decided to conduct studies on Early Detection of Risk with the consultancy support of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte), consisting of trainings, one-to-one meetings and workshops, and the studies were finalized in 2012 and the Risk Management Handbook was presented to the Board of Directors of our Company. The principles contained in the Risk Man-

agement Handbook, It has been decided that the Audit Committee will be the basis for future internal audits.

With the establishment of the Audit Committee, the Internal Control Mechanism effectively fulfills the duties assigned to it by the Board of Directors within the organization of the Audit Committee. Aziz Ahmet Kacar, Independent Member of the Board of Directors, is currently the Chairman of the Audit Committee.

---

## 5.6. Financial Rights

Within the framework of the Corporate Governance Principles of the Capital Markets Board, the Independent Members of the Board of Directors, who serve as independent members, are paid an amount of remuneration determined in order to fulfill the time investment and requirements of membership. In the Ordinary General Assembly Meeting dated 11.05.2023 for the activities of 2022, the monthly net monthly remuneration of the Independent Members of the Board of Directors was determined. TL 25,000 and that no remuneration or attendance fee be paid to the other members of the

Board of Directors.

It was decided by the Board. Pursuant to the Corporate Governance Principles, the Shareholders were informed about the payments made within the scope of the "Remuneration Policy" for the Members of the Board of Directors and Senior Executives at the Ordinary General Assembly Meeting for the year 2022 held on 11.05.2023.

There are no transactions such as lending money, extending credit or giving guarantees to our Board Members or executives by the Company.

OUTLOOK

MANAGEMENT

SECTOR ASSESSMENTS

AKFEN REIT PORTFOLIO

FINANCIAL DEVELOPMENT

CORPORATE GOVERNANCE

**SUSTAINABILITY PRINCIPLES COMPLIANCE**

FINANCIAL STATEMENTS

# Sustainability Report 2023

---

- Chairman's Message
- Akfen REIT and Sustainability
- Sustainability in Management
- Sustainability in Compliance
- Sustainability in Operation
- Social Sustainability in
- Current Status

# Dear Shareholders,

---

The onset of year 2023 was extremely bitter and unfortunate for all of us in the wake of the Kahramanmaraş earthquake disaster. After the earthquake, we tried to heal the wounds of our citizens in our earthquake-affected provinces with a spirit of unity and solidarity. As Akfen REIT, we sent containers to the earthquake region to meet the needs of our earthquake-affected citizens for safe shelter until permanent houses are built in the region.

We achieved the goals we set in our previous Sustainability Report and monitored our sustainability performance in 2023. As Akfen REIT, our sustainability performance was included in the Borsa Istanbul Sustainability Index. We are pleased to share with you our sustainability performance and the progress we have made in achieving our corporate goals in the areas of Sustainability in Management, Sustainability in Compliance, Sustainability in Operations and Social Sustainability with the third Sustainability Report that you are reading. We will extend our work in this area by signing up to the United Nations Global Compact in 2024.

As Akfen REIT, we have considered the risk of failing to act on climate change due to unprecedented weather events. As Akfen REIT, we have identified our potential sustainability and climate change risks in 2023 in order to take the necessary measures to prevent factors such as extreme weather events, water scarcity and biodiversity degradation due to climate change from affecting the profitability of our assets and operations across all our assets. In 2024, we will continue our work to measure the financial impact of the climate change risks we have identified.

The previous year was dedicated to raising awareness of sustainability among our employees and suppliers in order to support sustainable social development. We increased the proportion of local suppliers to 60% to create a sustainable value chain. To ensure the satisfaction of our stakeholders, we fulfilled our obligations in all our facilities, based on continuous communication, and at the end of the year we measured our customer satisfaction rate for 2023 at 90%.

We monitored the performance of all our assets, including our tenants, to reduce the environmental impact of our operations. We aimed to improve our environmental performance through energy and water efficiency projects, starting from headquarters. At Bodrum Loft, we reduced daily water consumption per guest by 20% and total non-hazardous waste by 9%. We aimed to protect biodiversity by landscaping our properties according to the ecosystem of the area and planted 20,000 trees for the Akfen Memorial Forest Project in 2023.

We further implemented practices that will encourage the career development of our employees, as part of our human resources management based on equality and inclusion, and in 2023 we assessed 8 of our employees as part of our performance management system. We will continue to implement practices that will promote employee satisfaction in the coming years.

I would like to thank all of our stakeholders, and in particular our employees, who have contributed to the improvement of our sustainability performance.

**With Regards,**

# About the Report

As Akfen REIT, we present our work and contributions to the Sustainable Development Goals (SDGs) to our valued stakeholders, in line with the objectives set out in our previous Sustainability Report and as per our Sustainability Strategy, under the pillars of Sustainability in Management, Sustainability in Compliance, Sustainability in Operations and Social Sustainability.

This report is our second Sustainability Report and outlines our sustainability performance in Akfen REIT Headquarters, Fıratcan İnşaat Ticaret ve Turizm A.Ş., Bodrum Loft and Bodrum Yalıkavak, Kıyıkışlacık and Söğütlüçeşme projects, which are still under construction, between 1 January 2023 and 31 December 2023.

This report has been prepared in two languages, Turkish and English, in accordance with the Global Reporting Initiative (GRI) standards. We will publish the report annually on our Akfen REIT intranet site in line with stakeholder expectations.

You are welcome to share your opinions and suggestions regarding the report with us via [surdurulebilirlik@akfen.com.tr](mailto:surdurulebilirlik@akfen.com.tr).



# Vision



---

Akfen REIT aims to keep its trusted position in the sector by establishing itself as one of the select REIT corporations with regards to the net asset value with its qualified projects in the real estate sector.

# Mission



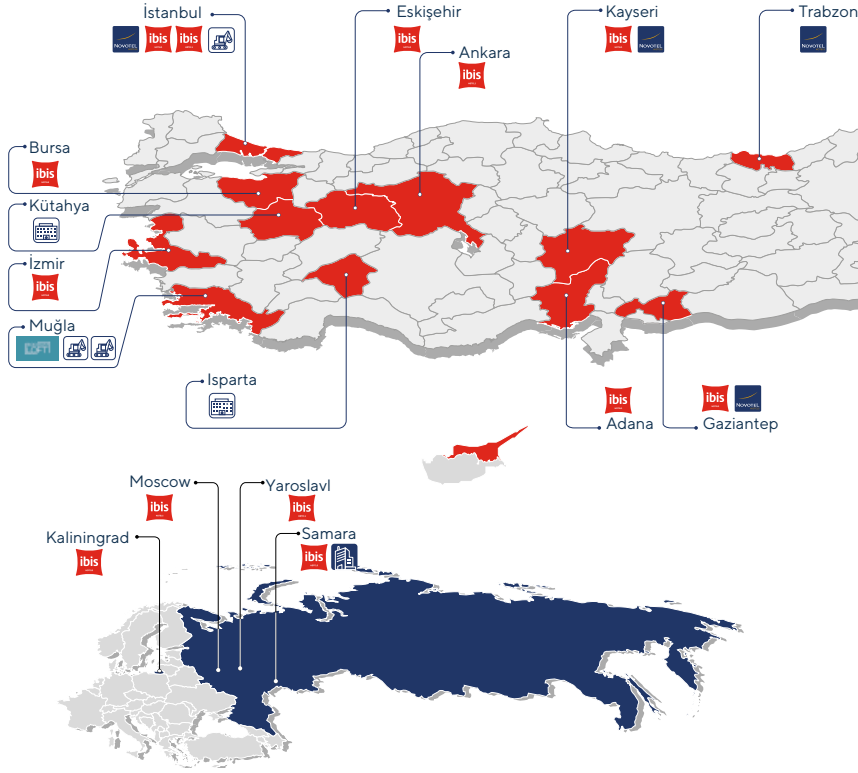
---

Akfen REIT has adopted the mission of constantly increasing its regular rental income from its strong equity and qualified portfolio, while expanding its portfolio size and value to a higher level, and to provide information to its shareholders in a transparent manner in the process.





# Operation Map



## Countries

**3**

(Russia, Türkiye, TRNC)

## Hotels

**20**

14 Ibis Hotel, 5 Novotel,  
1 Merit Park Hotel

## Office

**1**

Samara Office (Russia)

## Dormitories

**2**

Kütahya ve Isparta  
Dormitories

## Resort

**1**

Bodrum Loft (Muğla)

## Factory Building

**1**

Hadımköy Fabrika  
(İstanbul)

## Ongoing Projects

**3**

Söğütlüçeşme (İstanbul)  
Yalıkavak (Muğla)  
Kıyıkışlacık (Muğla)

Thanks to the wisdom of 16 years of experience acquired since the day we were founded, we are leaders in our sector with our “Contemporary City Hotels” project. Today, our portfolio includes 20 hotels, 1 holiday village, 2 student residences and 1 office building.

With a total of 3,342 rooms in 19 hotels in our real estate portfolio, we offer our guests a continuous service. As Akfen REIT, we have developed Novotel and Ibis hotel projects in Türkiye and Russia and have leased a total of 19 hotels, 15 in Türkiye and 4 in Russia, on a long-term basis to the Accor Group, one of the world’s largest hotel operators. Today, our portfolio also includes the Merit Park Hotel in the Turkish Republic of Northern Cyprus (TRNC) and Bodrum Loft, a 5-star holiday village in Bodrum. We support sustainable tourism through the hotels in our portfolio.

In addition to our hotel portfolio, we have an office building in Russia and two student housing complex investments with a total of 13 residential blocks in Türkiye. In addition, we own a factory in Hadımköy with an indoor area of 7,027 m<sup>2</sup>.

We proceed with our investments in the real estate sector with 3 projects under construction: a commercial complex in İstanbul Söğütlüçeşme, a villa project in Bodrum Yalıkavak, and a tourism area in Milas Kıyıkışlacık.

## 2023 At a Glance

**1,094,905,013** TL Sales Revenue

**15,000,000** TL Social Investment

**90%** Customer satisfaction rate of 90%

**80** person\*hours of training on sustainability issues for critical suppliers

**1,200** person\* hours of sustainability training for employees

**8,3** An average of 8.3 hours of training per employee

**9%** The total amount of non-hazardous waste produced by Bodrum Loft has been reduced by 9%

**4%** Groundwater use at Bodrum Loft reduced by 4%

**20%** Daily water consumption per guest reduced by 20% at Bodrum Loft

**20k** Planting of 20,000 trees for the Akfen Memorial Forest Project

# Sustainability in Management

As Akfen REIT, we conduct our business respectfully and transparently, adhering to high ethical standards and per applicable laws and regulations.

## Corporate Governance

Our highest governing body in Akfen REIT's corporate governance practices is the Board of Directors. Our Board of Directors consists of 1 Chairperson, 1 Vice Chairperson, 4 Board Members, and 3 Independent Members.

The Akfen REIT Board of Directors Policy governs the qualifications of board members, gender equality on the board, independence, accountability, and transparency of the board, among other things.

Our Board members have authority over all corporate governance matters, and our Board members are entitled to exercise their discretionary power to ensure that they do not interfere with the Company's operations. Our Board of Directors and its committees have the authority to appoint independent legal, financial, or other advisors and consultants on matters they deem necessary, without consulting any of the Company's officials.

While the proportion of women on the Board of Directors is 22%, the proportion of women in Senior Management is 25%.



### The Board of Directors of Akfen REIT

- **Hamdi Akın** - Chairperson of the Board of Directors
- **Selim Akın** - Board Member
- **Pelin Akın Özalp** - Vice Chairperson of the Board of Directors
- **İrfan Erciyas** - Board Member
- **Sıla Cılız İnanç** - Board Member
- **Gündoğan Durak** - Board Member
- **Aziz Ahmet Kaçar** - Independent Member of the BoD
- **M. Bahattin Yücel** - Independent Member of the BoD
- **Oğuz Satıcı** - Independent Member of the BoD

### Three different committees report to the BoD.

- Audit Committee
- Early Identification of Risk Committee
- Corporate Governance Committee

### Senior Management of Akfen REIT

- **Ece Demirpençe** - General Manager
- **Memduh Okyay Turan** – Deputy General Manager - Operations
- **Cüneyt Baltaoğlu** – Coordinator of Projects in Russia
- **Yusuf Anıl** – Deputy General Manager - Financial Affairs
- **M. Emre Yılmaz** – Investor Relations Director
- **Kadir Özcan** – Deputy Accounting Manager
- **Melis Aksungur** - Accounting Senior Specialist
- **Hülya Ay** – Administrative Staff
- **Oğuzhan Turan** – Administrative Staff
- **Fatih Akar** – Administrative Staff
- **Şevin Nar Yalçın** – Legal Counsel - Corporate Lawyer

# Risk and Opportunity Management

As Akfen REIT, we develop strategies to benefit from any situation that may arise by regularly monitoring and staying abreast of our financial and non-financial risks, while maintaining our business continuity and current assets.

To identify our non-financial risks, we consult many international sources, in particular the WEF's annual Global Risks Report, and extract the risks and opportunities we may face by reviewing the outcomes of our current and ongoing projects under the environmental, governance, and social pillars, which are the key indicators of sustainability. Both the Sustainability Management Committee and the Early Identification of Risk Committee work continuously on risk and opportunity management.

The Early Detection of Risk Committee works to identify our current financial and non-financial risks and regularly commissions independent service and internal audit reports. RES (Early Detection of Risk) Internal Audit reports, prepared by the Early Detection of Risk Committee, are regularly produced on a bimonthly basis and presented directly to the Board of Directors for evaluation and review.

## **IDENTIFICATION OF RISKS RELATED TO SUSTAINABILITY AND CLIMATE CHANGE**

As Akfen REIT, we are aware that sustainability and climate-related risks present various risks and opportunities for our

company's current and future activities, investor behaviour and stakeholder relations. In line with this awareness, we started our sustainability and climate-related risk analysis studies in 2023 to identify our sustainability and climate-related risks and take precautions against risks. The Sustainability Management Committee and the Early Detection of Risk Committee identified sustainability risks, covering environmental, human and management issues, in particular climate change, and examined the risks that may adversely affect our sustainability performance in the areas where we operate. These identified risks were briefed to the Board of Directors by Pelin Akin Özalp, Vice Chairperson of Akfen REIT and Head of Sustainability, who chairs the Sustainability Management Committee.

Furthermore, the Sustainability Management Committee and the Early Detection of Risk Committee are responsible for identifying the company's sustainability and climate risks for the coming years, reviewing the investments to be deployed in response to these risks and evaluating practices to improve performance, and reporting regularly to the Corporate Governance Committee and the Board.

To determine the financial impact of the sustainability and climate change risks we have identified, we will start incorporating them into our reporting in 2024 in accordance with the Turkish Sustainability Reporting Standards (TSRS).

OUR SUSTAINABILITY FOCUS	RISK	DESCRIPTION OF THE RISK	MATURITY OF RISK	OUR ACTIONS
Sustainability in Management	Market Risks	Disruption of tourism activities / Loss of customers due to extreme weather conditions	Medium - Long Term	<ul style="list-style-type: none"> <li>The continuous monitoring and improvement of the process of air conditioning in the assets of the company</li> </ul>
		The challenge of improving ESG perf. in the supply chain	Medium - Long Term	<ul style="list-style-type: none"> <li>Sustainability training for critical suppliers</li> </ul>
Sustainability in Management	Compliance with Standards	Delays in compliance with new regulations	Short - Long Term	<ul style="list-style-type: none"> <li>Compliance with the Legal and Risk Department's regulatory requirements</li> </ul>
Sustainability in Management	Technological Risks	Failure to ensure the security of information against cyber threats	Medium - Long Term	<ul style="list-style-type: none"> <li>Sending e-mails with information about cyber security and carrying out planned cyber-attack drills by the Human Resources department</li> </ul>
Sustainability in Management	Loss of reputation and goodwill	Adhering to ESG principles	Short - Long Term	<ul style="list-style-type: none"> <li>Keeping the finger on the pulse of stakeholders, communicating sustainability research from the appropriate sources to the public, and reporting</li> <li>To receive an assessment of its sustainability performance from the rating agency Refinitiv</li> </ul>
Sustainability in Compliance	Failure to act on climate change	Extreme Weather Events	Medium - Long Term	<ul style="list-style-type: none"> <li>Periodic employee awareness drills and training on the necessary insurance procedures for our assets</li> </ul>
		Depletion of natural resources	Medium - Long Term	<ul style="list-style-type: none"> <li>Reduce environmental impact by conducting efficiency studies in all activities and continuously monitoring performance</li> </ul>
		Loss of biological diversity	Medium - Long Term	<ul style="list-style-type: none"> <li>Implementing landscaping appropriate to the climate and location of our assets</li> <li>Support sustainable agriculture</li> </ul>
		Emissions		<ul style="list-style-type: none"> <li>Supporting low-carbon transport by installing electric vehicle charging stations at our assets and premises</li> <li>Annual monitoring and verification of emissions data</li> </ul>
Sustainability in Compliance	Water Scarcity/ Stress	Rising consumption and utility costs due to water stress	Short - Long Term	<ul style="list-style-type: none"> <li>Implementing practices that will reduce the amount of water used in our facilities</li> <li>Purifying the seawater at Bodrum Loft</li> </ul>
Sustainability in Compliance	Using Fossil Resources for Energy	Increased Energy Consumption	Short - Long Term	<ul style="list-style-type: none"> <li>The selection of technologies that will ensure the energy efficiency of our assets</li> </ul>
Sustainability in Operation	Deficiency of Skills	Deficiency of Skills	Short - Long Term	<ul style="list-style-type: none"> <li>Conducting regular employee satisfaction surveys and taking action based on the results</li> <li>Support employee development with Performance Management System</li> </ul>
Sustainability in Operation	Technological Risks	Lagging behind in technological transformation	Medium - Long Term	<ul style="list-style-type: none"> <li>Track and implement digitisation developments that will enable IT to improve the efficiency of our operations.</li> </ul>

# Sustainability Management

At Akfen REIT, we manage our environmental, social, and governance issues in accordance with our sustainability priorities and within the framework of our corporate policies, under the guidance of the Sustainability Management Committee, which reports to the Board of Directors.

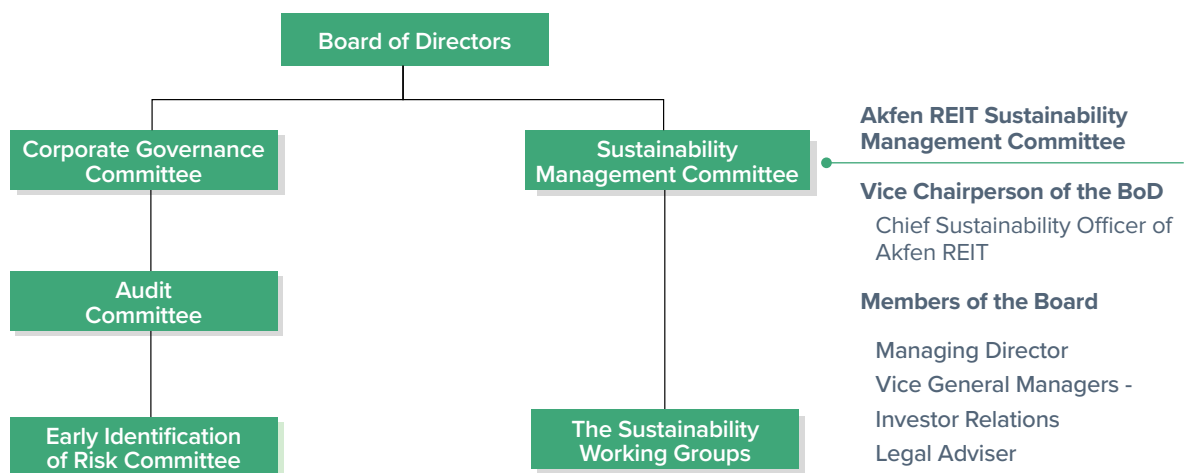
The Sustainability Management Committee holds regular monthly evaluation meetings. During the monthly meetings, the current performance is evaluated according to the reports of the Sustainability Working Groups, the company's ESG risks are reviewed and action plans for opportunities are prepared.

The results of the management meetings are reported directly to the Vice Chairperson of the BoD and Chief Sustainability Officer of Akfen REIT, Pelin Akin Özalp, and the BoD's Corporate Governance Committee and the Board of Directors.

The Sustainability Working Groups are responsible for monitoring the company's environmental, social, and governance performance, evaluating the work carried out during the period of activity, following the sustainability agenda, complying with applicable laws and regulations, and implementing actions related to this work. The Sustainability Working Groups

organize meetings as required and report to the Sustainability Management Committee.

As Akfen REIT, sustainability KPIs and sustainability performance targets have been included in the performance criteria of Senior Management and Managers in 2023 in order to improve sustainability performance in line with our goals and strategy. One of the most important targets added to the Senior Management and Manager performance criteria is "Adopt the concept of sustainability and reduce the carbon footprint", which was added to the Akfen REIT General Manager performance criteria.



# Our Approach to Sustainability

## Sustainability in Management

UN Sustainable Development Goals  
2, 4, 5, 8, 10, 17

The basic principles adhered to in the management of the construction process of projects allow them to be carried out in accordance with egalitarian, inclusive and developing technology, with an understanding of ethical corporate governance in such a way as to focus on improving the health and safety of employees and their well-being in these projects.



## Sustainability in Compliance

UN Sustainable Development Goals  
6, 7, 9, 13, 14, 15 ve 17

Akfen REIT attaches the utmost importance to the realization of humanitarian activities in all projects in partnership in such a way as to reduce the negative impact of climate change and to be compatible and resilient to climate change. Climate change and prioritizes all business objectives.



## Sustainability in Operation

UN Sustainable Development Goals  
4, 5, 8, 10 ve 17

Value creation at Akfen REIT is based on qualified employees. The basis of employment is an understanding of justice that respects fundamental freedoms and rights. and rights; consequently, it is crucial to safeguard employees' health and safety as well as help them develop their individual skills.



## Social Sustainability

UN Sustainable Development Goals  
3, 5, 8, 10, 11 ve 17

Akfen REIT ensures that all projects realized in partnership are undertaken with the understanding that add value to society from a social and economic perspective.





# Our Strategic Sustainability Goals

As Akfen REIT, we support our sustainability governance structure and approach with the policies we create. All our policies have a positive impact on our sustainability performance and guide our activities.

## Sustainability in Management

- Main Quality Policy
- Sustainability Policy
- Global Compact Compliance Policy
- Efficient Use of Resources Policy
- Business Continuity Policy
- Information Security Policy
- Investor Satisfaction Policy

## Sustainability in Compliance

- Main Environmental Policy
- Main Climate Policy
- Waste, Residue and Recycling Policy
- Water Conservation Policy
- Basic Emissions Policy
- Biodiversity Conservation Policy

## Sustainability in Operation

- Human Rights Policy
- Basic Human Resources Policy
- Gender Equality Policy
- Fair Remuneration Policy
- Employee Satisfaction Policy
- Occupational Health and Safety Policy

## Social Sustainability

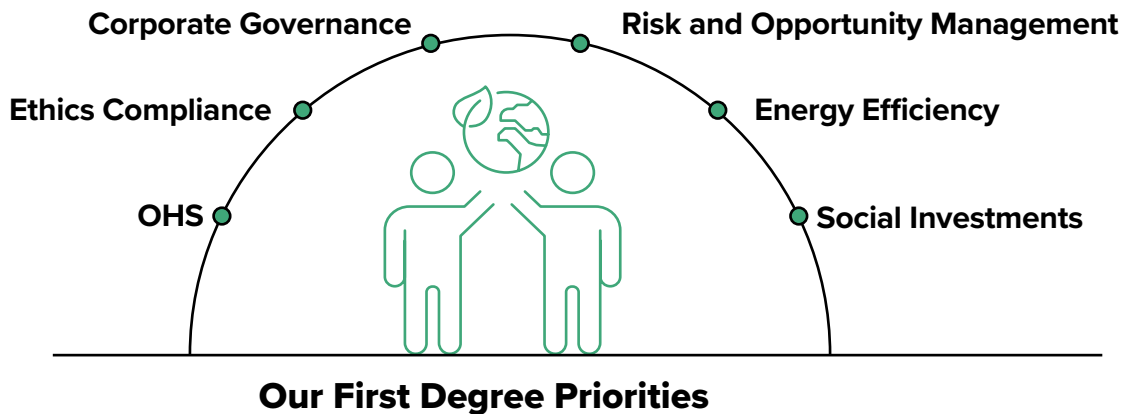
- Employment Contribution Policy
- Taxation Policy



# Sustainability Priorities

In 2023, we carried out research to update our sustainability priorities, taking into account our sustainability performance, the changing sustainability agenda, and the input of our internal and external stakeholders. We identified 20 potential sustainability issues by assessing the company's environmental, social, and governance performance, risks, and opportunities through the work of our Sustainability Working Group.

We organized a survey with our internal and external stakeholders to assess which of the 20 potential sustainability issues we identified would have the greatest impact on our sustainability performance today and in the future. Based on the comments of our internal and external stakeholders who participated in the survey, we have defined our new sustainability priorities for the period.





# Strategic Sustainability Goals

## Sustainability Goals in Management

Sustainability Goal	Current Status
Long-term leases with expert and experienced tenants for sustainable income and business continuity	It has been completed for 2023 and the target for 2024 is maintained.
Creating key performance indicators and action plans for goals	It was completed for 2023 and new performance indicators were determined for 2024.
Preparation of plans for the digital transformation of business processes	In 2023, the e-reconciliation business process system was adopted.
Measurement and development of customer (Tenant) satisfaction score	The rate of customer satisfaction has been measured at 90%.
Updating the Risk and Opportunity analysis	A risk and opportunity analysis study has been completed. The aim is to finance the relevant risks in 2024.
Transferring ethical business approach and new sustainability approach to the entire value chain	In 2023, 80 person*hours of sustainability training was provided to critical suppliers.
Using sustainable finance resources in projects	Financing beyond our investors is anticipated to continue until 2030, and this remains our goal.
Internal-External Stakeholder Survey	In 2024, the prioritisation study will be repeated.

## Sustainability Goals in Environmental Compatibility

Sustainability Goal	Current Status
Monitoring of performance data regarding energy, water, emissions and waste management in the companies (tenants) under Akfen REIT's responsibility.	It has been completed for 2023 and the goal for 2024 continues
Identify all mandatory / voluntary platforms where environmental information is disclosed	It has been completed for 2023. As a result of the CDP - Carbon Disclosure Project (Climate Change) reporting, the grade was announced as "B Management Level".
Support for public works related to the environment in the regions in which we conduct our business	It has been completed for 2023 and the goal for 2024 continues
Conduct research and planning for sustainable energy production investments	It has been completed for 2023 and the goal for 2024 continues
Placing recycling information on waste bins, raising awareness by providing employees with numerical data on water scarcity (in places such as bathrooms, kitchen sinks, etc.), and monitoring and reducing electricity consumption.	It has been completed for 2023 and the goal for 2024 continues
Reduce plastic waste and/or provide financial support to a climate change project to reduce plastic waste	Disposable plastic cups have been completely phased out at Akfen REIT headquarters
5% reduction in energy consumption at Bodrum Loft facility	In 2023, a total of 4% less kWh of electrical energy was consumed annually compared to the prior year.
Reduction of water density from 0.5m <sup>3</sup> to 0.4m <sup>3</sup> at Bodrum Loft facility	In 2023, the water density was reduced to 0.4m <sup>3</sup> which is the desired target value
In new (and future) developments, particular care is taken to ensure that there is plenty of green space and that low-rise buildings are not built without full legal planning permits.	In Söğütlüçeşme Project while the comparable area is 24,400 m <sup>2</sup> , the project area used is 20,554 m <sup>2</sup> and the maximum height of the commercial area is designed to be 2 storeys. In addition, the total green area is 5,400 m <sup>2</sup> .
Work has been launched to produce renewable energy and cover the electricity needs of all hotels and student residences.	Feasibility studies are under way and will be in place until 2024.
Although some of the hotels have a charging station for electric vehicles, the aim is to install them in all hotels with parking facilities.	The target was achieved in 2023.
New projects aim to purify and treat thus reuse grey water.	Feasibility studies commenced in 2023 and will continue in 2024, and the process will be concluded with the decision of the Board of Directors.
The feasibility of Green Building certification shall be targeted in new (and to be developed) projects. (Söğütlüçeşme and Yalıkavak Projects)	Feasibility studies are under way and will be in place until 2024.
The utmost attention will be paid to the use of environmentally friendly paints and floor coverings in both renovations and new projects.	It has been completed for 2023 and the target for 2024 is maintained.
Developing projects in a manner that minimises impacts on biodiversity and ecosystems (Söğütlüçeşme and Yalıkavak projects)	Landscaping work continues in harmony with the ecosystem in which the projects are located.
Collaboration with suppliers that will be a contributor to greenhouse gas emission targets (Akfen Construction)	Negotiations are underway with Akfen Construction for future projects.



## Sustainability Goals in Social Activities

### Sustainability Goal

### Current Status

Keeping the female employment rate above 40% at all levels and periods

At the end of 2023, our female employee ratio is 22%. The goal is to reach 40% and above within 2 years.

Providing its employees with a training program consisting of sustainability, climate change and corporate climate adaptation

In 2023, 1200 person\*hours of sustainability training was provided to employees.

Employees have goals in their performance reports under the heading of sustainability

Sustainability KPIs and performance targets have been incorporated into the Senior Management and Manager performance scorecards in 2023.

Cooperation with relevant NGOs on at least 2 projects in social projects every year

Projects in collaboration with 2 different NGOs, both GYODER and TIKAV, were implemented and completed in 2023.

Providing support to educational projects for young people

In 2023, we provided support for the accommodation of the educational projects of TIKAV.

The Working Group reports its activities to the Board of Directors and the Corporate Governance Committee of the Board of Directors prior to the publication of the Annual Activity Report.

The minutes of the meetings held during the year were reported to the Board of Directors and to the Corporate Governance Committee of the Board of Directors.

At Akfen REIT, all policies are approved at Board level and the need for additional policies or procedures from the Sustainability Working Group will be re-assessed in 2023.

The Supplier Human Rights Commitment was established and started to get operationalised in 2023.

# An Ethical and Transparent Approach to Business

## Code of Ethics

### Internal Ethical Codes

- Individual Responsibility Understanding
- Respect For People
- Safety, Health and Environment
- Information Protection and Confidentiality
- Notification of Nonconformities

### External Ethical Codes

- Corporate Citizenship
- Relations with Business Partners
- Tenant Relations
- Understanding of Competition

At Akfen REIT we are committed to the highest standards of ethics and compliance with all relevant legislation in the conduct of our business.

As Akfen REIT, we have incorporated Akfen Holding's Ethical Rules and Ethical Codes documents as a guide and have established our Akfen REIT Ethical Codes as Internal Ethical Codes and External Ethical Codes. We act in accordance with our Code of Ethics with all our employees in all our business activities. By regularly communicating our Code of Ethics to our employees, we put ethical business practices on the agenda and protect Akfen REIT's reputation with our ethical and transparent behavior in all our activities. We do not tolerate bribery and corruption in any form and we refuse any request that could be interpreted as granting privileges, abuse of power, discrimination, and conflict of interest.

As Akfen REIT, we prioritize compliance with the articles of our Code of Ethics document in all the permanent and temporary contracts we sign, and we declare that we will continue our practices per these Codes of Ethics in the contracts to which we are a party.

In 2023, we initiated the development of a Supplier Human Rights Commitment for our suppliers to sign. With this commitment, our suppliers have declared that they will act in accordance with all laws, the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and our Code of Ethics, and that they will work to ensure occupational health and safety in their working environments and to protect natural resources in their operations by ensuring environmental protection.

As Akfen REIT, we operate in accordance with the Code of Ethics and the Code of Conduct in all our activities and in case of any nonconformity, ethical violation or similar, both our employees and business partners can contact the e-mail address [etik@akfen.com.tr](mailto:etik@akfen.com.tr) to report the situation they have encountered or to request guidance. In addition to the Ethics Line, notifications of ethical status received by Akfen REIT Investor Relations are directed to the address [etik@akfen.com.tr](mailto:etik@akfen.com.tr) to initiate the review process. All reports and requests submitted to the Ethics Line will be evaluated and resolved by the Ethics Board of Akfen Holding at every quarter.

## Information Protection

As a company existing in the information age, we recognise the importance of protecting the integrity and confidentiality of information and manage all information in our possession in accordance with our Information Security Policy.

As Akfen REIT, we have created a strong security infrastructure within the company to protect the data of our employees, customers, suppliers, visitors and business partners, to ensure business continuity and to take precautions against cyber-attacks.

# Sustainability Communication with Stakeholders

Akfen REIT maintains the necessary communication with all of its stakeholders who are required to establish relationships within its field of its activities in the most efficient manner.

Establishing effective communication with our internal and external stakeholders is a key opportunity to enhance our reputation and increase our shareholder value by impro-

ving our business relationships. By seizing this opportunity, we seek to increase the credibility and loyalty of our company and to succeed by creating long-term value for all stakeholders. To better manage the demands and expectations of our stakeholders, we have identified our key stakeholders and the platforms through which we communicate with them.

## Akfen REIT Key Stakeholders

STAKEHOLDERS	COMMUNICATION PLATFORMS
Employees	Meetings, Public Disclosure Platform, corporate, website, media, social media, portal, surveys
Investors	Investor Meetings, Public Disclosure Platform, corporate, website, media, social media
Shareholders	General Assembly, Public Disclosure Platform, media, Investor Meetings, corporate website, social media
Tenants	Meetings, Public Disclosure Platform, corporate website, media, social media
Land Owners	Meetings, Public Disclosure Platform, corporate website, media, social media
Public Institutions	Meetings, Public Disclosure Platform, corporate website
Suppliers	Meetings, Public Disclosure Platform, corporate website
Banks	Meetings, Public Disclosure Platform, corporate website
Non-Governmental Organizations	Meetings, Public Disclosure Platform, corporate website, media, social media
Society and Media	Press Releases, Public Disclosure Platform, corporate website, media, social media
Group Companies	Meetings, Public Disclosure Platform, corporate website, media, social media, portal, surveys

# Value Chain Performance

At Akfen REIT, we aim to create a value chain that is sustainable in every sense, in order to maintain a quality of service that is appreciated by all parties, is successful, and always achieves a high level of satisfaction. In this regard, we consider it our main responsibility to support the development of our business partners within this framework by protecting nature and accepting human-friendly, ethical, and transparent management as a basis.

We are concerned with the sustainability performance of all companies in our value chain to safeguard our common future in line with the Sustainable Development Goals. In 2023, we will continue to work towards our goal of “transferring the ethical business approach and the new sustainability approach to the entire value chain”, which we set out in our 2022 report. Firstly, in the first half of 2023, we prepared the Supplier Human Rights Commitment and started to ask our suppliers to sign it in addition to our contracts. In addition to the Supplier Human Rights Commitment, as Akfen REIT, one of our basic expectations is that all our suppliers and subcontractors fully comply with all laws, especially the applicable labour law.

We started value chain management-related awareness-raising activities with our key suppliers. In 2023, we provided 80 person\*hours of training to our key suppliers to mainstream sustainability in our supply chain.

As Akfen REIT, we support local suppliers to strengthen the supply chain and improve our sustainability performance. We source everything from food ingredients to the equipment we use at Bodrum Loft primarily from local suppliers to support local livelihoods. By 2023, 25% of payments made to suppliers at Bodrum Loft will be made to local suppliers. In addition, 60% of our key suppliers at Bodrum Loft have been selected from local sources.

At Akfen REIT, we select the materials we use in all our hotel management activities, starting from the construction process, with a focus on sustainability, using internationally certified products that do not harm human health or the environment. In our ongoing projects, we are committed to reducing the use of imported materials by using up-to-date design and production methods to build sustainable cities.

# Customer Satisfaction Policy

## 90%

Proportion of tenants satisfied with our service quality

Akfen REIT's understanding of “**customer satisfaction policy**” is that the experience of investors and tenants is constantly improving and the value we provide is constantly increasing. Akfen REIT does not operate the assets in its portfolio but instead generates rental income by entering into long-term leases with world-class, industry-leading companies. In this context, the company's customers are also its tenants. On the other hand, as a publicly traded company, it seeks to satisfy the interests of thousands of investors.

By prioritizing the enhancement of comfort through digitalization in all our projects, we are closely following innovative practices and offering quick solutions to the problems that our guests and tenants face in their daily lives.

We value the feedback we receive from our customers and guests so that we can continually improve the quality of the service we provide. In line with the objective set in our last Sustainability Report, we conducted the first customer (tenant) satisfaction survey in 2023. Based on the results of our survey, our tenants are 90% satisfied with the quality of our service. As Akfen REIT, we will continue our work by maintaining our customer satisfaction success in 2024 and repeating the tenant satisfaction survey every year.

We have started to conduct a satisfaction survey for our guests staying in our hotels in 2023. Our goal is to measure guest satisfaction for Bodrum Loft in 2024.

<sup>(2)</sup> Accor satisfaction rate for 19 hotels + satisfaction rate for 2 dormitories



# Sustainability in Compliance

---

In all our projects we are committed to reducing our environmental footprint in order to contribute to the fight against climate change by developing comprehensive applications and implementing innovative projects. We monitor the energy, water, emissions and waste management performance of the businesses (tenants) for which we are responsible, and strive to ensure efficiency in all areas through our maintenance, repair and innovation work.

As Akfen REIT, we have adopted a business approach that complies with all applicable environmental laws and regulations, and we have not been fined for any environmental infringements in 2023.

## Energy Management

As Akfen REIT, we continued to investigate potential investments in clean energy production, while trying to reduce the amount of energy we use in 2023, both through equipment maintenance and repair, and awareness-raising activities, in line with the energy efficiency goal we set in our 2022 report as part of the fight against climate change.

The automatic air conditioning in Bodrum Loft maintains the ambient temperature at a set level and is automatically switched on and off by the system as required, thus preventing unnecessary energy consumption and saving energy. In addition, the common area lighting in Bodrum Loft is systematically switched off at night, trying to achieve maximum benefits with minimum light-

ing elements. The preferred lighting in Bodrum Loft is energy-efficient LED fixtures that provide comfort to guests and reduce energy consumption due to lighting. Some of the lighting elements used in the common areas are powered by solar energy and the use of clean energy is encouraged.

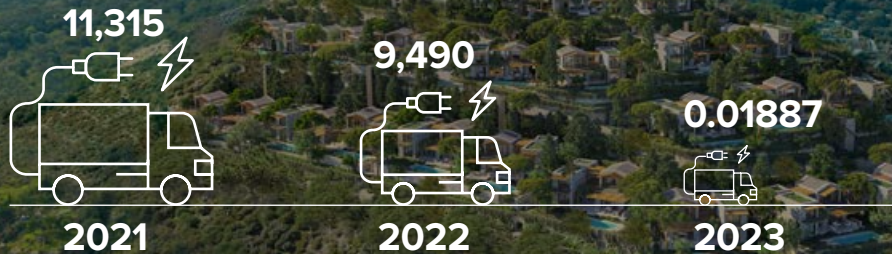
**Despite increasing the number of guests staying at Bodrum Loft in 2023, we managed to reduce the energy we use by 1%.**

As Akfen REIT, we are constantly offering innovative solutions to save energy and reduce our carbon footprint in our real estate portfolio, and we monitor the energy consumption of the leased assets through periodic reports we receive from our tenants.

<b>ENERGY CONSUMPTION</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total Energy Consumption of the Bodrum Loft (GJ)	11,009	9,551	9,454
Indirect Energy Consumption of the Akfen REIT	0,044	0,035	0,025



### Average emissions of the entire fleet per passenger-kilometer (Bodrum Yalikhavak - CO<sub>2</sub>/pkm)



## Emissions Management



At Akfen REIT, we are committed to doing our part to mitigate the devastating effects of climate change and manage our emissions from our operations in line with our Basic Emissions Policy to stabilize the global average temperature increase at 1.5°C and achieve net zero emissions by 2050. In this regard, we have started to calculate our GHG emissions in order to comply with the common cross-sectoral targets and strategies announced in the Republic of Türkiye Climate Change Action Plan 2011-2023. As Akfen REIT, we will continue our efficiency and emission reduction efforts to adapt to the Climate Change Plans published by the Republic of Türkiye in the coming years.

Recognising that we need to measure our emissions from our activities in order to manage them, we started to calculate our emissions from our head office in 2022 in 6 categories as per ISO 14064-1:2018. We calculated the emissions of our Head Office and Bodrum Loft for 2023 as per ISO 14064-1:2018 and had them calculated by an accredited organization. The total methane emission caused by our General Directorate in 2023 is 203.53 tons.

In order to prevent emissions caused by vehicle use at Bodrum Loft, we have installed electric vehicle charging stations at various locations within Bodrum Loft. With this application, we are reducing vehicle emissions caused by the use of fossil fuels within the facility.

### Amount of Emissions (tCO<sub>2</sub>eq)

GENERAL DIRECTORATE	2022	2023*
Category 1	20.83	23.28
Category 2	2.49	3.07
Category 3	5.12	6.77
Category 4	9.85	112.48
Category 5	13,623.31	16,678.07
Category 6	-	0.63
<b>Total</b>	<b>13,661.60</b>	<b>17,824.31</b>

\*Details on the 2023 emission report are given in the appendices of the report.

GENERAL DIRECTORATE	2022	2023
Scope 1	20.83	18.55
Scope 2	2.49	3.07
Scope 3	16,638.28	17,791.18

### Amount of Emissions (tCO<sub>2</sub>eq)

BODRUM LOFT	2022	2023
Category 1	1,054	683
Category 2	1,190	1,155
Category 3	45	300
Category 4	3,025	1,106
Category 5	270	494
Category 6	218	223
<b>Total</b>	<b>5,802</b>	<b>3,961</b>



## Water Management

In line with our Understanding of Sustainability, we use scientific and rational methods to manage water in our operations to reduce our impact on the environment through “Sustainability in Compatibility”. To maximize the benefits of the water we use, we use an integrated management approach to review our processes and assess opportunities.

With our seawater treatment plant at Bodrum Loft, we provide access to clean water for all our guests and convert salt water into usable quality water with reverse osmosis system. As Bodrum Loft, we prevent marine litter from land-based activities on the seashore with our expert staff and take care to protect the marine ecosystem. In addition,

we purify and recycle wastewater in our wastewater treatment plant at Bodrum Loft. We use the recycled water we earn to irrigate our gardens. In 2023, we recovered 14,400 m<sup>3</sup> of water and used it to irrigate green areas. In addition, the desalination plant located at Bodrum Loft purifies the salt water drawn from the sea and the water used for hotel activities is supplied from the salt water source. The desalination plant is monitored through routine inspections by the 3rd Institution with the Environmental Consultancy Service received and reported to the relevant ministry.

Thanks to the efficiency projects we have implemented at Bodrum Loft, such as the use of photocell sink taps and the use of aerator taps, we have reduced our groundwater consumption by 4%. This has enabled us to reduce the daily water consumption per guest by 20%. Our aim is to achieve similar success in our water consumption in 2024 by continuing efficiency projects.

The wastewater produced is recycled and reused. The treatment capacity of the plant is 160 m<sup>3</sup>/day, the equivalent population is 800 persons/day and the BOD5 load is 52 kg/day.

### Water consumption of the Bodrum Loft (m<sup>3</sup>)

	2021	2022	2023
Groundwater	19,430	61,871	59,400
Amount of water recovered / reused*	5,832	11,250	14,400

\*The volume of wastewater generated is recycled and reused.

### Bodrum Loft Water Density (m<sup>3</sup>)

	2021	2022	2023
Daily water consumption per guest	0.5	0.5	0.4

# Waste Management

As Akfen REIT, we carry out all our activities in accordance with our Waste, Residue and Recycling Management Policy and Efficient Use of Resources Policy. We do not treat waste as a product to be evaluated after production but manage it with a zero-waste approach. In line with this understanding and policy, we start waste management processes from the raw material stage, taking care to use natural resources with maximum efficiency in all types of products we use and dispose of final waste by separating it at source. We have initiated the research and planning process to achieve Zero Waste certification for all our facilities in 2023.

In 2023, we achieved a 9% reduction in the total amount of non-hazardous waste at Bodrum Loft.

The construction phase of the project continues in Bodrum Yalıkavak and Bodrum Kıyı Kışlacık, and all types of construction waste are being collected and removed by the municipality.

## Amount of waste from Bodrum Loft (tons)

	2021	2022	2023
Toplam Total Amount of Waste*	2.90	1.50	2.22
Total Amount of Non-Hazardous Waste	0.65	0.55	0.50
Total Amount of Hazardous Waste	2.25	0.95	1.72
Total Amount of Waste Recycled and Reused	0.65	0.55	1.42
Rate of Waste Recycling and Recovery	23.0%	37.0%	22.52%

\* This waste is the registered amount of waste delivered to licensed companies and does not include waste deliveries to municipalities.

9%

Non-hazardous waste reduced at Bodrum Loft



# Biodiversity

As Akfen REIT, we have adopted our Biodiversity Protection Policy as our guide in preserving biodiversity, and we take care to protect biodiversity, which is the foundation of life, in all our activities. In the projects we carry out, landscape areas are evaluated by our team of landscape architects, taking into account the geographical and meteorological conditions of the region. Based on these assessments, plants are selected to ensure easy adaptation and growth of vegetation in the project areas, while landscaping work is

carried out with due care, without destroying natural areas, so as not to harm the existing population and ecosystem in the region.

In accordance with the habitat of the region, a 57,000 m<sup>2</sup> landscape study was carried out on the 42,000m<sup>2</sup> area of Bodrum Loft. The endemic species of Bodrum, selected from the species that comprise the Mediterranean/Aegean maquis vegetation, were predominant.

At Bodrum Loft, activities are carried out with no harm to the living

population. Various animals, from cats to wild boars, which are considered domesticated animals, continue to live in harmony on the premises of the facility.

We use organic ingredients in our restaurant at the Bodrum Loft, and we support sustainable agriculture and animal breeding by prioritizing organic products grown by locals in our menus. Caged animals are not favored in the products of animal origin offered to customers in the restaurant and organic, animal welfare-observing, free-range eggs are preferred.



## Akfen Memorial Forest Project

In the Akfen Memorial Forest project, which was carried out in the anakale Yukarıokular and anakalan locations, we, as Akfen REIT, supported the planting of 20,000 trees in order to plant 100,000 red pine and larch trees. As a result of this project which is an initiative of Akfen Holding on the occasion of the centenary of the Republic our forest land assets will increase by 1,000,000 m<sup>2</sup>.

With the completion of the Akfen Memorial Forest project;

- An annual production of 3,000 tons of oxygen will be achieved.
- There will be a 20–30 dB drop in noise pollution.
- The quantity of carbon absorbed will match the carbon dioxide emissions per 10,000,000 kilometers from a vehicle.
- Enough oxygen will be produced in a year for 5,000 people.
- The ramifications of the climate crisis will reduce surface runoff by 20 times and landslides by 350 times.
- New homes will be created for the fauna inventory of natural life and contribution will be made to the existence of wildlife.
- Contribution will be made to transfer endemic plant species to new vegetation.



**3,000** tons

When the project is completed annual oxygen to be produced

**20-30** decibel

Decline in noise pollution

**350** times

Reducing landslides



# Sustainability in Operation

---

Qualified employment is the basis of Akfen REIT's value creation. The basis of employment is an understanding of fairness that values fundamental rights and freedoms, the protection of employees' health and safety, and the development of their personal skills.

# Human Resources Management

---

As a subsidiary of Akfen Holding, all types of human resources and human resources management activities are carried out by the Akfen Holding Human Resources Department. The Human Resources processes are managed in accordance with the principles of the United Nations Global Compact, the standards of the International Labour Organization (ILO), fully comply with the legal framework and legislation governing human rights and working life, and in accordance with Akfen Holding's Basic Human Resources Policy, taking into account the welfare of our employees.

As a company committed to the core values of promoting skilled employment, we encourage the personal development of all our employees by protecting their fundamental rights and freedoms. We have no tolerance for any form of forced labour or child labour.

# Equity and Inclusion

---

We recognize that equity and inclusion are core values that should be achieved in every part of our business. By acknowledging that all our employees have different skills, specializations, backgrounds, and experiences, we create a fair working environment where our employees have equal opportunities, are respected, and are not discriminated against. We adhere to the WEPs principles, to which Akfen Holding is a signatory, and our Gender Equality Policy as our guiding documents on equality and inclusion.

As Akfen REIT, we do not discriminate against our employees on any grounds, especially religion, language, race, color, gender, age, sexual orientation, or physical disability, and we provide equal rights in business processes, recruitment policies, and decision-making processes.

# Talent Development and Career Planning

---

At Akfen REIT we appreciate the talents of all our employees. To support the professional and personal development of our employees, we implement a performance management system and offer our employees a wide range of training opportunities, from business to leisure.

# Performance Management System

---

We consider the performance management system to be an integral part of employee development, and we conduct studies to support the professional development of our employees.

The Performance Management System we implement is essentially an assessment of our employees' contributions to position-based business objectives during the year. Actions taken during the implementation of the Performance Management System:

- Objectives are communicated within the context of the company's objectives and strategies, starting with the senior management at the beginning of the year,
- Objectives and goals are reviewed on a regular basis and any necessary revisions are made,
- Meetings are held at the end of the year to assess the achievement of objectives,
- Employee feedback is given and timetables are planned.

In 2023, we had 8 employee appraisals as part of the performance system, and all our employees were awarded bonuses for their performance. The implemented Performance Management System will be considered as one of the most important criteria in the career development and promotion processes of employees.

# Equal Pay for Equal Work

---

As part of this policy, Akfen REIT will implement an equal opportunities policy in all its Human Resources management, starting with the recruitment process, providing equal opportunities to all within the framework of the Constitution and all relevant laws, regardless of language, race, color, gender, political opinion, affiliation, religion, sect, age, physical disability, and similar characteristics.

We determine and apply base pay for a specific job by managing all our internal compensation processes in accordance with our Fair Remuneration Policy. We do not discriminate between men and women in our base pay practices and offer equal pay to all employees with the same job description. Through our Fair Remuneration Policy, we reduce the income gap between our senior and junior employees, while ensuring that our employees have a living wage. To improve the economic purchasing power of our employees, we provide salary increases throughout the year.

We offer all our employees fringe benefits to improve their quality of life, in addition to the basic salary set for their position.

# Employee Development Trainings

---

At Akfen REIT, we offer various training courses to support the personal and professional development of our employees and to enhance their knowledge by mastering industry and global trends. In 2023, we trained our employees on environmental, social, and managerial sustainability issues through expert trainers so that they can handle the concept of sustainability in a versatile way. The total cost of the training provided for our employees in 2023 is estimated at 2,236.20 TL.

**In 2023, we provided 1,200 person\*hours of sustainability training to our employees.**

# 1,200

person\*hours

**Granted in 2023  
sustainability training**

As Akfen REIT, under the leadership of Akfen Holding, in 2023 we will offer our employees free education from Udemy, which offers a wide range of educational content from vocational training, foreign languages, computer science, social sciences, science to music, art and culture. Thanks to this support, all Akfen REIT employees will be able to access the training they want through Udemy. As part of the training support implemented, the goal is for all employees to receive at least one personal development training and one professional development training by the end of 2024.

# Employee Engagement

---

We are aware that a healthy working environment has a direct impact on all company processes. We are working hard to create a working environment where everyone is content and feels a sense of belonging by giving our employees, who are our most important stakeholders, the respect they deserve in ensuring the quality of our operations. By using the remote working model, which was introduced into our lives with the pandemic, we enable our employees to work from their preferred environment, without being burdened by congestion and similar factors in busy cities. We are constantly working to improve our employees' fringe benefits and add new ones.

In line with our Employee Satisfaction Policy, we ensure job satisfaction and support the personal development of our employees through we implement to ensure company loyalty.

From 2024, we will conduct regular employee satisfaction surveys every year and use the results to continue our work to increase employee loyalty and satisfaction.



# Occupational Health and Safety

One of the top priorities at Akfen REIT is that everyone in contact, including employees, suppliers and business partners, continues to work in a healthy and safe working environment under decent conditions. We manage our processes in accordance with the legislation and our Occupational Health and Safety Policy by considering the health and safety of our employees, business partners, and suppliers in all our activities. We strive to reduce the number of accidents at work and to make occupational health and safety an integral part of our corporate culture by providing occupational health and safety training and personal protective equipment to all our business partners. We have provided a total of 48 hours of occupational health and safety training in 2023.

We provide supplementary health insurance so that our employees can benefit from accessible health services in their daily lives outside the workplace.

## Digitalization and Innovation

At present, we acknowledge that digitalization preserves the company's current know-how and transfers it to the future, as well as ensuring the company's efficiency by facilitating the tracking of business processes. With this awareness, as Akfen REIT, we are committed to using digital infrastructure systems in our daily work in our offices, thus protecting our natural resources by reducing the use of paper while making efficient use of time, our most valuable capital.

We use Paperwork and SAP systems to digitalize our processes from end to end, and we run in-house approval mechanisms through the SAP system. We conduct our reconciliations with our stakeholders through e-reconciliation, an online platform.

We continue the practice of online meetings that have been introduced into our lives since the COVID-19 pandemic, ensuring efficient use of time, avoiding the need to travel to meetings, and reducing emissions from transportation.



# Social Sustainability

---

Social In line with our understanding of Social Sustainability, we support long-term corporate social responsibility projects that provide social benefits while taking firm steps towards our company's vision of maintaining its reliable position in the sector by ranking among the top REITs in Türkiye.

# Product Responsibility

As Akfen REIT, we are committed to ensuring customer satisfaction at the properties from which we derive rental income and to creating environments that are in harmony with nature and that make guests happy by enhancing their user experience. We pay attention to the use of environmentally friendly materials that reduce the environmental footprint of our properties, and we invest in various applications ranging from energy efficient practices to technological developments in waste water recovery processes. We have equipped our facilities with disability-friendly practices and improved their accessibility.

As part of the services we provide to our customers at Bodrum Loft, we source the ingredients for all of the products we offer to our customers from local farmers in our region from organic products that are safe for health. While presenting these products to our guests through the restaurant at Bodrum Loft, we offer them to our guests with the right portions against the risk of obesity, taking into account their nutritional values and calories. In Bodrum Loft, we offer our guests an active life with the existing landscaped areas, bicycle paths and life intertwined with nature. In addition, as an Akfen REIT, we generate all of our revenue from rental income.



## Sponsorship for Sport



NOVOTEL

Sport has an indisputable place in keeping the mind sharp and the body healthy. At Akfen REIT, we support the clubs' youth teams for the development of basketball in Türkiye. As an indication of our support for sports in 2023, we have signed up to sponsor the Fenerbahçe College Men's Basketball Team, which plays in the Turkish Basketball League, for the year 2023-2024.



## Community Investments

As an anchor stakeholder in the state's tourism development policy, we participate in the sector we are in and the assets we produce, and we provide high-quality housing by renting the state's treasury and foundation lands and building hotels to accommodate both local and foreign tourists in the long term. In 2023, together with Bodrum Loft and Merit Park Hotel and the hotels operated by our tenant Accor, we will contribute to the tourism revenues that increase the state's service exports. In 2023, we contributed approximately 734 million TL to the state's tourism export revenues.

We support GYODER and actively participate in its work in order to contribute to the development of the real estate sector and the formation of contemporary and civilized urban elements that meet the needs of society by joining forces with our stakeholders in the sector. Furthermore, Akfen REIT Managing Director Ece Demirpençe is a

GYODER member actively involved in many projects. Akfen REIT supports the efforts of GYODER in the field of lobbying for accessible housing for all. The aim of the study is to find a long-term solution to the housing problem by building affordable housing for those who do not have access to housing.

In the aftermath of the February, 6 earthquake that struck our country, the issue of safe housing was once again brought to the fore, prompting all companies to take strides towards safe housing and earthquake relief. As Akfen REIT, we initiated our efforts in this direction by subjecting our properties to seismic testing, and in 2023, we completed the testing of all our properties and documented their seismic resistance. While we were devastated by the 2023 earthquake, we sent containers to the earthquake region to assist with the shelter needs of our citizens affected by the earthquake.

**734** million TRY

Contribution to tourism export revenues

# Appendices

## Performance Indicators

### Sustainability in Compliance

#### Waste

#### Management

#### Bodrum Loft Waste Quantities

(TONNES)	2021	2022	2023
Total Waste Amount*	2.9	1.5	2.22
Total Amount of Non-Hazardous Waste	0.65	0.55	0.50
Total Hazardous Waste Amount	2.25	0.95	1.72
Total Recycled and Reused Waste	0.65	0.55	1.42
Waste Recycling Rate	23%	37%	22.52%

\* These wastes represent the amount of registered waste given to licensed companies; municipal waste is not included.

Since Bodrum Yalıkavak and Bodrum Kıyı Kışlacık are still in the project phase, all sorts of construction waste is disposed of by the municipality.

#### Water

#### Management

#### Bodrum Loft Water Consumption

(m <sup>3</sup> )	2021	2022	2023
Ground-water	19,430	61,871	59,400
Amount of water recovered/reused*	5,832	11,250	14,400

\* The amount of waste water generated is recovered and reused.

In the waste water treatment plant; wastewater treatment capacity is 160 m<sup>3</sup>/day, equivalent population is 800 people/day, BOD<sub>5</sub> load is 52 kg/day.

#### Bodrum Loft Water Density

(m <sup>3</sup> )	2021	2022	2023
Bodrum Loft Project daily water consumption per guest	0.5	0.5	0.4

## Energy Management

### Energy Consumption

(GJ)	2021	2022	2023
Bodrum Loft Total Energy Cons.	11,009	9,551	9,454
Akfen REIT Indirect Energy Cons.	0.044	0.035	0.025

### Bodrum Yalıkavak Energy Consumption

	2023
Elektricity (GJ)	83,329
Diesel fuel (m <sup>3</sup> )	130
Average fuel cons.of the total fleet in Bodrum Yalıkavak. ( l/100km)	0.97

## Emission Management

### Emissions Amount (tCO<sub>2</sub> eq)

HEAD OFFICE	2022	2023
Category 1	20.83	23.28
Category 2	2.49	3.07
Category 3	5.12	6.77
Category 4	9.85	1,112.48
Category 5	13,623.31	16,678.07
Category 6	-	0.63
<b>Total</b>	<b>13,661.60</b>	<b>17,824.31</b>

HEAD OFFICE	2022	2023
Scope 1	20.83	18.55
Scope 2	2.49	3.07
Scope 3	16,638.28	17,791.18

### Detailed Emissions Amounts for the Headquarters for the year

(TCO <sub>2</sub> EQ)	2023
Category 1.1 Continuous Combustion	0.34
Category 1.1 WTT - Continuous Combustion	0.06
Category 1.2 Mobile Combustion	18.18
Category 1.2 WTT Motion Combustion	4.67
Category 1.4 Leakage of Gas	0.02
Category 2.1 Electricity	3.077
Category 2.2 Heat / Steam	1.17
Category 3.1 Input Transport	0.01
Category 3.3 Commuting	1.32
Category 3.3 WTT Commuting	0.32
Category 3.5 WTT Business Trips	0.85
Category 3.5 Business Trip Transportation	4.06
Category 3.6 Accommodation for business trips	0.22
Category 4.1 Purchase of Consumables and Supplies	2.69
Category 4.3 Waste	0.01
Category 4.5 Purchasing of Services	1,109.78
Category 5.1 Product Use	16,678.07
Category 6.1 Electricity	0.32
Category 6.1 Electrical Transmission/Distribution Loss	0.31

### Bodrum Yalıkavak Emissions Density

(CO <sub>2</sub> /PKM)	2023
Total fleet's average CO2 equivalent emissions per passenger kilometer	0.01887

## Sustainability in Operation

### Employee Profile

Employees for 2023 average length of service 9.5 for years. (Managing Director Member and Management Board members are included in the calculation including not provided).

### Akfen REIT Headquarters Number of Employees

	2021		2022		2023	
	WOMAN	MAN	WOMAN	MAN	WOMAN	MAN
Total Employee	4	5	3	6	2	7
Contract Employee	-	-	-	-	-	-
Employee Turnover Rate	0	20%	33%	0%	0%	0%
Percentage of Employees Participating in Performance Evaluation	N/A	N/A	66%	50%	50%	57%
New hires	N/A	N/A	N/A	N/A	1	1

### Employee Development

#### Akfen REIT Headquarters Trainings

	2022	2023
Total training hours provided to all employees	73	75
Average training hours per employee per year	6.08	8.3
Total cost of training (TL)	4,615	11,537

#### Bodrum Loft Trainings

	2022	2023
Total training hours provided to all employees	33	114
Average training hours per employee per year	1.00	3
Total cost of training (TL)	1,320	13,680

#### Bodrum Yalıkavak Eğitimleri

	2022	2023
Total training hours provided to all employees	27	108
Average training hours per employee per year	9.00	9
Total cost of training (TL)	1,080	12,960

#### Fıratcan İnşaat Trainings

	2022	2023*
Total training hours provided to all employees		148
Average training hours per employee per year		5.28
Total cost of training (TL)		17,760

\*As of 18.07.2023 Akfen REIT has owned 100% shares of Fıratcan İnşaat Ticaret ve Turizm A.Ş.



## Occupational Health and Safety

### Bodrum Loft\*

	2021	2022	2023
Number of Injury of Employees (piece)	5	3	4
Total Employee Injury Rate	23%	18%	20%
Number of Lost Work Days of Employees (days)	69	30	45
Contractors' Lost Work Days (days)	0	1	0
Total Number of Lost Work Days	69	31	45

\* There are no fatal accidents or occupational diseases.

### Bodrum Yalıkavak

	2022	2023
Total Working Hours (hours)	2,000	85,510
Number of Contractor Injury (piece)	0	105.25
Number of Lost Work Days of Employees (days)	0	5
Contractors' Lost Work Days (days)	0	5

### Firatcan Construction

	2021	2022	2023
Number of Injury of Employees (piece)	5	3	4
Total Employee Injury Rate	23%	18%	2%
Number of Lost Work Days of Employees (days)	69	30	19
Contractors' Lost Work Days (days)	0	1	4
Total Number of Lost Work Days	69	31	23

\*As of 18.07.2023 Akfen REIT has owned 100% shares of Firatcan İnşaat Ticaret ve Turizm A.Ş.

# Sustainable Compliance Report

PRINCIPLE	AKFEN REIT CURRENT SITUATION ANALYSIS	COMPLIANCE STATUS	LATEST STATUS PRINCIPLE TYPE	REFERENCE
	POLICY STATEMENT		DESCRIPTION	

## A. General Principles

A1. STRATEGY POLICY AND TARGETS	<b>A1.1.</b> The partnership's board of directors has determined the partnership's top environmental, social, and corporate governance (ESG) issues, risks, and opportunities.	Yes	As Akfen REIT, we carry out our corporate sustainability activities in accordance with the policies we have established under four broad headings, and all of our policies have been approved by the Board of Directors.	Sustainability Management (P. 109)
	<b>A1.1.</b> The partnership's BoD developed and made public ESG policies (for example, environmental policies, energy policies, human rights policies, and employee policies).	Yes	As Akfen REIT, we carry out our corporate sustainability activities in accordance with the policies we have established under four broad headings, and all of our policies have been approved by the Board of Directors.	Sustainability Management (P. 109)
	<b>A1.2.</b> Short-term and long-term goals established as part of ESG policies were made public.	Yes	Sustainability targets and progress towards these targets are shared in the report.	Strategic Sustainability Goals (P. 113)
A2. IMPLEMENTATION /TRACKING	<b>A2.1.</b> The committees and/or units in charge of implementing ESG policies, as well as the highest level officials in the partnership in charge of ESG issues, have been identified and made public.	Yes	At Akfen REIT, EDG policies are carried out by the Corporate Governance Committee within the framework of the main policies. The duties and responsibilities of the working group have been determined.	Sustainability Management (P. 109)
	<b>A2.1.</b> The activities carried out by the responsible committee and/or unit within the scope of policies were reported to the board of directors at least once a year.	Yes	At Akfen REIT, EDG policies are carried out by the Corporate Governance Committee within the framework of the main policies. The duties and responsibilities of the working group have been determined.	Sustainability Management (P. 109)
	<b>A2.2.</b> Implementation and action plans were developed and made public in accordance with the ESG targets.	Yes	Akfen REIT's existing short- and long-term goals set by Akfen Holding are shared under the heading Strategic Sustainability Goals.	Strategic Sustainability Goals (P. 113)
	<b>A2.3.</b> The ESG Key Performance Indicators (KPI) and the level of achievement of these indicators on an annual basis were made public.	Yes	Akfen REIT's existing short- and long-term goals set by Akfen Holding are shared under the heading Strategic Sustainability Goals.	Strategic Sustainability Goals (P. 113)
	<b>A2.4.</b> The public has been made aware of activities to improve the sustainability performance of business processes, products, and services.	Yes	The Sustainability Principles Compliance Report describes activities to improve the sustainability performance of our business processes and services.	Strategic Sustainability Goals (P. 113)

PRINCIPLE	AKFEN REIT CURRENT SITUATION ANALYSIS	COMPLIANCE STATUS	LATEST STATUS PRINCIPLE TYPE	REFERENCE
	POLICY STATEMENT		DESCRIPTION	
A.3. REPORTING	<b>A3.1.</b> At least once a year, it reports and publicly discloses its sustainability performance, goals, and actions. Discloses information on sustainability activities within the scope of the annual report.	Yes	With regards to our company's activities in the field of sustainability, Reporting on sustainability performance, targets and actions related to activities in the field of sustainability are described in the Akfen REIT Annual reports. In addition, explanations such as our Public Disclosure Platform information, special case statements, general assembly information, are regularly shared with all our stakeholders from the "Investor Relations" tab of our website.	About the Report (P. 103)
	<b>A3.2.</b> It is essential that information that is important for stakeholders to understand the position, performance and development of the partnership is shared in a direct and concise manner. It can also disclose detailed information and data on the corporate website, prepare separate reports that directly meet the needs of different stakeholders.	Yes		Our Approach to Sustainability (P.110)
	<b>A3.3.</b> Takes maximum care in terms of transparency and reliability. It objectively explains all kinds of developments about priority issues in explanations and reports within the scope of a balanced approach.	No		An Ethical and Transparent Approach to Business (P.116)
A.4. VERIFYING	<b>A4.1.</b> An independent third party verified and publicly disclosed the Partnership's ESG Key Performance metrics.		Carbon emission value verified.	

## B. Environmental Principles

B. ENVIRONMENTAL PRINCIPLES	<b>B.1.</b> The partnership has made public its policies and practices, action plans, environmental management systems (as defined by the ISO 14001 standard), and environmental management programs.	Yes	Respect for the environment is included in corporate values. During the planning and implementation of all processes of operations, its impact on the environment is evaluated and the necessary planning and measures are taken. Environmental regulations are determined and disciplined according to international agreements and standards	Sustainability in Compliance (P. 119)
	<b>B.2.</b> Concerning environmental reports prepared to provide information on environmental management, the scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting conditions were made public.	Yes		About the Report (P. 103)

PRINCIPLE	AKFEN REIT CURRENT SITUATION ANALYSIS	COMPLIANCE STATUS	LATEST STATUS PRINCIPLE TYPE	REFERENCE
	POLICY STATEMENT		DESCRIPTION	
<b>B. ENVIRONMENTAL PRINCIPLES</b>	<b>B.4.</b> Environmental targets have been disclosed to the public as part of the rewarding criteria within the scope of performance incentive systems based on stakeholders (such as members of the Board of Directors, managers, and employees).	<b>Yes</b>	Akfen REIT's existing short- and long-term goals set by Akfen Holding are shared under the heading Strategic Sustainability Goals.	Sustainability Management (P. 109)
	<b>B.5.</b> The public has been informed about how priority environmental issues are incorporated into business goals and strategies.	<b>Partially</b>	"Akfen REIT Sustainability Working Group" continues its efforts to ensure that Akfen REIT targets are processed into Key Performance Indicators and followed up to individual performance.	Sustainability Priorities (P. 112)
	<b>B.7.</b> It has been made public how environmental issues are managed and integrated into business objectives and strategies across the partnership value chain, including the operational process, suppliers, and customers.	<b>Yes</b>	Are described in the Sustainability Principles Compliance Report.	
	<b>B.8.</b> Whether relevant organizations and non-governmental organizations are involved in environmental policy-making processes, and whether collaborations with these institutions and organizations have been made public.	<b>No</b>	Two people in the Sustainability Working Group are actively participating in activities in the Sustainability Development Association (SKD) and passing on the developments related to Akfen REIT to their stakeholders.	
	<b>B.9.</b> Reports information about its environmental impact in a comparable way on a periodic basis regarding Environmental indicators greenhouse gas (GHG) emissions (Scope 1 (Direct), Scope 2 (energy indirect), Scope 3 (other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)	<b>Partially</b>	Akfen REIT monitors its tenants and their environmental performance within the scope of waste, water, energy efficiency and reduction of emissions, in accordance with the agreements it has made. In this line, studies have been carried out for the monitoring of performance data on energy, water, emissions and waste management in enterprises (Tenants) under the responsibility of Akfen REIT in 2023.	About the Report (P. 103) Sustainability in Compliance (P. 119)
	<b>B.10.</b> The standard, protocol, methodology, and base year used to collect and calculate data are all made public.	<b>Yes</b>		Value Chain Performance (P. 118) Customer Satisfaction (P. 118)

PRINCIPLE	AKFEN REIT CURRENT SITUATION ANALYSIS	COMPLIANCE STATUS	LATEST STATUS PRINCIPLE TYPE	REFERENCE
	POLICY STATEMENT		DESCRIPTION	
<b>B. ENVIRONMENTAL PRINCIPLES</b>	<b>B11.</b> The increase or decrease of environmental indicators for the report year in comparison to previous years has been made public.	<b>Partially</b>	Akfen REIT monitors its tenants and their environmental performance within the scope of waste, water, energy efficiency and reduction of emissions, in accordance with the agreements it has made. In this line, studies have been carried out for the monitoring of performance data on energy, water, emissions and waste management in enterprises (Tenants) under the responsibility of Akfen REIT in 2023.	Performance Indicators Sustainability in Compliance (P. 133)
	<b>B12.</b> Short and long-term targets for reducing environmental impacts have been established, and the progress of these targets, as well as previous years' targets, has been made public.	<b>Yes</b>		Strategic Sustainability Goals (P. 113)
	<b>B13.</b> A strategy for combating the climate crisis has been developed, and the planned actions have been made public.	<b>Yes</b>	At Akfen REIT, the main climate policy has been established under the planet policies.	Risk and Opportunity Management (P. 107) Energy Man. (P. 120) Emissions Man. (P. 121)
	<b>B14.</b> Programs or procedures have been established and made public in order to prevent or reduce the potential negative environmental impact of products and/or services.	<b>Yes</b>	Akfen REIT monitors its tenants and their environmental performance within the scope of waste, water, energy efficiency and reduction of emissions, in accordance with the agreements it has made. In this line, studies have been carried out for the monitoring of performance data on energy, water, emissions and waste management in enterprises (Tenants) under the responsibility of Akfen REIT in 2023.	Sustainability in Compliance (P. 119)
	<b>B14.</b> Third-party greenhouse gas emissions have been reduced, and these actions have been made public (e.g., suppliers, subcontractors, dealers, etc.).	<b>Partially</b>		Strategic Sustainability Goals (P. 113)
	<b>B15.</b> The environmental benefits/benefits and cost savings of initiatives and projects aimed at reducing environmental impacts have been made public.	<b>Partially</b>	Different application examples are continuing in order to contribute to the solution of environmental problems.	Akfen Hatıra Ormanı Projesi (Sf.121)
	<b>B16.</b> Energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data are publicly disclosed as Scope-1 and Scope-2.	<b>Yes</b>	Are described in the Sustainability Principles Compliance Report.	Performance Indicators Sustainability in Compliance (P. 133)
	<b>B17.</b> Public disclosure was made about the electricity, heat, steam and cooling produced in thereporting year.	<b>No</b>		

PRINCIPLE	AKFEN REIT CURRENT SITUATION ANALYSIS	COMPLIANCE STATUS	LATEST STATUS PRINCIPLE TYPE	REFERENCE
	POLICY STATEMENT		DESCRIPTION	
B. ENVIRONMENTAL PRINCIPLES	<b>B18.</b> Studies on increasing renewable energy use and transitioning to zero or low carbon electricity have been conducted and made public.	Partially	Akfen REIT monitors its tenants and their environmental performance within the scope of waste, water, energy efficiency and reduction of emissions, in accordance with the agreements it has made. In this line, studies have been carried out for the monitoring of performance data on energy, water, emissions and waste management in enterprises (Tenants) under the responsibility of Akfen REIT in 2023.	Energy Management (P. 120) Emissions Management (P. 121)
	<b>B19.</b> Data on renewable energy production and consumption is made public.	Partially		Energy Management (P. 120)
	<b>B20.</b> Energy efficiency projects have been carried out and the amount of energy consumption and emission reduction achieved through energy efficiency projects has been disclosed to the public.	Partially	Akfen REIT has disclosed its energy efficiency projects in its Sustainability Report.	Energy Management (P. 120)
	<b>B21.</b> Water consumption, if any, water drawn, recycled, and discharged from underground or above ground, as well as its sources and procedures, have all been made public.			Water Management (P. 122)
	<b>B22.</b> It has been made public whether its operations or activities are subject to any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).	Yes		-
	<b>B23.</b> The public has been given access to information on carbon credits accumulated or purchased during the reporting period.	Irrelevant		-
	<b>B24.</b> If carbon pricing is used within the partnership, the details are made public.	Irrelevant		-
	<b>B25.</b> The platforms through which the partnership disseminates its environmental data have been made public.	Irrelevant		<a href="https://www.kap.org.tr/Bildirim/1247503">https://www.kap.org.tr/Bildirim/1247503</a>

PRINCIPLE	AKFEN REIT CURRENT SITUATION ANALYSIS	COMPLIANCE STATUS	LATEST STATUS PRINCIPLE TYPE	REFERENCE
	POLICY STATEMENT		DESCRIPTION	

### C. SOCIAL PRINCIPLES

<b>C1. HUMAN RIGHTS AND EMPLOYEE RIGHTS</b>	<b>C1.1.</b> The Corporate Human Rights and Employee Rights Policy was established in such a way that it covers the Universal Declaration of Human Rights, the ILO Conventions ratified by Turkey, and other relevant legislation; those responsible for policy implementation were identified; and the policy and those responsible were made public.	Yes	Akfen REIT accepts the responsibilities and obligations of the United Nations Global Compact and fully complies with the legal framework and legislation governing human rights and working life. Child labor and forced or compulsory labor are not allowed in Akfen REIT. It is ensured that the working environment is egalitarian and people-oriented.	Our Strategic Sustainability Goals (P. 111)
	<b>C1.2.</b> Its employee rights policy takes into account the effects of the supply and value chain, fair workforce, labor standards improvement, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination).		Akfen REIT accepts the responsibilities and obligations of the United Nations Global Compact and fully complies with the legal framework and legislation governing human rights and working life. Child labor and forced or compulsory labor are not allowed in Akfen REIT. It is ensured that the working environment is egalitarian and people-oriented.	Our Strategic Sustainability Goals (P. 111)
	<b>C1.3.</b> Measures taken along the value chain to ensure compliance with certain economic, environmental, and social factors (low income groups, women, and so on) or minority rights equality of opportunity have been made public.		The measures and practices taken in line with our human resources policies and strategies are explained in the Sustainability Principles Compliance Report.	Value Chain Performance (P. 118)
	<b>C1.4.</b> The public was made aware of new developments in the prevention and correction of discrimination, inequality, human rights violations, and forced and child labor.		Akfen REIT accepts the responsibilities and obligations of the United Nations Global Compact and fully complies with the legal framework and legislation governing human rights and working life. Child labor and forced or compulsory labor are not allowed in Akfen REIT. It is ensured that the working environment is egalitarian and people-oriented.	An Ethical and Transparent Approach to Business (P.116)

PRINCIPLE	AKFEN REIT CURRENT SITUATION ANALYSIS	COMPLIANCE STATUS	LATEST STATUS PRINCIPLE TYPE	REFERENCE
	POLICY STATEMENT		DESCRIPTION	
C1. HUMAN RIGHTS AND EMPLOYEE RIGHTS	<b>C1.5.</b> The employee rights policy includes investments in employees (education, development policies), compensation, fringe benefits, the right to unionize, work/life balance solutions, and talent management.	Yes	Akfen REIT accepts the responsibilities and obligations of the United Nations Global Compact and fully complies with the legal framework and legislation governing human rights and working life. Child labor and forced or compulsory labor are not allowed in Akfen REIT. It is ensured that the working environment is egalitarian and people-oriented.	Our Strategic Sustainability Goals (P. 111)
	<b>C1.5.</b> Dispute resolution procedures have been established by establishing mechanisms for employee complaints and dispute resolution.	Yes		An Ethical and Transparent Approach to Business (P.116)
	<b>C1.5.</b> Activities carried out within the reported period to ensure employee satisfaction were disclosed to the public.	Yes		Employee Engagement (P. 128)
	<b>C1.6.</b> Creates occupational health and safety policies and discloses them to the public.	Yes	Occupational Health and Safety Policy	Our Strategic Sustainability Goals (P. 111)
	<b>C1.6.</b> The measures taken to protect health and safety from occupational accidents and accident statistics have been explained.	Yes	It is explained in the appendices of the sustainability report under the heading "Sustainability in Operations".	Occupational Health and Safety (P. 129)
	<b>C1.7.</b> Personal data protection and data security policies have been established and disclosed to the public.	Yes	Information Security Policy	Our Strategic Sustainability Goals (P. 111)
	<b>C1.8.</b> Ethics policy is established and made public	Yes	Global Compact Compliance Policy Ethical Business Approach at Akfen REIT	Our Strategic Sustainability Goals (P. 111)
	<b>C1.9.</b> Explains the activities of social investment, social responsibility, financial inclusion and access to finance.	Partially	Community Investments	Social Sustainability (P. 130) Product Responsibility / Sponsorship for Sport (Sf.131) Community Inv. (P.132)
	<b>C1.10.</b> Organized information meetings and training programs for employees on ESG policies and practices.	Yes	Akfen REIT has provided sustainability training to its employees.	Sustainability Management (P. 109) Employee Development Trainings (P. 128)



PRINCIPLE	AKFEN REIT CURRENT SITUATION ANALYSIS	COMPLIANCE STATUS	LATEST STATUS PRINCIPLE TYPE	REFERENCE
	POLICY STATEMENT		DESCRIPTION	

## C. SOCIAL PRINCIPLES

C2. STAKEHOLDERS, INTERNATIONAL STANDARDS AND INITIATIVES	<p><b>C2.1.</b> The customer satisfaction policy for managing and resolving customer complaints has been developed and made public.</p>	Yes	At Akfen REIT, the understanding of "Customer Satisfaction" is that the experience of investors and tenants is constantly getting better and the value we offer is constantly increasing. In this context, the investor satisfaction policy has been published.	Customer Satisfaction (P. 118)
	<p><b>C2.2.</b> Information about the communication with stakeholders (which stakeholder, subject and frequency) is made public.</p>	Yes	Dialogue platforms with Key Stakeholders and stakeholders.	Sust. Communication with Stakeholders (P. 117) About the Report (P. 103) Chairman's Message (P. 102)
	<p><b>C2.3.</b> The international reporting standards that have been adopted in reporting are explained.</p>	Yes	Akfen REIT 2023 Sustainability Report partially complies with GRI Standards.	Chairman's Message (P. 102) About the Report (P. 103)
	<p><b>C2.4.</b> Adopted principles, signatory or member international organizations, committees, and sustainability principles have all been made public.</p>	Yes	Policies at Akfen REIT have been prepared in line with UN SGDs and UNGC.	Chairman's Message (P. 102)
	<p><b>C2.5.</b> Improvements were made and studies were conducted in order to be included in the Borsa Istanbul and/or international index providers' sustainability indexes.</p>	Yes	Akfen REIT has registered in the Borsa Istanbul Sustainability Index.	Chairman's Message (P. 102)

## D. CORPORATE GOVERNANCE PRINCIPLES

<p><b>D1.</b> Refers to the opinions of stakeholders in determining measures and strategies in the field of sustainability.</p>	Yes	In 2021, prioritization of sustainability issues was carried out under the leadership of the Sustainability Working Group, taking into account both the employees and the stakeholders with whom Akfen REIT has established a relationship. Relevant studies on the priority issues identified in 2021 have continued in 2023.	Sustainability Priorities (P. 112)
<p><b>D2.</b> Works on raising awareness about the issue of sustainability and its importance through social responsibility projects, awareness activities and trainings have been carried out.</p>	Partially	Akfen REIT has provided sustainability training to its employees and suppliers.	Sustainability Management (P. 109) Value Chain Performance (P. 118) Employee Development Trainings (P. 128)

## Akfen REIT

---

**Address** Büyükdere Cad. No:201  
Levent Loft C Blok Kat:8 Levent  
34394 İstanbul / Türkiye

**Tel. No.** +90 212 371 87 00

**Fax No.** +90 212 279 62 62

**Web** <https://www.akfengyo.com.tr/en>

**E-mail** [info@akfengyo.com.tr](mailto:info@akfengyo.com.tr)

## About the Report

---

### Privacy and Disclaimer Statement

This report has been prepared by SUCSR (SUCSR Sustainability Consulting Ltd.) on behalf of Akfen GYO A.Ş. All rights to the report and its contents are reserved. The report may not be reproduced or copied under any circumstances and in any form, even in part and with reference to the source, and may not be used by any organisation other than Akfen REIT INC. including SUCSR. SUCSR and Akfen REIT INC. are responsible for the accuracy, completeness or omission of the information contained in the report, with the exception of any verification, modification or updating regarding the validity of the data and information. SUCSR and Akfen REIT INC. cannot be held responsible for any damage that may be suffered by third parties on account of decisions to be taken through the use of the information contained herein, even with permission.

### Reporting Consultant

SUCSR Corporate Sustainability Consulting

[www.sucsr.com](http://www.sucsr.com)

+90 212 256 86 60

[info@sucsr.com](mailto:info@sucsr.com)

OUTLOOK  
MANAGEMENT  
SECTOR ASSESSMENTS  
AKFEN REIT PORTFOLIO  
FINANCIAL DEVELOPMENT  
CORPORATE GOVERNANCE  
SUSTAINABILITY PRINCIPLES COMPLIANCE

FINANCIAL STATEMENTS

# Financial Statement

- Independent Auditor's Report
- Consolidated Statement of  
Financial Position
- Consolidated Statement of Profit Or Loss  
and Other Comph. Incomes Consolidate  
Income Table
- Consolidated Changes in Equity Table
- Consolidated Cash Flow Statement Table
- Consolidated Financial Statements  
Explanatory Notes
- Annual Report of the Board of Directors  
Independent Auditor Report
- Early Risk Detection System and  
Committee Auditor's Report

**AKFEN GAYRİMENKUL YATIRIM ORTAKLIĐI ANONİM ŐİRKETİ  
AND ITS SUBSIDIARIES**

---

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT FOR THE PERIOD  
JANUARY 1– DECEMBER 31, 2023  
(ORIGINALLY ISSUED IN TURKISH)**

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

To the Shareholders of Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

## **A) Audit of the Consolidated Financial Statements**

### ***Opinion***

We have audited the consolidated financial statements of Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("the Company") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at

31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

### ***Basis for Opinion***

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework of the Capital Markets Board ("CMB") regulations, published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical principles regarding independent audit of consolidated financial statements in the CMB legislation and other relevant legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

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

### **Valuation of investment properties**

Refer to Note 2.4 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for Valuation of investment properties.

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p data-bbox="178 1113 619 1182"><b>Valuation of investment properties</b></p> <p data-bbox="178 1211 603 1335">As of 31 December 2023, the investment properties amounting to TRY 17,044,412,732 represent 73% of the Group's total assets.</p> <p data-bbox="178 1364 603 1453">The Group's investment properties consist of hotels, dormitories, offices and lands.</p> <p data-bbox="178 1482 643 1637">As of 31 December 2023, gains from changes in the fair value of investment properties amounting to TRY 494,548,865 are recognized in financial statements.</p> <p data-bbox="178 1666 643 1946">Investment properties constitute a significant part of the Group's financial statements, and valuation methods include important estimates, assumptions and the subjectivity of valuations to determine fair value. For this reasons, "determining the fair values of investment properties" has been considered as a key audit matter.</p>	<p data-bbox="735 1205 1294 1265">Our audit procedures for testing fair value measurement of investment property included below:</p> <ul data-bbox="772 1294 1318 1899" style="list-style-type: none"><li data-bbox="772 1294 1302 1384">- We assessed the procedures applied by the Group management in determining the fair value of investment properties.</li><li data-bbox="772 1413 1302 1503">- We evaluated the capabilities and competence of the external valuers appointed by the Group for valuation of investment property.</li><li data-bbox="772 1532 1318 1749">- We assessed the valuation methods of the investment property and verified assumptions (discount rate, occupancy rates) with our external valuation specialist and appraised by comparing their consistency and suitability with observable market prices are within an acceptable range.</li><li data-bbox="772 1778 1318 1899">- We assessed the adequacy of the disclosures including estimates and assumptions of investment properties in the notes to consolidated financial statements.</li></ul>

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

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

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

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

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

Responsibilities of auditors in an audit are as follows:

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

As part of an audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 16 April 2024.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2023 and 31 December 2023, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

H.Nesrin Tuncer, SMMM

Partner

16 April 2024

İstanbul, Türkiye



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2023**  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

ASSETS	NOTES	AUDITED DECEMBER 31, 2023	AUDITED DECEMBER 31, 2022
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	2,175,365,088	192,028,931
Financial investments	6	-	30,440,329
Trade receivables		240,350,555	207,977,723
- Trade receivables from related parties	5,9	11,414,889	8,902,996
- Trade receivables from third parties	9	228,935,666	199,074,727
Other receivables		81,771	2,276,957
- Other receivables from third parties	10	81,771	2,276,957
Derivative financial assets		-	84,531,005
- Derivative financial assets held for hedging	8	-	84,531,005
Inventories	14	-	609,923
Prepaid expenses		203,186,879	41,429,509
- Prepaid expenses from related parties	5,19	-	28,584,836
- Prepaid expenses from third parties	19	203,186,879	12,844,673
Other current assets	22	998,389	24,785,866
<b>SUB TOTAL</b>		<b>2,619,982,682</b>	<b>584,080,243</b>
Non-current assets held for sale	21	2,675,801,451	-
<b>TOTAL CURRENT ASSET</b>		<b>5,295,784,133</b>	<b>584,080,243</b>
<b>NON-CURRENT ASSETS</b>			
Investments accounted for using equity method	20	-	395,819,114
Other receivables		1,242,340	256,726,196
- Other receivables from third parties	10	1,242,340	256,726,196
Derivative financial assets		-	874,015,897
- Derivative financial assets held for hedging	8	-	874,015,897
Investment property	11	17,044,412,732	17,614,496,439
Inventories	14	881,820,227	674,999,214
Property, plant and equipment	12	1,318,659	6,191,675
Intangible assets	13	256,352	157,447
Prepaid expenses	19	45,088,290	61,650,134
Deferred tax assets	30	26,156,208	38,099,636
Other non-current assets	22	84,366,693	5,453,786
<b>TOTAL NON-CURRENT ASSET</b>		<b>18,084,661,501</b>	<b>19,927,609,538</b>
<b>TOTAL ASSETS</b>		<b>23,380,445,634</b>	<b>20,511,689,781</b>

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

LIABILITIES	NOTES	AUDITED DECEMBER 31, 2023	AUDITED DECEMBER 31, 2022
<b>CURRENT LIABILITIES</b>			
Current portion of non-current borrowings		632,273,381	447,640,650
- Bank loans	7	544,216,220	419,102,621
- Lease liabilities	7	88,057,161	28,538,029
Trade payables		58,791,635	18,282,266
- Trade payables to related parties	5,9	41,022,484	10,495,748
- Trade payables to third parties	9	17,769,151	7,786,518
Other payables		846,918,290	35,718,195
- Other payables to related parties	5,10	792,930,205	2,355,140
- Other payables to third parties	10	53,988,085	33,363,055
Deferred revenue	19	4,446,675	5,256,529
Current provisions		2,017,451	1,395,065
- Current provisions for employee benefits	18	2,017,451	1,395,065
<b>SUB TOTAL</b>		<b>1,544,447,432</b>	<b>508,292,705</b>
Liabilities related to asset groups classified for sales purposes	21	574,467,520	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,118,914,952</b>	<b>508,292,705</b>
<b>NON-CURRENT LIABILITIES</b>			
Non current borrowings		4,361,335,349	4,090,674,168
- Bank loans	7	4,221,634,421	3,997,630,129
- Lease liabilities	7	139,700,928	93,044,039
Derivative financial liabilities		-	7,982,943
- Derivative financial liabilities held for hedging	5,9	-	7,982,943
Trade payables		-	1,251,782,338
- Trade payables to related parties	5,10	-	1,251,782,338
Other payables	19	39,822,526	-
- Other payables to related parties		1,976,493	1,489,954
Deferred revenue		-	-
Non current provisions	18	1,976,493	1,489,954
- Non current provisions for employee benefits	30	1,075,451,936	1,618,551,447
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,478,586,304</b>	<b>6,970,480,850</b>
<b>EQUITY</b>		<b>15,782,944,378</b>	<b>13,032,916,226</b>
<b>Equity attributable to owners of parent</b>		<b>15,658,718,747</b>	<b>12,816,117,977</b>
Issued capital	23	3,890,703,214	1,300,000,000
Inflation adjustments on capital	23	4,312,393,688	4,312,393,688
Share premium	23	1,120,912,191	1,091,004,958
Other accumulated comprehensive income that will be reclassified in profit or loss		(650,665,173)	(310,650,908)
- Exchange differences on translation		(650,665,173)	(310,650,908)
Restricted reserves appropriated from profits		11,225	11,225
- Legal reserves	23	11,225	11,225
Other equity shares	3, 23	(164,409,459)	-
Retained earnings		6,423,359,014	5,090,538,590
Net profit for the period		726,414,047	1,332,820,424
<b>NON CONTROLLING INTERESTS</b>		<b>124,225,631</b>	<b>216,798,249</b>
<b>TOTAL LIABILITIES</b>		<b>23,380,445,634</b>	<b>20,511,689,781</b>

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

PROFIT OR LOSS	NOTES	AUDITED JANUARY 1- DECEMBER 31, 2023	AUDITED JANUARY 1- DECEMBER 31, 2022
Revenue	24	1,094,905,013	946,350,358
Cost of sales (-)	24	(37,686,464)	(37,723,020)
<b>GROSS PROFIT</b>		<b>1,057,218,549</b>	<b>908,627,338</b>
General administrative expenses (-)	25	(78,634,278)	(38,458,756)
Other operating income from operating activities	26	496,302,945	8,472,464
Other operating expenses from operating activities (-)	26	(12,198,808)	(6,282,895)
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>1,462,688,408</b>	<b>872,358,151</b>
Share of profit from investments accounted using the equity method	20	51,243,421	222,271,880
Income from investment activities	27	58,650,204	-
<b>PROFIT BEFORE FINANCE INCOME</b>		<b>1,572,582,033</b>	<b>1,094,630,031</b>
Financial income	28	124,654,515	750,275,361
Financial expenses (-)	29	(3,276,805,740)	(1,476,867,153)
Monetary gain		2,173,284,765	1,179,216,356
<b>PROFIT BEFORE TAX</b>		<b>593,715,573</b>	<b>1,547,254,595</b>
Tax income/(expense)		137,446,509	(183,050,502)
- Current tax expense	30	(4,751,567)	(4,023,802)
- Deferred tax income/(expense)	30	142,198,076	(179,026,700)
<b>PROFIT FOR THE PERIOD</b>		<b>731,162,082</b>	<b>1,364,204,093</b>
<b>Profit for the period attributable to</b>			
Non controlling interests		4,748,035	31,383,669
Owners of the Group		726,414,047	1,332,820,424
<b>Net profit for the period</b>		<b>731,162,082</b>	<b>1,364,204,093</b>
Profit per share (Full TRY)	31	0.50	1.03
Diluted earnings per share (Full TRY)	31	0.50	1.03
<b>PROFIT FOR THE PERIOD</b>		<b>731,162,082</b>	<b>1,364,204,093</b>
<b>OTHER COMPREHENSIVE EXPENSE</b>		<b>(336,224,163)</b>	<b>(143,949,123)</b>
<b>Other comprehensive income/(expense) that will be reclassified to profit or loss</b>		<b>(336,224,163)</b>	<b>(143,949,123)</b>
Losses on exchange differences on translation		(336,224,163)	(143,949,123)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>394,937,919</b>	<b>1,220,254,970</b>
<b>Income for the period attributable to</b>			
Non-controlling interest		8,538,137	32,604,840
Owners of the parent		386,399,782	1,187,650,130

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

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

	Issued Capital	Inflation adjustment on capital	Share premiums	Exchange differences on translation	Restricted reserves appropriated from profits	Other equity shares	Prior year's profits				Equity attributable to owners of the parent	Non-controlling interests	Total equity
							Retained earnings	Net Profit for the period	Equity attributable to owners of the parent	Non-controlling interests			
<b>Balance as at January 1, 2022</b>	<b>1,300,000,000</b>	<b>4,312,393,688</b>	<b>1,091,004,958</b>	<b>(165,480,614)</b>	<b>11,225</b>	-	<b>5,090,538,590</b>	-	<b>11,628,467,847</b>	<b>184,193,409</b>	<b>11,812,661,256</b>		
Total comprehensive income	-	-	-	(145,170,294)	-	-	-	1,332,820,424	1,187,650,130	32,604,840	1,220,254,970		
<b>Balance as at December 31, 2022</b>	<b>1,300,000,000</b>	<b>4,312,393,688</b>	<b>1,091,004,958</b>	<b>(310,650,908)</b>	<b>11,225</b>	-	<b>5,090,538,590</b>	<b>1,332,820,424</b>	<b>12,816,117,977</b>	<b>216,798,249</b>	<b>13,032,916,226</b>		
<b>Balance as at January 1, 2023</b>	<b>1,300,000,000</b>	<b>4,312,393,688</b>	<b>1,091,004,958</b>	<b>(310,650,908)</b>	<b>11,225</b>	-	<b>5,090,538,590</b>	<b>1,332,820,424</b>	<b>12,816,117,977</b>	<b>216,798,249</b>	<b>13,032,916,226</b>		
Transfers	-	-	-	-	-	-	-	(1,332,820,424)	-	-	-		
Total comprehensive income	-	-	-	(340,014,265)	-	-	-	726,414,047	386,399,782	8,538,137	394,937,919		
Capital increase	2,590,703,214	-	(5,404,132)	-	-	-	-	-	2,585,299,082	-	2,585,299,082		
Increase due to share repurchase transactions (Note 23)	-	-	35,311,365	-	-	-	-	-	35,311,365	-	35,311,365		
Transactions with non-controlling shareholders (Note 3)	-	-	-	-	-	(164,409,459)	-	-	(164,409,459)	(101,110,755)	(265,520,214)		
<b>Balance as at December 31, 2023</b>	<b>3,890,703,214</b>	<b>4,312,393,688</b>	<b>1,120,912,191</b>	<b>(650,665,173)</b>	<b>11,225</b>	<b>(164,409,459)</b>	<b>6,423,359,014</b>	<b>726,414,047</b>	<b>15,658,718,747</b>	<b>124,225,631</b>	<b>15,782,944,378</b>		

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

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 31, YEAR ENDED DECEMBER 31, 2023**  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

NOTES	AUDITED JANUARY 1- DECEMBER 31, 2023	AUDITED JANUARY 1- DECEMBER 31, 2022
<b>A. Cash flows from operating activities</b>		
<b>Profit from continuing operations</b>	<b>731,162,082</b>	<b>1,364,204,093</b>
<b>Adjustments to reconcile profit:</b>		
Adjustments for depreciation and amortisation expense	24,25 5,649,624	7,149,884
Adjustments for impairment loss	367,200	396,488
Adjustments for provisions related with employee benefits	18 2,389,683	1,876,927
Adjustment for negotiated acquisition earnings	3,27 (53,650,105)	-
Adjustments for interest income and expense	28,29 768,183,468	507,817,418
Adjustments for unrealised foreign exchange losses	2,010,502,188	981,925,845
Adjustments for fair value gains	(151,869,001)	(725,407,315)
- Adjustment for fair value (gains)/losses of investment properties	26 (494,548,865)	2,585,686
- Adjustments for fair value losses/(gains) on derivative financial instruments	28,29 342,679,864	(727,993,001)
Adjustments for undistributed gains of investments accounted using the equity method	20 (51,243,421)	(222,271,880)
Adjustments for tax (income)/expense	30 (137,446,509)	183,050,502
Adjustments for gains on disposal of fixed assets	26 -	(1,010,551)
Adjustments for monetary gain	(2,152,342,872)	(1,352,620,559)
	<b>971,702,337</b>	<b>745,110,852</b>
<b>Changes in working capital:</b>		
Adjustments for increase in trade accounts receivable	(146,049,212)	(147,353,024)
Adjustments for decrease in other receivables related with operations	147,676,187	5,572,382
Adjustments for increase in inventories	14 (206,266,419)	(674,743,324)
Adjustments for increase/(decrease) in trade accounts payable	49,416,460	(249,382)
Adjustments for increase in other operating payables	146,795,049	1,485,903,271
Other adjustments for other (decrease)/increase in working capital	(64,688,450)	1,245,706
<b>Cash flows from operations</b>	<b>898,585,952</b>	<b>1,415,486,481</b>
Employee benefits paid	18 (982,924)	(99,962)
Tax returns/(payments)	(5,219,134)	4,974,048
<b>Cash flows from operating activities</b>	<b>892,383,894</b>	<b>1,420,360,567</b>
<b>B. Cash flows from investing activities</b>		
Cash outflows from acquisition of property, plant, equipment and intangible assets	12,13 (899,073)	(65,190)
Cash inflows from sale of property, plant, equipment and intangible assets	12,25 -	1,501,556
Cash outflows from acquisition of investment property	11 (349,125,547)	(5,305,540)
Cash outflows arising from purchase of shares or capital increase of associates and/or joint ventures	3 (373,299,258)	(785,963,203)
Cash outflows arising from purchase of shares or capital increase of associates and/or joint ventures	3 (22,944,086)	-
<b>Cash flows used in investing activities</b>	<b>(746,267,964)</b>	<b>(789,832,377)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from capital advances	2,191,977,175	-
Loan repayments	7 (315,163,533)	(229,351,033)
Payments of lease liabilities	7 (41,977,479)	(43,412,491)
Cash inflows from derivative instruments	8 248,495,510	-
Interest received	22,721,512	6,170,877
Interest paid	7 (332,961,189)	(282,872,799)
Other cash inflows	31,651,256	-
Cash outflows from the business own acquisition of shares	23 (146,216,475)	-
Cash inflows from the business own sales of shares	23 181,527,840	-
Cash flows from/(used in) financing activities	1,840,054,617	(549,465,446)
<b>Net increase in cash and cash equivalents before the effect of currency translation differences and monetary gains/losses</b>	<b>1,986,170,547</b>	<b>81,062,744</b>
Effect of foreign currency translation differences on cash and cash equivalents	72,862,994	20,754,774
Effect of monetary gain and loss on cash and cash equivalents	(75,489,863)	(77,037,467)
<b>Net increase in cash and cash equivalents</b>	<b>1,983,543,678</b>	<b>24,780,051</b>
Cash and cash equivalents at the beginning of the period	6 192,035,276	167,255,225
<b>Cash and cash equivalents at the end of the period</b>	<b>6 2,175,578,954</b>	<b>192,035,276</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 1. ORGANIZATION AND OPERATIONS OF THE GROUP

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("the Company" or "Akfen GYO") was restructured as a real estate investment trust by transforming Aksel Turizm Yatırımları ve İşletmecilik AŞ ("Aksel"). Aksel was originally established on June 25, 1997 for the purpose of undertaking investments in domestic tourism sector under the partnership of Hamdi Akin and Yüksel İnşaat A.Ş. Subsequently, Akfen Holding AŞ, ("Akfen Holding") purchased shares of Yüksel İnşaat A.Ş. in 2006 and the Company became a subsidiary of Akfen Holding.

The restructuring was completed subsequent to the Board of Directors resolution dated April 25, 2006 and Capital Markets Board of Turkey's ("CMB") approval numbered 31/894 and dated July 14, 2006 with the result of the Company's conversion to "Real Estate Investment Trust" registered on August 25, 2006. The change of title and activities was published on Official Trade Gazette on August 31, 2006.

On August 6, 2018, 1000 A group and 1000 D group privileged shares of Akfen GYO belonging to Akfen Holding were transferred to Hamdi Akin, who is the indirect final owner of the management control of these shares.

The Company's main operations and activities are investing in real estates, real estate projects and other capital markets instruments, as described on CMB Communiqué Series: III No: 48.1, Clause 5, 23 and 25 regulating Real Estate Investment Trusts. The Company has signed a framework agreement with ACCOR S.A., one of the world's leading hotel chains, in 2005 to develop hotel projects in Turkey under the Novotel and Ibis Hotel brands. The Company is mainly developing hotels with Ibis Hotel and Novotel trademarks and leasing the hotels to Tamaris Turizm A.Ş. which is a 100% owned subsidiary of ACCOR S.A. operating in Turkey.

The Company was enlisted on Istanbul Stock Exchange (ISE) on May 11, 2011.

On February 21, 2007, the shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. ("Akfen GT"), a subsidiary of Akfen Holding, have been transferred to the Company with a nominal value. Akfen GT's main operations are also investing in real estates, forming real estate portfolio and develop real estate projects. Akfen GT which is 100% owned subsidiary of Akfen GYO has 286 rooms Merit Park Hotel operating in the Turkish Republic of Northern Cyprus (TRNC). Pursuant to the decision of the Board of Directors of the Company dated April 13, 2023, a transfer agreement was signed between the Company and Merit Kıbrıs Turizm Ltd Şirketi on April 13, 2023 regarding the transfer of the hotel, whose investment was completed in the TRNC and operated under the title of Merit Park Hotel & Casino. . Since the most appropriate transfer of the hotel is to make the transaction in the form of a share transfer by turning Akfen GT, a subsidiary of the Company, into a special purpose entity related to the hotel, Akfen GT will be made to have no activities or assets other than the hotel, and the transaction will be carried out by the Board of Directors of the Company after the valuation to be made in accordance with the conditions and principles of the realization of the conditions in the contract, the conditions and principles of obtaining all necessary legal permits and the CMB legislation. If approved, it will be transferred to the buyer with a price of 73.000.000 USD + Variable. In this context, as of August 28, 2023, the division of Akfen GT in such a way that only the hotel will remain within its structure has been completed, and the shares of Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat Anonim Şirketi ("Akfen Karaköy"), which is 78.83% owned by Akfen GT, have been transferred to the newly established Akfen Güney Gayrimenkul İşletme Anonim Şirketi ("Akfen Güney") through a partial division. In addition, as a result of the aforementioned division process; while Akfen GT had 97,8 % shares of YaroslavlInvest Limited Company ("YaroslavlInvest"), Samstroykom Limited Company ("Samstroykom") and KaliningradInvest Limited Company ("KaliningradInvest"), which has hotel investments in Russia, and 96,17% shares of Volgastroykom Limited Company ("Volgastroykom"), where the office investment in Russia is located, and 100% shares of Severnyi Avtovokzal Limited Company ("Severnyi"), which has a hotel investment in Moscow, these shares of subsidiaries have been transferred to the newly established Akfen Kuzey Gayrimenkul İşletme Anonim Şirketi (Akfen Kuzey). The main activities of Akfen Güney and Akfen Kuzey companies, which were registered on August 28, 2023 and are 100% owned, are to invest based on real estate, create and develop a real estate portfolio.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

The Company has established a subsidiary, Akfen Karaköy Otel Yatırımları A.Ş. ("Akfen Karaköy"), to develop a hotel project in Istanbul Karaköy on May 31, 2011. After the capital increase on May 18, 2018, the Company's direct and indirect ownership interest in Akfen Karaköy increased from 69.99% to 91.47%. As of February 16, 2023, 85.16% of Akfen Karaköy's 8.53% shares (7.26% of total shares) owned by third parties were taken over by Akfen GT as a deduction for the existing receivables of Akfen GT from the other partners of Akfen Karaköy together with the accrued interest until the share transfer date, and 14.84% of the remaining shares (1.27% of the total shares) by Akfen Holding. On May 2, 2023, the Company purchased the 1.27% Akfen Karaköy shares belonging to Akfen Holding for TRY 22,944,086 and with the aforementioned share transfer, Akfen Karaköy became a 100% subsidiary of the Company. After the said share purchase, Akfen GYO's direct and indirect ownership in Akfen Karaköy was 100% As of December 31, 2023 (December 31, 2022: 91.47%).

The transfer of Bulvar Loft agreement signed with İller Bankası A.Ş. ("İller Bankası") and Akfen Construction related to the Land Sales Counterpart Revenue Sharing Work of the 120573 Island 1 Parcel in the size of 36,947 m2 at the Kızılcaşar Quarter of the Ankara Province Gölbaşı District, to the joint venture (Akfen GYO 99% - Akfen İnşaat 1%) established by Akfen GYO and Akfen İnşaat has been approved by İller Bankası. Within this scope, incorporation of Akfen İnşaat Turizm ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. joint venture ("Joint Venture") was completed on November 9, 2017 and all rights and liabilities regarding to Bulvar Loft project has been transferred to the Joint Venture. All sales of the Bulvar Loft project, which consists of 6 blocks, 822 independent sections and social facilities, have been completed as of the reporting date. The Ordinary Partnership was liquidated on November 30, 2023.

As of February 9, 2021, all shares of Masanda Turizm Yatırım A.Ş. ("Masanda Turizm") belonging to Akfen Altyapı Holding A.Ş. ("Akfen Altyapı") registered in Muğla province, Bodrum district, Göl Mahallesi, block 112, parcel 4 to make and operate tourism investments and in Bodrum with the right of construction from the Ministry of Culture and Tourism, which has a tourism operation certificate and a 5-Star Holiday Village investment with a capacity of 92 rooms and 184 beds, on the allocated land, were purchased and Isparta Yurt Yatırımları A.Ş. ("Isparta Yurt") shares, which has dormitory investments registered in Isparta City Central Province, in İstiklal 2 District, island 9, parcel 112 with a bed capacity of 4032, and registered in Kütahya City Central District in Civli District, 102 island, 2 parcel with 3200 bed capacity, were purchased from Akfen İnşaat.

At the Company's Board of Directors meeting as of June 1, 2021, in accordance with Capital Markets Law No. 6362, Communiqué No. II-23.3 on Common Principles and Separation Rights of the Capital Markets Board ("CMB") on Significant Transactions, Communiqué on Mergers and Divisions No. II-23.2 and relevant regulations of the CMB, Turkish Commercial Code No. 6102, Corporate Tax Law No. 5520 and other relevant legislation; it has been decided that Isparta Yurt and Masanda Turizm of which it is the sole shareholder, by being taken over as a whole with all its assets and liabilities, will be merged within the company in a simplified approach. Pursuant to the provisions of the relevant legislation, the Merger Agreement and Announcement Text were prepared, and an application was made to the CMB on June 3, 2021 for the approval of the Announcement Text and the application was approved by the CMB on June 24, 2021. The merger was registered on June 30, 2021 and the process was completed and Isparta Yurt and Masanda Turizm was taken over by Akfen GYO with all its assets and liabilities.

## 1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Akfen GYO has purchased 51% shares of Fıratcan İnş. Turz. Tic. A.Ş. ("Fıratcan Turizm") on March 31, 2021 for a consideration of TRY 58,375,000 (EUR 6,200,000). With this purchase, the Company, with reference to the Lease Agreement for Areas Containing Buildings signed between Fıratcan Turizm and TCDD on 5 July 2018; Söğütlüçeşme train station located in Kadıköy, Istanbul, has the right to carry out the work within the scope of the High Speed Train Station project, 2 years permit-license, 2 years construction period and 28 years operating lease. In this context, the Company has undertaken the Söğütlüçeşme High Speed Train Station Project to TCDD, and viaduct, train station, commercial area and parking lot will be built within the scope of the project. Within the scope of the project change on September 6, 2022, the contract was renewed and its term was extended until 2051. The remaining 49% of Fıratcan Turizm's shares were purchased on July 18, 2023. After the acquisition, Fıratcan Turizm became a 100% subsidiary of the Company. On September 15, 2022, Akfen GYO purchased a land of 22,197 square meters in Bodrum Yalıkavak, for which all licenses and permits are ready, and started the construction of the villa project planned to be sold on the land.

Akfen GYO has purchased 100% shares of Gökliman Yatırım İnşaat Turizm ve Jeotermal Tic. A.Ş. ("Gökliman") from Akfen Gayrimenkul Portföy Yönetim A. Ş. 1. Gayrimenkul Yatırım Fonu'ndan ("Akfen GPYŞ 1. GMY Fonu") on December 29, 2022 for a consideration of TRY 785,966,822. Gökliman's main field of activity is to make and operate tourism investments, and there is a total of 83,624.59 m2 of land in Muğla province, Milas district, Kiyıkışlacık Neighborhood/Village, Gökliman Locality.

On April 3, 2023, the Company established a new 100% owned subsidiary under the title of Akfen Bafra Gayrimenkul Ticareti ve İnşaat A.Ş. ("Akfen Bafra"). The Company's main activity is to make real estate-based investments in Cyprus, to create and develop a real estate portfolio.

The Group is registered in Levent Loft, Büyükdere Caddesi, C Blok No: 201, Kat: 8, Daire: 150, Levent - İstanbul address.

As of December 31, 2023, the number of employees of the group is 43 (December 31, 2022: 37).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### 2.1. Basis of preparation

#### a. Statement of compliance

The Group and its subsidiaries/affiliates, Akfen GT, Akfen Karaköy and Fıratcan Tourism head offices maintain its legal books of account and prepare its statutory financial statements in accordance with accounting principles set out in the Turkish Commercial Code ("TTC"), tax legislation and uniform chart of account. Akfen GT, is also operating in Turkish Republic of Northern Cyprus ("Northern Cyprus"), its branch has been registered by the decision of the Cabinet of Northern Cyprus as a foreign company under the limited liability companies Code Article 346, with the registry number YŞ00148, Chapter 113 of Northern Cyprus Corporate Registration Office. Akfen GT's branch operating in Northern Cyprus maintains its legal books of account and prepares its statutory financial statements in accordance with accounting principles set out in the Commercial Code accepted in Northern Cyprus.

The Group's foreign entities Yaroslavlinvest, Kalingradinvest, Samstroykom, Volgastroykom and Severnyi maintain their records and prepare their statutory financial statements in accordance with the generally accepted accounting principles and the related legislation applicable in the countries they operate.

#### b. Measurement principles

These financial statements are prepared on a historical cost basis, adjusted for the effects of inflation on the Turkish Lira at the reporting date, excluding monetary assets and liabilities and assets and liabilities measured at fair value, in accordance with Turkish Accounting Standard ("TAS") 29 "Financial Reporting in Hyperinflationary Economies".

As of 1 January 2022, within the scope of TAS 29, the amount of "Retained Earnings" without inflation adjustment is TRY 2,464,970,287, and TRY 3,089,426,729 after inflation adjustment. The amount of "Gain From Previous Year" dated 1 January 2022 is TRY 5,090,538,590 as brought to the purchasing power of 31 December 2023.

#### Financial Reporting in Hyperinflationary Economies

With the "Announcement on the implementation of TAS 29 Financial Reporting in Economies with High Inflation and FRS for LMSE Chapter 25 Financial Reporting in Economies with High Inflation" made on 23 November 2023 by POA, the financial statements of the enterprises applying TFRS for the reporting periods ending on or after 31 December 2023 will be subject to "Turkish Accounting Standard 29 Financial Reporting in High Inflation Economies" standard. POA explained that it should be presented in accordance with the principles of inflation and adjusted for the effect of inflation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.1. Basis of preparation (cont'd)

#### b. Measurement principles (cont'd)

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, CMB decided that issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/ Financial Reporting Standards will apply inflation accounting comply with the provisions of TAS 29. The implementation will start with the annual financial reports for the accounting periods ending as of 31 December 2023.

As a result, the financial statements of enterprises whose functional currency is TRY are adjusted in accordance with TAS 29 according to the changes in the general purchasing power of the Turkish Lira as of December 31, 2023. The correction is calculated with the consumer price index correction coefficients published by Turkish Statistical Institute, derived from Turkey in general.

The indices and adjustment coefficients for the last three years used in the restatement of consolidated financial statements are as follows:

DATE	INDEX	CONVERSION FACTOR
December 31, 2023	1.859,38	1,000
December 31, 2022	1.128,45	1,648
December 31, 2021	686,95	2,707

In accordance with the POA's "Implementation Guide on Financial Reporting in Economies with High Inflation", the financial statements dated 1 January 2021, which are the opening amounts of the comparative financial table for the consolidated financial statements of the enterprises ending on 31 December 2023, are accepted as the opening statement of financial position.

TFRS requires that the financial statements of an entity whose functional currency is hyperinflationary, whether prepared according to the historical cost or current cost approach, be restated in accordance with the requirements of TAS 29 and applied retrospectively, assuming that there has always been high inflation in the economy in which the currency is located. The basic principle in TAS 29 is that the financial statements of an entity reporting in the currency of a hyperinflationary economy must be reported in the measurement unit current at the reporting date. Comparative figures for the previous period are rearranged to the same current unit of measurement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.1. Basis of preparation (cont'd)

#### *b. Measurement principles (cont'd)*

#### *Financial Reporting in Hyperinflationary Economies (cont'd)*

The main procedures applied for the restatements mentioned above are as follows:

- Monetary assets and liabilities that are carried at amounts current at the reporting date are not restated because they are already expressed in terms of the monetary unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date.
- Property, plant and equipment are restated by applying the change in the index from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date. Depreciation is based on the restated amounts.
- All items in the income statement except for the depreciation charges explained above and deferred tax charges, are restated by applying the monthly conversion factors of the transactions to the reporting date.
- The effects of inflation on the net monetary positions of the Company, is included in the profit or loss statement as "monetary gain / (loss)".
- All items in the cash flow statement are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.
- All amounts for comparative periods have been rearranged by applying the index change from the relevant comparative period to 31 December 2023.

In a reporting period in which the Group determines that the functional currency is the currency of a hyperinflationary economy and there was no hyperinflation in the previous period, the Group applies the requirements of TAS 29 as if the economy had always been hyperinflation. Therefore, in respect of non-monetary items measured at historical cost, the opening statement of financial position at the beginning of the earliest period presented in the Group's consolidated financial statements should be restated to reflect the effects of inflation from the date on which assets were acquired and from the date on which liabilities were recognized or assumed. For non-monetary items shown at their current amounts in the opening statement of financial position, this adjustment should reflect the effect of inflation from the date their current values were determined to the end of the reporting period.

The Group applied TAS 29 in the opening statement of financial position dated 1 January 2022 and rearranged the relevant amounts to reflect the effect of inflation from the date the assets were acquired and liabilities and equity were assumed, excluding retained earnings/losses, until the end of the reporting period.

#### *c. Statement of compliance*

The accompanying consolidated financial statements are prepared in accordance with the provisions of the Capital Markets Board ("CMB") "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") No II-14.1 published in the Official Gazette dated 13 June 2013 and numbered 28676. Communiqué is prepared pursuant to Article 5. Public Oversight Accounting and Auditing Standards Board ("UPS") that have been put into force by Turkey Accounting Standards ("TAS") are considered. TASs; Turkey Accounting Standards, Turkey Financial Reporting Standards ("TFRS") and contains additional and comments on them.

The accompanying consolidated financial statements as of December 31, 2023 have been approved by the Group's Board of Directors on April 16, 2023. General assembly and related legal institutions have right to correct related financial tables and financial tables according to legal statute.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.1. Basis of preparation (cont'd)

#### d. Functional and presentation currency

The presentation currency of the accompanying financial statements is TRY. The table below shows the functional currency of each Company::

THE GROUP	FUNCTIONAL CURRENCY
Akfen GYO	TRY
Akfen GT	TRY
Akfen Karaköy	TRY
Samstryokom, YaroslavlInvest, KaliningradInvest	RUB
Volgastroikom	RUB
Severnyi	RUB
Adi Ortaklık	TRY
Firatcan Turizm	TRY
Gökliman	TRY
Akfen Bafra	TRY
Akfen Kuzey	TRY
Akfen Güney	TRY

#### e. Basis of consolidation

##### Subsidiaries

The consolidated financial statements of the Group include its subsidiaries, which it controls directly or indirectly. This control is normally evidenced when the Group owns control power, either directly or indirectly, over group's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. This control power is determined based on current and convertible voting rights. The financial statements of the subsidiaries are consolidated from the beginning of the control power over the affiliate to end of that power.

Financial statements of the subsidiaries are prepared in line with the financial statements of the Group in the same accounting period using uniform accounting policies. Financial statements of the subsidiaries are consolidated based on full consolidation method.

The table below shows Akfen GYO's ownership ratio in subsidiaries as of December 31, 2023 and 2022:

THE COMPANY	DIRECT OR INDIRECT SHARES OF THE COMPANY (%)	
	DECEMBER 31, 2023	DECEMBER 31, 2022
Akfen GT	100.00	100.00
Severnyi	100.00	100.00
Gökliman	100.00	100.00
Yaroslavl Invest, KaliningradInvest, Samstroykom	97.80	97.80
Volgastroikom	96.17	96.17
Akfen Karaköy	100.00	91.47
Akfen Bafra	100.00	-
Firatcan Turizm <sup>(1)</sup>	100.00	51.00
Akfen Kuzey <sup>(2)</sup>	100.00	-
Akfen Güney <sup>(2)</sup>	100.00	-

<sup>(1)</sup> On July 18, 2023, the Company completed the acquisition of the remaining 49% of Firatcan Turizm, of which it holds 51% of the shares. Therefore, Firatcan Turizm, which was a business partnership of the Company as of December 31, 2022, has become a subsidiary as of December 31, 2023.

<sup>(2)</sup> On August 28, 2023, as a result of the demerger of Akfen GT, 100% owned Akfen South and Akfen North companies were established (Note 1).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

## **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)**

### **2.1. Basis of preparation (cont'd)**

#### ***e. Basis of consolidation***

##### **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Transactions in foreign currencies are translated to the functional currencies of the Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognized in the consolidated statement of comprehensive income.

The Group entities use TRY or RUB, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities.

All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies.

Assets and liabilities of the Group entities with a different functional currency than the reporting currency of the Group are translated into the reporting currency of the Group at the rate of exchange ruling at the reporting date. The income and expenses of the Group entities are translated into the reporting currency at the average exchange rates for the period. Equity items are presented at their historical costs. The foreign currency differences are recognized directly in equity, under "Foreign Currency Translation Reserve" (FCTR). When the related Group entity is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

##### **Joint ventures**

Joint ventures have been established under a contract to undertake an economic activity to be jointly managed by one or more enterprising partners of the Company and its Subsidiaries. Joint ventures have been established under a contract to undertake an economic activity to be jointly managed by one or more enterprising partners of the Company and its Subsidiaries. "TFRS 11 Joint Arrangement's standard", which became effective as of the annual accounting periods that started on or after January 1, 2013 and repealed "TAS 31 Standard of Shares in Joint Ventures", requires that the shares in joint ventures be accounted for according to the equity method in accordance with "TAS 28 Investments in Subsidiaries and Joint Ventures".

According to the equity method, the joint venture investment is initially recognized at the acquisition cost. After the acquisition date, the share of the investor in the profit or loss of the investee is reflected in the financial statements by increasing or decreasing the book value of the investment. The share that the investor receives from the profit or loss of the invested enterprise is recognized as the investor's profit or loss. Distributions (dividends, etc.) received from an invested enterprise reduce the book value of the investment. The book value of the investee needs to be adjusted in proportion to the investor's share of changes in the company's other comprehensive profit.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)****2.1. Basis of preparation (cont'd)****e. Basis of consolidation (cont'd)****Joint ventures (cont'd)**

As of March 29, 2021, The Company has been purchased 51% shares of Fıratcan Turizm which has the right to lease the Söğütlüçeşme train station in Istanbul, Kadıköy, within the scope of the High-Speed Train Station Project for 2 years of permission and license, 2 years of construction period and 25 years to operate according to the Lease Contract for Construction Containing Areas signed with TCDD. According to the share transfer agreement, management of Fıratcan Turizm will be carried out jointly by Akfen GYO and Fıratcan Turizm companies, and decisions regarding Fıratcan Turizm's activities that significantly affect its returns require unanimity of the parties. For this reason, Fıratcan Turizm has been accounted for using the equity method. The remaining 49% of Fıratcan Turizm's shares were purchased on July 18, 2023. After the acquisition, Fıratcan Turizm became a 100% subsidiary of the Company and was accounted for with the full consolidation method as of December 31, 2023.

	DECEMBER 31, 2023		DECEMBER 31, 2022	
	Ownership ratio (%)	Voting right ratio (%)	Ownership ratio (%)	Voting right ratio (%)
Fıratcan Turizm (1)	100.00	100.00	51.00	51.00

(1) On July 18, 2023, the Company completed the acquisition of the remaining 49% of Fıratcan Turizm, of which it holds 51% of the shares. Therefore, Fıratcan Turizm, which was a business partnership of the Company as of December 31, 2022, has become a subsidiary as of December 31, 2023.

**Joint arrangements**

Jointly controlled entities arise where the parties to the arrangement have joint control over the assets and liabilities related to the agreement. A joint activity participant is assessed according to the asset, liability, revenue and cost of ownership. Income, liabilities, equity items, income and expense accounts and cash flow statements of joint activities are included in the financial statements by proportionate consolidation method and these intercompany transactions, balances and unrealized gains / losses realized by these joint activities are eliminated from the financial statements.

JOINT VENTURE	MAIN OPERATIONS		JOINT VENTURER	
Ordinary Partnership	Real estate Investment		Akfen İnşaat Turizm ve Ticaret A.Ş.	
	DECEMBER 31, 2023		DECEMBER 31, 2022	
	Direct or indirect shares portion (%)	Effective shares portion (%)	Direct or indirect shares portion (%)	Effective Shares portion (%)
Ordinary Partnership (Shares) <sup>(1)</sup>	-	-	99.00	99.00

(1) Due to the completion of the project, the Ordinary Partnership was liquidated on November 30, 2023.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.1. Basis of preparation (cont'd)

#### *e. Comparative information and restatement of prior periods' financial statements*

The accompanying consolidated financial statements are prepared in comparison with the previous period, to be able to indicate below the trends in the financial status, performance and flow of the Group. When the presentation or classification of the items of the consolidated financial statements changes, to ensure comparability, the previous period consolidated financial statements are also reclassified accordingly and these matters are made as painting.

#### *f. Going Concern*

Consolidated financial statements have been prepared according to the continuity of the business.

### 2.2. Accounting estimates and evaluations

The preparation of consolidated financial statement requires the use of assumptions and estimates that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues, expenses which are reported throughout the period. Even though, these assumptions and estimates rely on the best estimates of the Group management, the actual may differ from them.

The estimates are used particularly in the following notes:

#### *Note 11 Fair value measurement of investment property*

The fair value of the investment real estate of the Group as of the balance sheet date has been obtained according to the valuation carried out by a real estate valuation Group which is not related with the Group. The evaluation made according to the International Valuation Standards has been identified with the revenue reduction methods and various estimations and assumptions (discount rates, occupancy rates, etc.) are being used in these calculations. Any possible future changes in these estimations and assumptions may lead to significant impact on the Group financial statements.

#### *Note 19 Long Term VAT receivables*

The Group classifies its VAT receivables which will be recovered more than one year based on its current operations, to non-current asset (Note 22).

#### *Note 8 Derivative Instruments*

Financial assets at fair value through profit or loss also include "derivatives" items in the statement of financial position. Derivative instruments are recognized as an asset if the fair value is positive and as a liability if the fair value is negative.

In addition, the Group provides hedging on the balance sheet by borrowing in the same currency against the foreign currency risks arising from the foreign currency sales amounts to be realized in the future within the scope of the agreements it has made. Within the scope of the currency risk management strategy it has determined, the Group applies hedge accounting for the purpose of hedging the foreign currency risk component of the unrecorded firm commitment fair value risk, and provides a healthier income statement presentation by netting out the foreign exchange rate fluctuations that have occurred on the hedged item and the hedging instrument but have not yet been realized.

Derivative instruments of the Group reflected in profit or loss consist of interest rate fixing agreements and currency risk management strategies explained above.

The fair value of financial instruments arising from transactions for exchange rate and interest rate clearing transactions is evaluated within the scope of level 2 according to the discounted cash flow approach method, which is one of the valuation method techniques.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.3. Changes in accounting policies

The accounting policies based on the preparation of the individual financial statements for the accounting period January 1, – December 31, 2023 have been applied in accordance with the financial statements prepared as of December 31, 2022, except for the new and amended TAS/IFRS standards set out below and valid as of January 1, 2023, and the interpretations of the Turkish Financial Reporting Interpretation Committee ("TFRYK").

Changes in accounting estimates are applied forward-looking to cover future periods in the current period in which the change is made, if they relate only to one period, and also to future periods. There have been no changes in accounting estimates in the current period. Significant accounting errors detected are applied retrospectively and the previous period financial statements are restated. There are no significant accounting errors detected in the current period.

**The new standards, amendments and interpretations which are effective as at December 31, 2023 are as follows:**

#### ***Changes that have entered into force and have been implemented***

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2023:

- Amendments to TAS 8 – Definition of Accounting Estimates
- Amendments to TAS 1 – Disclosure Initiative: Accounting Policies
- Amendments to TAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules
- TFRS 17 - The new Standard for insurance contracts

These newly adopted amendments to standards have not been a significant impact on the consolidated financial statements of the Group.

#### ***New and updated standards and interpretations published by the UMSK/USSK but not yet published by the KGK***

- Lack of Exchangeability – Amendments to TAS 21 The Effects of Changes in Foreign Exchange Rates

The Group does not expect that application of these Amendments to TAS 21 will have significant impact on its financial statements.

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

- Amendments to TAS 1– Classification of Liabilities as Current or Non-current
- TSR S1 General Requirements for Disclosure of Sustainability-related Financial Information and TFRS S2 Climate-related Disclosures
- Amendments to TFRS 16 Leases - Lease Liability in a Sale and Leaseback
- Amendments to TFRS 4- Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts
- Amendments to TAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

The Group does not expect that application of these Amendments to TAS 21 will have significant impact on its financial statements.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.4. Summary of significant accounting policies

The important accounting principles used in the preparation of financial statements are explained below.

#### 2.4.1. Revenue

Revenue includes rental income, dormitory income and real estate sales.

##### Rental income

Rental income from investment property is recognized on accrual basis. Revenue is measured at the fair value of the consideration received or receivable. Income is realized when the economic benefits obtained by the Group and amount of the related income is measured confidently.

##### Sale of real estate stock (independent section)

Real estate inventories are projects developed for sale purposes and presented under inventories. Revenue from sales of real estate inventories is recognized only if the following conditions are met:

- Transfer of all control of the Group's ownership to the buyer (transfer of the risks and gains of the independent segments sold to the buyer usually occurs by the final delivery of the dwellings and/or the delivery of title deeds),
- the Group's right to collection of goods or services,
- the customer's legal ownership of the goods or services,
- transfer of possession of goods or services,
- the customer's control over the ownership of the goods or services,
- the conditions for the customer to accept the goods or services.

##### Income from real estate sales

Sales revenue is recognised significant risks and rewards associated with ownership of the real estate, have been transferred to the buyer, the entity is not related to the management of the properties sold as required by the ownership and there is no effective control over the properties in question, the amount of sales revenue can be measured reliably, it is probable that the economic benefit related to the transaction will be obtained by the entity. It is recorded when the costs incurred and to be incurred in connection with the transaction can be measured securely.

Sales revenue and cost are reflected in the financial statements when the contract conditions regarding the projects that the Group sells comply with the conditions explained above.

#### 2.4.2. Statement of cash flows/ Cash and cash equivalents

The cash flow statements for the period are classified and reported in the cash flow statement on the basis of investment and financing activities. The cash flows arising from the operating activities represent the cash flows arising from the Company activities. The cash flows related to investment activities represent the cash flows the Company uses and obtains in its investment activities (fixed investments and financial investments). The cash flows regarding the financing activities represent the resources used by the Company in its financing activities and repayments of those resources.

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

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.2. Summary of significant accounting policies (cont'd)

#### 2.4.3. Investment property

##### Operating investment properties

Investment properties are properties held to earn rental income, capital gains or both. Investment properties are initially recognized at cost, including transaction costs, and subsequently measured at fair value. Fair value is the price to be paid in a transaction, sale of an asset or transfer of debt between market participants at the measurement date.

The fair value of the investment properties is determined by adding the present values of the free cash flows to be generated by the investment properties in the following years. Fair valuation studies have been made considering the credibility of the tenants or those responsible for making the activity payments, the distribution of the maintenance and insurance of the investment property between the lessor and the lessee and the economic life of the investment property.

The fair value of the Group's investment property includes the fair value calculated by a real estate appraisal company, which is included in the list of "Real Estate Appraisal Companies" registered with the CMB, and the expenditures made for the real estates from the date of valuation to the end of the reporting period. Gains or losses arising from changes in the fair value of investment properties are recognized in profit or loss in the period in which they arise. Accounting of rental income from investment properties is disclosed in Note 2.4.1.

##### Right to use assets

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 land in question is accounted for in the same way as in the financial 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 leased lands of the Group 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 amounts are mutually accounted in the investment properties and other liabilities accounts.

##### Lease liabilities

The Group measures its lease liability at the present value of unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease liability on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

- (a) Fixed payments,
- (b) Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease.
- (c) Amounts expected to be paid by the Group under residual value commitments
- (d) the use price of this option and if the Group is reasonably certain that it will use the
- (e) fines for termination of the lease if the lease shows that the Group will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## **2.BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)**

### **2.4 Summary of significant accounting policies (cont'd)**

#### **2.4.3 Investment property (cont'd)**

##### **Lease liabilities (cont'd)**

The revised discount rate for the remainder of the lease term of the Group is determined as; if it is not easily determined, the Group determines the alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group measures the lease liability as follows:

- (a) increase the carrying amount to reflect the interest on the lease obligation; and
- (b) Decreases the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

##### **Lands**

The lands that are held for the purpose of earning capital gains in the long term rather than being sold in the short term in the normal course of business and the lands whose future use has not been determined are recognised for as investment property in the consolidated financial statements and gains or losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they occur.

#### **2.4.4.Property, plant and equipment**

Tangible assets acquired before January 1, 2005 are carried at restated cost for the effects of inflation in TRY units current at the December 31, 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after January 1, 2005 are carried at acquisition cost less accumulated depreciation and impairment losses.

##### **Depreciation**

Depreciation on the tangible assets is provided on straight-line method according to their useful lives from the date of recognition or assembly of the related assets.

The estimated useful lives of the related assets are as follows:

Equipment	5-10 years
Furniture and fixture	3-10 years
Motor vehicles	3- 5 years

##### **Subsequent expenditures**

Expenditures incurred to replace a component of tangible assets that is accounted for separately, including major inspection and overhaul costs, are capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognized in the income statement as expense as incurred.

The gain or loss arising on the disposal or retirement of an item of property 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.

##### **Intangible assets**

Intangible assets consists the software programmes. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of the related assets of 3 or 5 years.

## 2.BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.4.5. Impairment of assets

At each balance sheet date, the carrying of Group's assets, other than investment property is reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of the asset (or cash generating unit) is less than its book value, the book value of the asset (or cash generating unit) is reduced to its recoverable amount. In this case, impairment losses are recognized in profit or loss. The increase in the registered value of the asset (or cash-generating unit) due to the reversal of the impairment should not exceed the book value (net amount remaining after depreciation) that would occur if the impairment was not included in the financial statements in previous years. Cancellation of impairment is recorded in profit or loss.

### 2.4.6. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories consist of the assets held by the Group for the purpose of building residential buildings for sale and the costs of the ongoing residential construction on these land. The cost of inventories includes all procurement costs, conversion costs and other costs incurred to bring the inventories to their present state and position. The unit cost of inventories is determined using either the cost of acquisition or the net realizable value. Inventories are classified as short term considering the probable end date of the constructions.

### 2.4.7. 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 financial assets that are held within the scope of a business model aimed at collecting contractual cash flows and that only include interest and cash flows arising from the principal and principal balance on certain dates. The Group's financial assets accounted for at amortized cost are "cash and cash equivalents", "trade receivables", "other receivables" and "financial investments". Related assets are measured at fair value at initial recognition; in subsequent recognition, it is measured at amortized cost using the effective interest method. Gains and losses arising from the valuation of non-derivative financial assets measured at amortized cost are recognized in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of significant accounting policies (cont'd)

#### 2.4.7. Financial assets (cont'd)

"Financial assets at fair value through other comprehensive income" are non-derivative financial assets that are held as part of a business model aimed at collecting contractual cash flows and selling financial assets, and which only include interest payments arising from principal and principal balances on certain dates on contract terms. Gains or losses arising from the related financial assets are recognized in other comprehensive income except for impairment, gains and losses and foreign exchange differences. If the assets are sold, the valuation differences that are classified in other comprehensive income are reclassified to retained earnings. For investments made in equity instruments, the Group may irrevocably choose to reflect the subsequent changes in fair value on other comprehensive income for the first time. In case of making such preference, dividends obtained from related investments are accounted in consolidated income statement.

"Financial assets at fair value through profit or loss" consist of financial assets other than financial assets measured at amortized cost and fair value difference reflected to other comprehensive income. Gains and losses arising from the valuation of such assets are recognized in the consolidated income statement.

Financial assets at fair value through profit or loss also include "derivatives" items in the statement of financial position. Derivative instruments are recognized as an asset if the fair value is positive and as a liability if the fair value is negative. Derivative instruments of the Group reflected in profit or loss consist of interest rate fixing contracts.

#### **Derecognition**

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

#### **Impairment**

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

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

#### 2.4.8. Financial liabilities

Financial liabilities are initially recognized at the value received by deducting transaction costs from the amount of financial liability on the borrowing date. Financial liabilities are measured in the consolidated financial statements from their amortised cost using effective interest rate on subsequent dates.

Financial liabilities are removed from the accounts when the debts arising from these liabilities are raised, cancelled and expired.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of significant accounting policies (cont'd)

#### *Financial liabilities and borrowing cost*

Financial liabilities are initially recognized at the value received by deducting transaction costs from the amount of financial liability on the borrowing date. Financial liabilities are measured in the consolidated financial statements from their amortised cost using effective interest rate on subsequent dates.

Financial liabilities are removed from the accounts when the debts arising from these liabilities are raised, cancelled and expired.

#### **2.4.9. Share capital**

##### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

#### **2.4.10. Earnings per share and diluted earnings per share**

Earnings per share, which is stated income statement, is calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the period. The number of common share available during the period is the sum of number of common share at the beginning of the period and the product of number of common shares exported during the period and a time weighted factor (Note 31).

In the calculation of diluted earnings per share presented in the comprehensive income statement, the profit or loss in the share of the ordinary shareholders of the parent company and the weighted average number of shares are adjusted according to the effects of dilutive potential ordinary shares. The profit or loss in the share of the parent shareholders of the parent company is increased by the amount of the post-tax dividend and interest accrued in the period with respect to the potential ordinary shares that are dilutive effects and by any other change resulting from the conversion of potential ordinary shares with dilutive effects and the weighted average number of existing ordinary shares is increased by the weighted average of the number of additional ordinary shares based on the assumption that all potential ordinary shares with dilution effects have been converted (Note 31).

#### **2.4.11. Subsequent events**

Events after the balance sheet date are those events, favorable and unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed on the financial position date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the financial position date (non-adjusting events after the balance sheet date).

If there is evidence of such events as of balance sheet date or if such events occur after balance sheet date and if adjustments are necessary, Group's financial statements are adjusted according to the new situation. The Group discloses the post-balance sheet events that are not adjusting events but material.

## 2.BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd) 2.4, Summary of significant accounting policies (cont'd)

### 2.4.12. Provisions, contingent liabilities and contingent assets

A provision is recognized when the Group has a present implicit or legal obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Group discloses the related issues in the accompanying notes.

If the inflow of economic benefits is probable contingent assets have been disclosed in the notes to the financial statements. If the inflow of the economic benefit is more than likely to occur such asset and income statement effect has been recognized in the financial statements at the relevant period that income change effect occurs.

### 2.4.13. Leases

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

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

#### **Group as a lessee**

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

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

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

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

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.4. Summary of significant accounting policies (cont'd)

#### 2.4.13. Leases (cont'd)

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

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

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

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

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

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

#### *Short-term leases and leases of low-value assets*

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

#### ***The Group as a lessor***

The Group allocates the price in the contract on the basis of the relative stand-alone price for a contract that includes a lease component and one or more additional lease components or non-lease components, at the inception of the contract or when the contract containing the lease component is modified. When the Group is in the position of lessor, it classifies each of the leases as operating leases or finance leases.

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

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

## **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)**

### **2.4 Summary of significant accounting policies (cont'd)**

#### **2.4.14. Related parties**

For the purpose of the accompanying consolidated financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements.

- a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.4 Summary of significant accounting policies (cont'd)

#### 2.4.15. Segment reporting

The Group has three reporting segments, which are the Group's strategic business units. The Group management evaluates the performance and determines allocation of resources based on these business units. The Group management reviews the business units based on resource allocation and performance results regularly, since they are affected from different economic conditions and geographical locations each of the strategic business units, although the strategic business units offer same services. The Group's operating segments are in Turkey, Northern Cyprus and Russia in which the Group is operating in real estate investments.

#### 2.4.16. Government grants and incentives

Investment incentives with government incentives are accounted for on an accrual basis at fair value when approved by the authorities in relation to Group's incentive requests. The government grants related to the expenses, the government incentives for the period in which the group becomes eligible, and the government expenditures related to the investment expenditures are shown as deferred income on the balance sheet and are linearly associated with the consolidated income statement over the estimated useful life of the asset.

#### 2.4.17. Taxation

The Group is exempt from corporate income taxes in accordance with paragraph d-4 of Article 5 of the Corporate Income Tax Law. In accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes, with Council of Ministers decision No, 93/5148, the withholding rate is determined as "0", Therefore, the Group has no tax obligation over its earnings for the related period.

Joint ventures are not considered as independent entities in terms of tax legislation. Therefore, ordinary partners of the company are considered to be jointTRYy liable as the main addressee in tax application. Since Akfen GYO is exempt from Corporate Tax, there is no tax liability arising from Joint venture earnings.

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. CurrentTRYy enacted tax rates are used to determine deferred income tax. Since Akfen GYO has corporate tax exemption, it does not have any deferred tax assets and liabilities.

Inflation accounting application with the "Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law" adopted on the agenda of the Turkish Grand National Assembly on January 20, 2021. It has been deferred starting from the balance sheet dated 31 December 2023.

Akfen GT's headquarters in Turkey, including Akfen Karaköy, Fıratcan İnşaat, Gökliman, Akfen Bafra, Akfen Güney, and Akfen Kuzey, are subject to a corporate tax rate of 25% (2022: 23%) According to Article 21 of the Law published in the Official Gazette dated July 15, 2023 and numbered 32249, which addresses the compensation for economic losses caused by earthquakes occurring on February 6, 2023, amendments were made to Article 32 of the Corporate Tax Law No 5520 As a result, the general corporate tax rate has been increased from 20% to 25%, and for banks and financial institutions, the rate has been raised from 25% to 30%. The same provision of the mentioned law (Article 21) ensures that the corporate income tax rate, which is currently applied at a discounted rate of 1 point for institutions engaged in exports to encourage exports, is now applied at a discounted rate of 5 points.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

## **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)**

### **2.4.17. Taxation (cont'd)**

The mentioned change will be applicable to the profits of institutions starting from the tax returns to be submitted from October 1, 2023, and for the tax periods of 2023 and subsequent years. For institutions subject to a special accounting period, the tax rate of 25% will be in effect for the special accounting period starting in the 2023 calendar year and subsequent tax periods. Therefore, in the tax calculations for the relevant companies, a tax rate of 25% has been used as of the reporting period.

The branch of Akfen GT operating in Northern Cyprus is subject to a corporate tax rate of 23.5%, and companies located in Russia are subject to a corporate tax rate of 20% according to Russian legislation.

The deferred tax assets or liabilities are determined by calculating the tax effects according to the balance sheet method for temporary differences between the values of assets and liabilities shown in the financial statements and the amounts considered in the calculation of the legal tax base. Deferred tax is calculated based on the expected tax rates applicable at the end of the reporting period, taking into account the current or newly enacted tax rates and tax legislation.

The deferred tax assets or liabilities are reflected in the accompanying consolidated financial statements at the estimated rate of increase and decrease in the amount of tax payable in future periods when such temporary differences will disappear. The deferred tax receivable is set aside in cases where it is possible to provide a tax advantage in future periods. To the extent that it is understood that this receivable can no longer be used, it is deleted from the relevant asset. The applicable tax rates are used in calculating the deferred tax.

Subject to the tax legislation of the same country and if there is a legally enforceable right to deduct current tax assets from current tax liabilities, deferred tax assets and deferred tax liabilities are mutually offset from each other.

### **2.4.18. Non-current assets and liabilities held for sale**

The non-current assets, or a group of assets and liabilities that are likely to be disposed of primarily rather than continuing to be used, are classified as selling or distributing them. Such assets or group of assets to be disposed of shall be measured by the lesser of the fair value deducted from the value of the record and the cost of sale. The impairment in the group of assets to be disposed of is first allocated to goodwill and then allocated proportionally to the remaining assets and liabilities, provided that no impairment loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment properties or live assets valued in accordance with the Group's accounting policies. As non-current assets held for sale or distribution, impairments on the date of the first classification and gains and losses in subsequent measurements are recognized as profit or loss.

Once intangible assets or tangible fixed assets are classified as held for sale or distribution, they are not subject to depreciation or amortization.

### **2.4.19. Employee termination benefits**

#### ***Retirement pay provision***

In accordance with the existing labor code in Turkey, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Group calculated the severance pay liability for the retirement of its employees by discounting the future liabilities to their present values, by using actuarial method and reflected to the financials.

#### ***Vacation pay provision:***

The vacation pay provision accrued on the financial statements represent the estimated total liability for future probable obligation of the employees.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

### 2.4.202.4.20. Offsetting

Every item that has importance due to its nature an amount is reflected in the financial statements separately even if they are similar. Unimportant amounts are reflected by adding to each other based on their principles and functions. As a result of a requirement for offsetting due to nature of the transactions and events, reflection of such transactions and events from their net values or following up from their amount after deducting impaired value shall not be considered as violation of the rule of no offset.

### 2.5. Investment portfolio limitations on real estate investment trust

As of December 31, 2023 and 2022, in accordance with Capital Markets Board's Communiqué Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1 "Real Estate Investment Company" published in the Official Gazette dated May 28, 2013 numbered 28660. In addition since the information given "Restrictions on the Investment Portfolio of Real Estate Investment" comprise unconsolidated data; such information may not match with the information disclosed in the consolidated financial statements.

In addition since the information given "Restrictions on the Investment Portfolio of Real Estate Investment" comprise unconsolidated data; such information may not match with the information disclosed in the consolidated financial statements.

### 2.6. Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Fair value, according to valuation techniques used is classified into the following levels:

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

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

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

The fair value of the investment real estates is at Level 3 according to the revenue reduction method that is one of the valuation techniques.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

### 3. SHARE PURCHASES OF SUBSIDIARIES

#### Gökliman

Akfen GYO has purchased 100% shares of Gökliman from Akfen Gayrimenkul Portföy Yönetim A. Ş. 1. Akfen GPYŞ 1. GMY Fonu on December 29, 2022 for a consideration of TRY 785.966.822. Gökliman's main field of activity is to make and operate tourism investments, and there is a total of 83,624.59 m2 of land in Muğla province, Milas district, Kıyıkışlacık Neighborhood/Village, Gökliman Locality.

The purchase, which took place on December 29, 2022, has been evaluated as an "Asset purchase" since the acquired company is not operational yet, and the initial purchase price of TRY 785,966,822 was recognised for as the net asset value of Gökliman at the date of purchase by being distributed among the identifiable assets and liabilities of Gökliman. The difference between the purchase price and net asset value of Gökliman as of December 31, 2022, TRY 222,257,603 has been recognised as other operating income (TRY 270,868,769) and deferred tax expense (TRY 48,611,167) in the consolidated statement of profit or loss of the Group.

As of the purchase date, the financial statement of Gökliman distributed according to the purchase price is as follows:

	PRE ALLOCATION	ALLOCATION AMOUNT	POST ALLOCATION
	December 29, 2022	December 29, 2022	December 29, 2022
<b>Assets</b>			
<b>Current assets</b>	<b>3,619</b>	-	<b>3,619</b>
Cash and cash equivalents	3,619	-	3,619
<b>Non-current assets</b>	<b>5,167,981</b>	<b>980,202,100</b>	<b>985,370,081</b>
Investment properties	5,050,760	980,202,100	985,252,860
Other non-current assets	117,221	-	117,221
<b>Total Assets</b>	<b>5,171,600</b>	<b>980,202,100</b>	<b>985,373,700</b>
<b>Liabilities</b>	<b>December 29, 2022</b>	<b>December 29, 2022</b>	<b>December 29, 2022</b>
<b>Current liabilities</b>	<b>2,356,306</b>	-	<b>2,356,306</b>
Trade payables	1,165	-	1,165
Other payables	2,355,141	-	2,355,141
<b>Non-current liabilities</b>	-	<b>197,050,572</b>	<b>197,050,572</b>
Deferred tax liabilities	-	197,050,572	197,050,572
<b>Equity attributable to owners of parent</b>	<b>2,815,294</b>	<b>783,151,528</b>	<b>785,966,822</b>
<b>Total liabilities</b>	<b>5,171,600</b>	<b>980,202,100</b>	<b>985,373,700</b>

The details of the cash outflow from the acquisitions are as follows:

#### Gökliman

Total purchase price – cash	785,966,822
Cash and cash equivalents – acquired	(3,619)
<b>Cash outflow from purchasing (net)</b>	<b>785,963,203</b>

### 3.SHARE PURCHASES OF SUBSIDIARIES(cont'd)

#### Akfen Karaköy

As of February 16, 2023, 85.16% (7.25% of total shares) of 8.53% of Akfen Karaköy's shares owned by 3rd parties were taken over by Akfen GT, Akfen GT was taken over by Akfen Holding as a set-off against its existing receivables from other shareholders of Akfen Karaköy, together with interest accrued until the share transfer date, and 14.84% of the remaining shares (1.27% of total shares) were taken over by Akfen Holding. Following the share purchase, The Company's direct and indirect ownership ratio in Akfen Karaköy became 98.73% (December 31, 2022: 91.47%).

The details of the share purchase transaction described above are as follows:

#### Akfen Karaköy

The total acquisition price (A)	242,576,128
The value of Akfen Karaköy at the time of acquisition	1,186,533,084
The acquisition share ratio	%7.26
The value of the acquired shares (B)	86,142,302
Other equity item (A-B)	156,433,826

On May 2, 2023, the Company acquired 1.27% of Akfen Karaköy shares belonging to Akfen Holding for TRY 22,944,086, and with the said share transfer, Akfen Karaköy became a 100% subsidiary of the Company. As of December 31, 2023, Akfen REIT's direct and indirect ownership of Akfen Karaköy has reached 100% (December 31, 2022: 91.47%).

The details of the share purchase transaction described above are as follows:

#### Akfen Karaköy

The total acquisition price (A)	22,944,086
The value of Akfen Karaköy at the time of acquisition	1,178,618,309
The acquisition share ratio	%1.27
The value of the acquired shares (B)	14,968,453
Other equity item (A-B)	7,975,633

#### Firatcan Turizm

49% of Firatcan Turizm's shares were purchased on July 18, 2023, and after the acquisition, Firatcan Turizm became a 100% subsidiary of the Company and was fully consolidated in the consolidated financial statements as of December 31, 2023. Firatcan Turizm's profit or loss and other comprehensive income items were accounted for in the shares account from the profits of investments valued by the equity method by the ownership ratio until June 30, 2023, which is the reporting period closest to the acquisition date, and by the full consolidation method in the consolidated financial statements after June 30, 2023.

The details of the share purchase transaction described above are as follows:

#### Firatcan Turizm

The total acquisition price	379,192,446
Discounted Total acquisition price (A)	375,880,562
The value of Firatcan Turizm at the time of acquisition	876,593,198
Proportion of shares acquired	%49
Value of shares acquisition (B)	429,530,667
Negotiated acquisition earnings (A-B) (Note 27)	53,650,105

As of June 30, 2023, the reporting period closest to the date of acquisition, TRY 53,650,105, which is the difference between the value of Firatcan Turizm and the cost of the acquisition, was recognized as a negotiated acquisition gain in the item of income from investment activities in the Group's consolidated profit or loss and other comprehensive income statement for the year ended December 31, 2023 (Note 27).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

### 3. SHARE PURCHASES OF SUBSIDIARIES (cont'd) Fıratcan Turizm (cont'd)

The details of the cash outflow from the acquisitions are as follows:

#### Fıratcan Turizm

Total purchase price – cash	375,880,562
Cash and cash equivalents – acquired	(2,581,304)
<b>Cash outflow from purchasing (net)</b>	<b>373,299,258</b>

As of June 30, 2023, the reporting period closest to the date of acquisition, the summary financial statement of Fıratcan Turizm is as follows:

ASSETS	JUNE 30, 2023
<b>Current assets</b>	<b>126,318,947</b>
Cash and cash equivalents	2,581,304
Short term financial investments	31,651,604
Other receivables	23,048
- Other receivables from third parties	23,048
Prepaid expenses	92,062,826
Other current assets	165
<b>Non-current assets</b>	<b>2,073,563,202</b>
Other receivables	159,700,328
- Other receivables from related	159,676,215
- Other receivables from third parties	24,113
Investment properties	1,853,069,700
- Investment properties	1,668,969,605
- Assets arising from financial leases	165,083,790
- Rents	19,016,305
Other non-current assets	60,793,174
<b>Total Assets</b>	<b>2,199,882,149</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

### 3. SHARE PURCHASES OF SUBSIDIARIES (cont'd) Fıratcan Turizm (cont'd)

LIABILITIES	JUNE 30, 2023
<b>Current liabilities</b>	<b>132,638,013</b>
Short-term portions of long-term borrowings	123,105,778
- Bank loans	61,292,058
- Financial lease liabilities	59,871,608
- Operational lease liabilities	1,942,112
Trade payables	5,780,657
- Trade payables to third parties	5,780,657
Other payables	2,428,920
- Other payables to third parties	2,428,920
Payables to personnel	582,519
Current provisions	740,139
- Current provisions for employee benefits	740,139
<b>Non-current liabilities</b>	<b>1,190,650,932</b>
Non-current borrowings	969,843,167
- Bank loans	838,600,341
- Financial lease liabilities	105,880,668
- Operational lease liabilities	25,362,158
Non current provisions	723,805
- Non current provisions for employee benefits	723,805
Deferred tax liabilities	220,083,960
<b>Total liabilities</b>	<b>1,323,288,945</b>
<b>Equity attributable to owners of parent</b>	<b>876,593,198</b>
<b>Total liabilities</b>	<b>2,199,882,143</b>

### 4. SEGMENT REPORTING

The Group has three reporting segments, which are the Group's strategic business units. The Group management evaluates the performance and determines allocation of resources based on these business units. The Group management reviews the business units based on resource allocation and performance results regularly, since they are affected from different economic conditions and geographical locations each of the strategic business units, although the strategic business units offer same services. Since the Group operates only in real estate investments in Turkey, Northern Cyprus and Russia, operating segments are provided in geographical segment. Operating performances are measured at period profit /(loss).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

#### 4. SEGMENT REPORTING (cont'd)

December 31, 2023:

	TURKEY	TRNC <sup>(1)</sup>	RUSSIA	ELIMINATION	TOTAL
Revenue	811,641,716	146,893,796	136,369,501	-	1,094,905,013
Cost of sales	(22,719,287)	(2,617,610)	(12,349,567)	-	(37,686,464)
<b>GROSS PROFIT</b>	<b>788,922,429</b>	<b>144,276,186</b>	<b>124,019,934</b>	-	<b>1,057,218,549</b>
General administrative expenses	(65,254,426)	(4,780,384)	(8,599,468)	-	(78,634,278)
Other operating income from operating activities	705,898,381	(591,557,057)	381,961,621	-	496,302,945
Other operating expenses from operating activities	(2,271,986)	(9,926,822)	-	-	(12,198,808)
<b>PROFIT/(LOSS) FROM OPERATING ACTIVITIES</b>	<b>1,427,294,398</b>	<b>(461,988,077)</b>	<b>497,382,087</b>	-	<b>1,462,688,408</b>
Shares of profits on investments accounted using the equity method	51,243,421	-	-	-	51,243,421
Income from investment activities	58,650,204	-	-	-	58,650,204
<b>PROFIT/(LOSS) BEFORE FINANCE INCOME/(LOSS)</b>	<b>1,537,188,023</b>	<b>(461,988,077)</b>	<b>497,382,087</b>	-	<b>1,572,582,033</b>
Financial income	105,862,164	17,203,824	1,588,527	-	124,654,515
Financial expenses	(2,998,445,187)	(223,729,103)	(54,631,450)	-	(3,276,805,740)
Monetary gain	2,092,682,161	80,602,604	-	-	2,173,284,765
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>737,287,161</b>	<b>(587,910,752)</b>	<b>444,339,164</b>	-	<b>593,715,573</b>
Tax (expense)/income	10,594,872	216,837,984	(89,986,347)	-	137,446,509
- Current tax expense	(1,903,906)	-	(2,847,661)	-	(4,751,567)
- Deferred tax (expense)/income	12,498,778	216,837,984	(87,138,686)	-	142,198,076
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>747,882,033</b>	<b>(371,072,768)</b>	<b>354,352,817</b>	-	<b>731,162,082</b>
Reportable segment assets	25,509,053,117	2,675,801,451	2,556,786,063	(7,361,194,997)	23,380,445,634
Reportable segment liabilities	6,370,491,530	712,146,959	926,967,506	(412,104,739)	7,597,501,256
Investment and inventory expenditures, net <sup>(2)</sup>	552,291,527	-	3,999,512	-	556,291,039
Depreciation and amortization expenses	5,588,546	39,252	21,826	-	5,649,624

<sup>(1)</sup> Pursuant to the decision of the Board of Directors of the Company dated April 13, 2023, a transfer agreement was signed between the Company and Merit Kıbrıs Turizm Ltd Şirketi on April 13, 2023 regarding the transfer of the company, which has completed its investment in the TRNC and is operated under the title of Merit Park Hotel & Casino. As of the reporting date, the transfer process is ongoing.

<sup>(2)</sup> Excludes investments related to the subsidiary and subsidiary share Addition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

#### 4. SEGMENT REPORTING (cont'd)

December 31, 2022:

	TURKEY	TRNC <sup>(1)</sup>	RUSSIA	ELIMINATION	TOTAL
Revenue	664,391,124	157,573,425	124,385,809	-	946,350,358
Cost of sales	(16,428,807)	(2,738,054)	(18,556,159)	-	(37,723,020)
<b>GROSS PROFIT</b>	<b>647,962,317</b>	<b>154,835,371</b>	<b>105,829,650</b>	-	<b>908,627,338</b>
General administrative expenses	(24,969,899)	(3,108,345)	(10,380,512)	-	(38,458,756)
Other operating income from operating activities	1,257,213	39,963	7,175,288	-	8,472,464
Other operating expense from operating activities	265,489,945	(54,882,655)	(216,890,185)	-	(6,282,895)
<b>PROFIT FROM OPERATING ACTIVITIES</b>	<b>889,739,576</b>	<b>96,884,334</b>	<b>(114,265,759)</b>	-	<b>872,358,151</b>
Shares of losses on investments accounted using the equity method	222,271,880	-	-	-	222,271,880
<b>PROFIT BEFORE FINANCE INCOME/(LOSS)</b>	<b>1,112,011,456</b>	<b>96,884,334</b>	<b>(114,265,759)</b>	-	<b>1,094,630,031</b>
Financial income	611,360,364	135,854,429	3,060,568	-	750,275,361
Financial expenses	(1,175,249,585)	(220,179,347)	(81,438,221)	-	(1,476,867,153)
Monetary gain	1,122,224,726	56,991,630	-	-	1,179,216,356
<b>PROFIT BEFORE TAX</b>	<b>1,670,346,961</b>	<b>69,551,046</b>	<b>(192,643,412)</b>	-	<b>1,547,254,595</b>
Tax expense	(151,103,890)	(65,396,232)	33,449,620	-	(183,050,502)
- Current tax expense	-	-	(4,023,802)	-	(4,023,802)
- Deferred tax expense	(151,103,890)	(65,396,232)	37,473,422	-	(179,026,700)
<b>PROFIT FOR THE PERIOD</b>	<b>1,519,243,071</b>	<b>4,154,814</b>	<b>(159,193,792)</b>	-	<b>1,364,204,093</b>
Reportable segment assets	19,841,274,085	3,284,699,636	2,757,430,549	(5,371,714,489)	20,511,689,781
Reportable segment liabilities	5,751,110,449	843,439,085	1,143,600,842	(259,376,821)	7,478,773,555
Investment and inventory expenditures, net <sup>(1)</sup>	680,114,054	-	-	-	680,114,054
Depreciation and amortization expenses	7,149,884	-	-	-	7,149,884

<sup>(1)</sup> Excludes investments related to the subsidiary and subsidiary share Addition.

In the year ending on December 31, 2023, 72% of Group Revenue is derived from ACCOR SA, the operator of Ibis and Novotel branded hotels, 13% from Merit Kıbrıs Turizm Limited, the operator of Merit Park Hotel in Northern Cyprus, 6% from Kredi Yurtlar Kurumu (KYK), the lessee of properties in the Company's portfolio, and 6% from Akfen Turizm, the operator of Bodrum Loft (December 31, 2022: Accor SA: 68%, Merit Kıbrıs Turizm Limited: 15%, KYK: 7%, Akfen Turizm: 6%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 5. RELATED PARTY DISCLOSURES

### 5.1. Related party balances

Current trade receivables from related parties:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Akfen Turizm Yat. Ve İşl. A.Ş. ("Akfen Turizm") <sup>(1)</sup>	11,414,889	8,902,996
	<b>11,414,889</b>	<b>8,902,996</b>

<sup>(1)</sup> It consists of trade receivables related to the Bodrum Loft project.

Current trade payables to related parties:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Akfen İnşaat <sup>(2)</sup>	37,908,604	7,628,871
Akfen Holding	3,113,553	2,501,500
Akfen GPYŞ 1. GMY Fonu	-	365,377
Akfen Danışmanlık	327	-
	<b>41,022,484</b>	<b>10,495,748</b>

<sup>(2)</sup> As of December 31, 2023, the balance of trade payables to related parties to Akfen Construction consists of the Company's balance of debts related to the Yalıkavak project (December 31, 2022: Bulvar Loft project).

Non-current trade payables to related parties:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Akfen İnşaat <sup>(3)</sup>	-	7,982,943
	-	<b>7,982,943</b>

<sup>(3)</sup> As of December 31, 2023 and 2022, the balance of trade payables to related parties to Akfen Construction consists of the Group's debt balance related to the Bulvar Loft project.

Other payables to related parties (Short term):

	DECEMBER 31, 2023	DECEMBER 31, 2022
Akfen International BV <sup>(4)</sup>	792,930,205	-
Akfen GPYŞ 1. GMY Fonu	-	2,355,140
	<b>792,930,205</b>	<b>2,355,140</b>

Non-current other payables to related parties:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Akfen International BV <sup>(4)</sup>	-	1,251,782,338
	-	<b>1,251,782,338</b>

<sup>(4)</sup> The Other payables balance owed to Akfen International BV as of December 31, 2023 and 2022 consists of Long-term debts incurred by the Group for its villa project in Bodrum Yalıkavak and the acquisition of Göklüman shares Interest is applied to this debt (2023: USD 15%, 2022: USD 15% - 51%), and the debts received from Akfen International on September 14, 2022, and December 29, 2022, along with accumulated interest, will be paid in full.

Prepaid expense from related parties

	DECEMBER 31, 2023	DECEMBER 31, 2022
Akfen İnşaat <sup>(5)</sup>	-	28,584,836
	-	<b>28,584,836</b>

<sup>(5)</sup> It consists of the construction advances given for the project that Akfen GYO plans to develop on the Yalıkavak land.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## RELATED PARTY DISCLOSURES (cont'd)

### 5.2. Related party transactions

#### a) Rent expense/payments

	JANUARY 1 - DECEMBER 31, 2023	JANUARY 1 - DECEMBER 31, 2022
Isparta Şehir Hastanesi (Isparta Yurt)	2,964,150	2,780,239
Akfen GPYŞ 1. GMY Fonu (Merkez Ofis)	1,151,073	432,610
	<b>4,115,223</b>	<b>3,212,849</b>

#### b) Rent incomes

	JANUARY 1 - DECEMBER 31, 2023	JANUARY 1 - DECEMBER 31, 2022
Akfen Turizm (Bodrum Loft)	62,886,180	55,532,726
	<b>62,886,180</b>	<b>55,532,726</b>

#### c) Interest income

	JANUARY 1 - DECEMBER 31, 2023	JANUARY 1 - DECEMBER 31, 2022
Akfen Holding	1,558,042	7,898
Akfen Turizm	-	1,243,503
	<b>1,558,042</b>	<b>1,251,401</b>

#### d) Interest expense

	JANUARY 1 - DECEMBER 31, 2023	JANUARY 1 - DECEMBER 31, 2022
Akfen International	42,538,423	8,256,947
Akfen GPYŞ 1. GMY Fonu	-	136,828
	<b>42,538,423</b>	<b>8,393,775</b>

#### e) Purchase of share

	JANUARY 1 - DECEMBER 31, 2023	JANUARY 1 - DECEMBER 31, 2022
Akfen Holding (Note 3)	22,944,086	-
	<b>22,944,086</b>	-

On May 2, 2023, Akfen GYO acquired 1.27% of Akfen Karaköy shares belonging to Akfen Holding for TRY 22,944,086.

#### f) Ongoing construction progress payments

	JANUARY 1 - DECEMBER 31, 2023	JANUARY 1 - DECEMBER 31, 2022
Akfen İnşaat	205,648,065	-
	<b>205,648,065</b>	-

The ongoing construction progress payments for Akfen Construction consist of progress payment invoices received within the scope of the Group's Yalıkavak project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

## RELATED PARTY DISCLOSURES (cont'd)

### 5.2. Related party transactions (cont'd)

#### g) Other expenses

	JANUARY 1 - DECEMBER 31, 2023	JANUARY 1 - DECEMBER 31, 2022
Akfen Holding (*)	2,563,433	-
	<b>2,563,433</b>	<b>-</b>

(\*) It consists of expense reflections.

#### h) Purchase of subsidiary share

	JANUARY 1 - DECEMBER 31, 2023	JANUARY 1 - DECEMBER 31, 2022
Akfen GPYŞ 1. GMY Fonu (*)	-	785,966,822
	<b>-</b>	<b>785,966,822</b>

(\*) Akfen GYO has purchased 100% shares of Gökliman from Akfen GYPS 1. GMY Fonu on December 29, 2022 for a consideration of TRY 785,966,822.

#### i) Remuneration of top management

	JANUARY 1 - DECEMBER 31, 2023	JANUARY 1 - DECEMBER 31, 2022
Remuneration of top management (*)	21,363,594	6,708,108
	<b>21,363,594</b>	<b>6,708,108</b>

(\*) Top management of the company consists of Independent Members of the Board of Directors, General Manager and Assistant General Managers

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

## 6. CASH AND CASH EQUIVALENTS

	DECEMBER 31, 2023	DECEMBER 31, 2022
Cash on hand	187,184	120,325
Cash at banks	2,044,871,954	191,914,951
- Demand deposits	132,821,861	148,456,441
- Time deposits	1,912,050,093	43,458,510
Other cash and cash equivalents(*)	130,519,816	-
Impairment	(213,866)	(6,345)
<b>Cash and cash equivalents</b>	<b>2,175,365,088</b>	<b>192,028,931</b>
Impairment	213,866	6,345
<b>Cash and cash equivalents in cash flow statement</b>	<b>2,175,578,954</b>	<b>192,035,276</b>

(\*) As of December 31, 2023, all other cash and cash equivalents consist of daily mutual funds owned by the Company (December 31, 2022: None). As of December 31, 2023, profits from the sale of securities were recognized under income from investment activities in the amount of TRY 5,000,099 (Note 27) (December 31, 2022: None).

### Demand deposits

As of December 31, 2023 and 2022 demand deposits are comprised of the following currencies:

	DECEMBER 31, 2023	DECEMBER 31, 2022
TRY	121,592,621	750,616
Euro	6,937,616	146,718,060
US Dollar	4,288,179	977,456
Russian Rubble	3,445	10,310
<b>Total demand deposits</b>	<b>132,821,861</b>	<b>148,456,442</b>

### Time deposits

As of December 31, 2023 and 2022, TRY equivalent of time deposits in terms of currency is as follows:

CURRENCY	MATURITY	INTEREST RATE	DECEMBER 31, 2023
TRY	January 2024	20%-44%	967,374,235
US Dollar	January 2024	0.75%	924,359,480
Russian Rubble	January 2024	9.5%	20,316,378
<b>Total</b>			<b>1,912,050,093</b>
CURRENCY	MATURITY	INTEREST RATE	DECEMBER 31, 2022
Russian Rubble	January 2023	5.5% - 6.0%	38,627,168
TRY	January 2023	13.0% - 16.0%	4,831,342
<b>Total</b>			<b>43,458,510</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 6. CASH AND CASH EQUIVALENTS

### Short and long term financial investments

As of December 31, 2022 and 2021 short and long term financial assets are comprised of the following currencies (December 31, 2023: None):

Short term financial investments:

CURRENCY	MATURITY	INTEREST RATE	DECEMBER 31, 2023	DECEMBER 31, 2022
Russian Rubble	2023	5.00%	-	30,440,329
<b>Total</b>			<b>-</b>	<b>30,440,329</b>

As of December 31, 2022 short-term financial investments consist of the bank balance in the blocked time deposit account with 5% interest to be used in the repayment of the Group's restructured loans related to Russia projects, the details of which are specified in Note 7 Financial Liabilities.

## 7. FINANCIAL LIABILITIES

	DECEMBER 31, 2023	DECEMBER 31, 2022
<b>Current financial liabilities</b>	<b>632,273,381</b>	<b>447,640,650</b>
Current portion of long-term secured bank borrowings	544,216,220	419,102,621
Teminatlı Long term finansal kiralama borçlanmalarının Short term kısımları	62,535,870	-
Current portion of long-term secured lease liabilities	25,521,291	28,538,029
<b>Non-current financial liabilities</b>	<b>4,361,335,349</b>	<b>4,090,674,168</b>
Long-term secured bank borrowings	4,221,634,421	3,997,630,129
Teminatlı Long term finansal kiralama borçlanmaları	61,140,196	-
Long-term secured lease liabilities	78,560,732	93,044,039
<b>Total financial liabilities</b>	<b>4,993,608,730</b>	<b>4,538,314,818</b>

The summary information on the book and nominal values of the Group's bank loans as of December 31, 2023 and 2022 is as follows:

### December 31, 2023

#### Book value

CURRENCY	NOMINAL INTEREST RATE	ORIGINAL AMOUNT	SHORT TERM	LONG TERM	TOTAL
EUR <sup>(1)</sup>	%6,00 + euribor <sup>(1)</sup>	56,057,910	226,218,414	1,603,096,954	1,829,315,368
EUR <sup>(2)</sup>	%6,00 + euribor <sup>(1)</sup>	32,198,453	155,446,987	895,272,249	1,050,719,236
EUR <sup>(3)</sup>	%6,00 + euribor <sup>(1)</sup>	13,171,626	55,015,032	374,809,365	429,824,397
Ruble <sup>(4)</sup>	6,00%	2,165,031,737	56,479,530	653,797,765	710,277,295
USD <sup>(5)</sup>	7,00%	25,285,910	51,056,256	694,658,089	745,714,345
TRY <sup>(6)</sup>	31,5%	123,676,065	62,535,871	61,140,195	123,676,066
			<b>606,752,090</b>	<b>4,282,774,617</b>	<b>4,889,526,707</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 7. FINANCIAL LIABILITIES (cont'd)

## Nominal value

CURRENCY	NOMINAL INTEREST RATE	ORIGINAL AMOUNT	SHORT TERM	LONG TERM	TOTAL
EUR <sup>(1)</sup>	6,00% + euribor <sup>(1)</sup>	49,453,586	72,960,348	1,540,838,732	1,613,799,080
EUR <sup>(2)</sup>	6,00% + euribor <sup>(1)</sup>	28,756,152	63,833,682	874,554,332	938,388,014
EUR <sup>(3)</sup>	6,00% + euribor <sup>(1)</sup>	11,737,195	18,850,919	364,164,258	383,015,177
Ruble <sup>(4)</sup>	6,00%	2,007,607,707	3,006,940	655,624,593	658,631,533
USD <sup>(5)</sup>	7,00%	22,593,434	-	737,282,501	737,282,501
TRY <sup>(6)</sup>	31,5%	118,000,000	36,386,730	81,613,270	118,000,000
			<b>195,038,619</b>	<b>4,254,077,686</b>	<b>4,449,116,305</b>

## December 31, 2022

## Book value

CURRENCY	NOMINAL INTEREST RATE	ORIGINAL AMOUNT	SHORT TERM	LONG TERM	TOTAL
EUR <sup>(1)</sup>	6,00% + euribor <sup>(1)</sup>	55,518,435	178,482,353	1,648,433,358	1,826,915,711
EUR <sup>(2)</sup>	6,00% + euribor <sup>(1)</sup>	33,046,223	133,920,079	953,514,480	1,087,434,559
EUR <sup>(3)</sup>	6,00% + euribor <sup>(1)</sup>	13,328,127	49,815,701	388,765,901	438,581,602
Ruble <sup>(4)</sup>	6,00%	2,426,678,116	56,884,488	1,006,916,390	1,063,800,878
			<b>419,102,621</b>	<b>3,997,630,129</b>	<b>4,416,732,750</b>

## Nominal value

CURRENCY	NOMINAL INTEREST RATE	ORIGINAL AMOUNT	SHORT TERM	LONG TERM	TOTAL
EUR <sup>(1)</sup>	6,00% + euribor <sup>(1)</sup>	52,942,280	52,178,236	1,689,965,303	1,742,143,539
EUR <sup>(1)</sup>	6,00% + euribor <sup>(1)</sup>	31.574.482	56.537.325	982.467.407	1.039.004.732
EUR <sup>(1)</sup>	6,00% + euribor <sup>(1)</sup>	12.790.870	19.743.882	401.158.497	420.902.379
Ruble <sup>(4)</sup>	6,00%	2.296.428.469	7.652.476	999.049.898	1.006.702.374
			<b>136.111.919</b>	<b>4.072.641.105</b>	<b>4.208.753.024</b>

<sup>(1)</sup> As of December 31, 2023, the Euribor interest rate is 3.956% (December 31, 2022: 1.543%). On November 11, 2021, an interest rate swap was made for 75% of the loans in Akfen GYO, Akfen Karaköy and Akfen GT companies at a rate of 0.673% for euribor until the loan maturity. After the early loan closure in 2022, this ratio was 77% of the loans for Akfen GYO and Akfen GT, and 75% of the loans for Akfen Karaköy. The interest rate swap transaction was closed on February 16, 2023 after collecting from the creditor in the amount of TRY 248,495,510 equivalent to EUR 8,200,000.

<sup>(2)</sup> Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and land, building and equipment of Ankara Esenboğa, EsenDormitory and Adana and the land on which hotel is being built in Tuzla are pledged in favor of the creditors,
- Rent revenue of related hotels is alienated in favor of the creditor,
- The bank accounts opened in bank and financial corporations under related projects are pledged to the favor of creditor,
- Some portion of the shares of Akfen GYO which are not publicly open, of Akfen Mühendislik – shareholder of the Group has been pledged to the favor of creditor.

<sup>(2)</sup> The Group has agreed with its existing creditors on the restructuring of its existing loan debt with a maturity of 10 years. An agreement was reached on 18 December 2020 and the relevant transactions were carried out as of 14 July 2021 as planned and agreed with the creditors. In general, the loan disbursement is the same as the previous contract, and the loan of EUR 9,500,000 in Russian companies has been transferred to Akfen GT and the loan maturity has been extended to December 30, 2030. In general, the loan disbursement is the same as the previous contract, and the loan of EUR 9,500,000 in Russian companies has been transferred to Akfen GT and the loan maturity has been extended to December 30, 2030.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

## 7. FINANCIAL LIABILITIES (cont'd)

*Bank borrowings obtained with this agreement is secured by the followings:*

- *Some portion of the shares which are non-public shares , of Akfen Holding – shareholder of the Group has been pledged to the favor of creditor,*
- *Akfen GYO's shares in Akfen GT and all shares in Akfen Karaköy are pledged in favor of the creditor, and Akfen GYO has corporate guarantee in amount of the loan.,*
- *Rent revenue of Merit Park Hotel is alienated in favor of the creditor,*
- *Right of tenancy of Merit Park Hotel is pledged in favor of the creditors in the 1st degree.*

<sup>(3)</sup> *The Group has agreed with its existing creditors on the restructuring of its existing loan debt with a maturity of 10 years. An agreement was reached on 18 December 2020 and the relevant transactions were carried out as of 11 April 2021 in this context as planned and agreed with the creditors. In general, the loan term is the same as the previous contract, and the loan maturity has been extended to December 30, 2030.*

*The loans used within the scope of the contract are secured within the following issues:*

- *Some portion of the shares which are not publicly open, of Akfen Holding – shareholder of the Group has been pledged to the favor of creditor and right of tenancy of Merit Park Hotel are pledged in favor of the creditors in the 2nd degree,*
- *Rent revenue of Novotel İstanbul Bosphorus, Karaköy is alienated in favor of the creditor,*

<sup>(4)</sup> *The Group has reached an agreement with its existing creditors on the restructuring of the existing loan debt until 2030 (2033 with 3 year extension option) on December 18, 2020, and the related transactions as of September 3, 2021 in this scope of the loan agreements have been carried out as planned and agreed with the creditors. EUR 9,500,000 of the loans of companies in Russia were transferred to Akfen GT and all loans in Russian companies were converted from Euro to Ruble. The interest rate of the loan in ruble basis was determined as 6% for the first 2 years, 9.8% for the next 8 years and mosprime (3 months) + 5% for the remaining periods, and the loan maturity was extended until October 28, 2033.*

*Bank borrowings obtained with this agreement is secured by the followings:*

- *Some of Akfen Holding's non-public shares in Akfen GYO are pledged in favor of the lender, and Akfen GT has given a surety equal to the loan amount used.*
- *The shares and operating rental income of Russian companies are pledged in favor of the lender.*
- *As of December 31, 2022, the amount in the account of Russian companies for the repayment of the loans in blocked time deposits with the restructuring is TRY 18,474,109 (December 31, 2021: TRY 17,217,528).*
- *The lands and hotel buildings belonging to the Group on which Ibis Hotel Yaroslavl, Ibis Hotel Samara, Samara Ofis, Ibis Hotel Kaliningrad and Ibis Hotel Moscow are built have also been given as mortgages in favor of the lenders.*

<sup>(5)</sup> *On November 1, 2021, Fıratcan Tourism used a project loan of USD 25,000,000. The interest rate of the loan in question is 7%, the term is 5 years, and the principal will be paid at the end of the term. Akfen International is the guarantor for the loan.*

<sup>(6)</sup> *On June 2, 2023, Fıratcan Turizm used a leasing loan of TRY 120,000,000, with a maturity of 3 years, with a down payment of TRY 2,000,000 and a 6-month non-refundable interest rate of 31.5% after a down payment of TRY 2,000,000 for the Söğütlüçeşme Project investment. Akfen Construction has a guarantee for the borrowing in question.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 7. FINANCIAL LIABILITIES (cont'd)

The repayment schedule of book value of bank loans and lease payment is as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Less than 1 year	606,752,090	419,102,621
1 - 2 years	509,735,908	369,183,301
2 - 3 years	1,064,554,303	365,062,635
3 - 4 years	398,100,081	387,037,850
4 - 5 years	413,272,631	409,472,215
5 years and over	1,897,111,694	2,466,874,128
<b>Total financial liabilities</b>	<b>4,889,526,707</b>	<b>4,416,732,750</b>

The repayment schedule of nominal value of bank loans is as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Less than 1 year	195,038,619	136,111,919
1 - 2 years	238,043,705	172,651,873
2 - 3 years	988,728,665	207,282,630
3 - 4 years	275,273,444	273,854,893
4 - 5 years	343,608,535	343,492,926
5 years and over	2,408,423,337	3,075,358,783
<b>Total financial liabilities</b>	<b>4,449,116,305</b>	<b>4,208,753,024</b>

The movements of the financial liabilities in the period of January 1- December 31, 2023 and 2022 are as follows:

	2023	2022
<b>January 1</b>	4,416,732,750	5,198,009,893
Cash outflows from debt repayment	(315,163,533)	(229,351,033)
Interest paid	(332,961,189)	(282,872,799)
Accrual	715,408,958	512,223,962
Foreign exchange loss	1,630,919,960	1,014,020,903
Foreign currency conversion difference	124,707,131	372,334,964
Effect of acquisitions (Not 3)	1,065,644,675	-
Monetary gain	(2,415,762,045)	(2,167,633,140)
<b>December 31</b>	<b>4,889,526,707</b>	<b>4,416,732,750</b>

### Operational lease liabilities

The Group has started to apply TFRS 16 as of January 1, 2019 and since the fair value of investment properties developed on the Group's leased land has been deducted from the estimated cash flows, the discounted values of the lease amounts to be paid related to the lands are classified under operational lease liabilities.

The details of operating lease liabilities are as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Less than 1 year	25,771,633	28,538,029
1 - 5 years	91,229,538	128,074,579
5 years and over	845,885,677	1,267,442,545
Less: Financial expense for future periods	(858,804,825)	(1,302,473,085)
<b>Total operational lease liabilities</b>	<b>104,082,023</b>	<b>121,582,068</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 7. FINANCIAL LIABILITIES (cont'd)

The movements of the lease liabilities in the period of December 31, 2023 and 2022 are as follows:

	2023	2022
<b>January 1</b>	121,582,068	172,353,477
<i>Interest expense</i>	32,743,434	31,262,595
<i>Foreign exchange loss</i>	10,709,304	8,022,046
<i>Payments</i>	(41,977,479)	(43,412,491)
<i>Adjustments</i>	13,904,193	17,500,280
<i>Satış amaçlı sınıflandırılan yükümlülük etkisi (Not 21)</i>	(1,421,148)	-
<i>Effect of acquisitions (Not 3)</i>	27,304,270	-
<i>Monetary gain</i>	(58,762,619)	(64,143,839)
<b>December 31</b>	<b>104,082,023</b>	<b>121,582,068</b>

## 8. DERIVATIVE INSTRUMENTS

The Group provides protection from foreign exchange risk on the balance sheet by borrowing in the same currency against foreign currency risks arising from foreign currency sales amounts to be realized in the future within the scope of the contracts it has signed.

In this context, the repayments of foreign currency borrowings that are subject to hedge accounting and designated as a hedging tool are made with foreign currency sales cash flows, which are realized on close dates and determined as hedged items within the scope of hedge accounting. Accordingly, on May 15, 2012, a lease agreement was signed between the parties for the 20-year lease of the 5-star Merit Park Hotel, located in TRNC / Kyrenia, in the Akfen GT portfolio, together with the casino and all its outbuildings and the Group has protected against exchange rate risks for the repayment of foreign currency borrowings based on its amount.

Due to the signed sales contract of Merit Park Hotel, the hedge accounting related to the mentioned risk has been cancelled as of June 30, 2023, and the derivative asset with a total value of 397,329,261 TRY, which was accounted for as an expense in the fair value losses of derivative financial instruments, for the year ending December 31, 2023 (Note 29)

Within the scope of the currency risk management strategy it has determined, the Group applies hedge accounting to hedge the unrecorded firm fair value risk currency risk component and aims providing a healthier income statement by netting the exchange rate fluctuations that have occurred on the hedged item and the hedging instrument that have not yet been realized.

The Group takes care to maintain a 100% hedging ratio and hedging efficiency between 70% and 130% within the scope of the hedge accounting it has established, and as of December 31, 2022, the hedging ratio is 108% and the hedging efficiency is %90 (December 31, 2023: None).

As of December 31, 2023 and 2022, derivative financial assets are as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Derivative instruments for short term hedging	-	84,531,005
Derivative instruments for long term hedging	-	541,812,772
	-	<b>626,343,777</b>

For the purposes of hedging accounting, the Group's profit or loss statement for the year ended December 31, 2023 accounted for a fair appreciation of TRY 26,373,143 under financing income (December 31, 2022: TRY 307,037,023) (Note 27).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**8. DERIVATIVE INSTRUMENTS (cont'd)**

In addition, on November 11, 2021, interest rate swap transactions were made at the rate of 0,673% for euribor until the loan maturity for 75% of the loans in Akfen GYO, Akfen Karaköy and Akfen GT companies. After the early loan closure in 2022, this rate was 77% for Akfen GYO and Akfen GT, and 75% for Akfen Karaköy.

The aforementioned interest rate swap transaction was settled by collecting 248,495,510 TRY from the creditor in exchange for 8,200,000 EUR on February 16, 2023. The difference of 50,963,740 TRY between the fair value of derivative assets related to the interest rate swap transaction as of December 31, 2022, and the collection made for the cancellation of said swap transaction has been accounted for under finance expenses (Note 29) (December 31, 2022: None).

In addition, the EUR exchange rates for the total EUR 13,000,000 in EUR to be made on July 14 and October 13, 2023 with the exchange rate swap transaction made by Akfen GYO and Akfen Karaköy at the end of 2022 were fixed at 23.79 and 25.51, respectively. The derivative asset in question was closed as of December 31, 2023 (December 31, 2022: None) and the Group's profit or loss statement for the year ended December 31, 2023 accounted for a fair value increase of TRY 79,239,994 under financing income (December 31, 2022: TRY 420,955,978). On July 14, 2023, EUR 5,000,000 of exchange rate clearing and on October 13, 2023, EUR 8,000,000 of exchange rate clearing transactions were executed at the exchange rate specified in the contract as of the reporting date.

As of December 31, 2023 and 2022, the assets/(liabilities) arising from interest rate swap transactions are as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022	
Derivative assets	-	332,203,125	
<b>Total</b>	<b>-</b>	<b>332,203,125</b>	
	<b>DECEMBER 31, 2022</b>		
	<b>CURRENCY</b>	<b>ORIGINAL CONTRACT VALUE</b>	<b>ASSET</b>
Derivative assets (Interest rate swap)	EUR	74,769,828	332,203,125
<b>Total</b>			<b>332,203,125</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 9. TRADE RECEIVABLES AND PAYABLES

### a) Short term trade receivables

As of December 31, 2022 and 2021, short-term trade receivables comprised the followings:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Trade receivables from related parties (Note 5)	11,414,889	8,902,996
Trade receivables from third parties <sup>(1)</sup>	228,935,666	199,074,727
	<b>240,350,555</b>	<b>207,977,723</b>

<sup>(1)</sup> As of December 31, 2023, trade receivables from non-related parties amounted to TRY 172,120,831 (December 31, 2022: TRY 160,430,363) As of December 31, 2023, trade receivables from third parties amounted to TRY 172,120,831 (December 31, 2022: TRY 160,430,363) and TRY 42,503,155 (December 31, 2022: TRY 29,907,438) are transferred to Tamaris Turizm A.Ş., the operator of hotels in Turkey, and Russian Management Hotel Company, the operator of hotels in Russia, respectively, and On December 31, 2022, TRY 7,466,972 (December 31, 2023: None) consists of receivable balances from Merit Kıbrıs Turizm Limited, the operator of Merit Park Hotel in the TRNC, based on hotel rental income. The average maturity of trade receivables from Tamaris Tourism Inc. and Russian Management Hotel Company is 45 days.

### b) Short and long-term trade payables

As of December 31, 2023 and 2022, short-term trade payables comprise the followings:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Trade payables to related parties (Note 5)	41,022,484	10,495,748
Trade payables to third parties	17,769,151	7,786,518
- Other expenses accruals	11,246,715	723,638
- Other trade payables	6,522,436	7,062,880
	<b>58,791,635</b>	<b>18,282,266</b>

As of December 31, 2023 and 2022, long-term trade payables comprise the followings:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Trade payables to related parties (Note 5)	-	7,982,943
	-	7,982,943

## 10. OTHER RECEIVABLES AND PAYABLES

### a) Other current receivables

As of December 31, 2023 and 2022, other current receivables are comprised of the followings:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Other receivables from third parties	81,771	2,276,957
- Other receivables from the tax office <sup>(1)</sup>	-	2,267,775
- Other	81,771	9,182
	<b>81,771</b>	<b>2,276,957</b>

<sup>(1)</sup> It consists of VAT receivables related to the Isparta Dormitory project as of December 31, 2022.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 10. OTHER RECEIVABLES AND PAYABLES (cont'd)

### b) Other non-current receivables

As of December 31, 2023 and 2022, other non-current receivables are comprised of the followings:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Deposits and guarantees given	1,242,340	603,461
Other receivables <sup>(1)</sup>	-	256,122,735
	<b>1,242,340</b>	<b>256,726,196</b>

<sup>(1)</sup> As of December 31, 2022 and 2021, other non-current receivables are comprised of capital receivables of Akfen GT related to capital paid on behalf other shareholders of Akfen Karaköy. Interest in accordance with the market conditions is charged on the aforementioned receivable amount. (December 31, 2023: None).

### c) Other current payables

	DECEMBER 31, 2023	DECEMBER 31, 2022
Other payables to related parties (Note 5)	792,930,205	2,355,140
Other payables to third parties	53,988,085	33,363,055
-Taxes and funds payable	53,210,894	33,205,347
-Social security premiums payable	760,569	157,708
-Other	16,622	-
	<b>846,918,290</b>	<b>35,718,195</b>

### d) Other non-current payables

	DECEMBER 31, 2023	DECEMBER 31, 2022
Other payables to related parties (Note 5)	-	1,251,782,338
	-	<b>1,251,782,338</b>

## 11. INVESTMENT PROPERTIES

### Investment property and investment property under development

As of December 31, 2023 and 2022, details of investment property and investment property under development are as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Operating investment properties	13,883,394,916	16,243,974,163
Lands	3,066,230,000	1,256,121,628
Right of use lands	94,787,816	114,400,648
<b>Total</b>	<b>17,044,412,732</b>	<b>17,614,496,439</b>

As of December 31, 2022 and 2021 movements in operating investment property and lands are as follows:

	2023	2022
<b>January 1</b>	<b>17,500,095,791</b>	<b>16,720,916,009</b>
Additions	349,125,547	5,305,540
Fair value increase, net	492,709,707	3,264,317
Currency translation difference	(566,229,524)	(214,642,935)
Effect of non-current assets held for sale(Not 21)	(2,660,130,000)	985,252,860
Effect of acquisitions (Note 3)	1,834,053,395	-
<b>December 31</b>	<b>16,949,624,916</b>	<b>17,500,095,791</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

## 11. INVESTMENT PROPERTIES

### *Investment property and investment property under development*

As of December 31, 2023 and 2022, details of investment property and investment property under development are as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Operating investment properties	13,883,394,916	16,243,974,163
Lands	3,066,230,000	1,256,121,628
Right of use lands	94,787,816	114,400,648
<b>Total</b>	<b>17,044,412,732</b>	<b>17,614,496,439</b>

As of December 31, 2022 and 2021 movements in operating investment property and lands are as follows:

	2023	2022
<b>January 1</b>	<b>17,500,095,791</b>	<b>16,720,916,009</b>
Additions	349,125,547	5,305,540
Fair value increase, net	492,709,707	3,264,317
Currency translation difference	(566,229,524)	(214,642,935)
Effect of non-current assets held for sale(Not 21)	(2,660,130,000)	985,252,860
Effect of acquisitions (Note 3)	1,834,053,395	-
<b>December 31</b>	<b>16,949,624,916</b>	<b>17,500,095,791</b>

The fair values of the Group's investment properties have been calculated by a real estate appraisal company which is listed in the "Real Estate Appraisal Firms" registered to the CMB as of December 31, 2023 and 2022. The fair values of the operating investment properties of which right of buildings are held, are determined as the present value of aggregate of the estimated cash flows expected to be received from renting out the property and the fair values of the investment properties which the Group owns, are determined as the present value of aggregate of the estimated cash flows for the period of lease agreement made with ACCOR S.A. In the valuation process, a projection period which fits to the lease term for right of tenancy of each hotels is taken into consideration. The fair value is calculated by discounting the estimated cash flows at a rate which is appropriate for the risk level of the economy, market and the business to determine its present value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**11. INVESTMENT PROPERTIES (cont'd)**

As of December 31, 2023 and 2022, the fair values of operating investment properties in Turkey, Russia and Northern Cyprus are as follows:

PROPERTY	DECEMBER 31, 2023		DECEMBER 31, 2022	
	DATE OF APPRAISAL REPORT	FAIR VALUE	DATE OF APPRAISAL REPORT	FAIR VALUE
Novotel İst. Bosphorus, Karaköy <sup>(1)</sup>	December 31, 2023	3,071,880,000	December 31, 2022	2,769,519,693
Ibis Hotel ve Novotel Zeytinburnu <sup>(1)</sup>	December 31, 2023	2,069,260,000	December 31, 2022	1,947,022,715
Söğütlüçeşme Project <sup>(1)(*)</sup>	December 31, 2023	1,836,230,000	-	-
Kıyıkışla Arsası <sup>(**)</sup>	December 31, 2023	1,230,000,000	December 14, 2022	1,256,121,628
Bodrum Loft <sup>(1)</sup>	December 31, 2023	1,202,600,000	December 31, 2022	1,252,900,318
Ibis Hotel Moskova <sup>(1)</sup>	December 31, 2023	918,780,708	December 31, 2022	975,438,988
Novotel Trabzon <sup>(1)</sup>	December 31, 2023	883,080,000	December 31, 2022	804,108,320
Ibis Hotel Tuzla <sup>(2)</sup>	December 31, 2023	709,622,000	December 31, 2022	598,643,082
Ibis Hotel Kaliningrad <sup>(1)</sup>	December 31, 2023	551,824,719	December 31, 2022	616,261,584
Ibis Hotel ve Novotel Gaziantep <sup>(1)</sup>	December 31, 2023	472,970,000	December 31, 2022	312,541,272
Ibis Hotel Alsancak İzmir <sup>(1)</sup>	December 31, 2023	471,507,000	December 31, 2022	315,498,946
Ibis Hotel Adana <sup>(2)</sup>	December 31, 2023	441,210,000	December 31, 2022	272,633,271
Isparta Yurt <sup>(1)</sup>	December 31, 2023	430,200,000	December 31, 2022	611,521,733
Ibis Hotel Yaroslavl <sup>(1)</sup>	December 31, 2023	404,267,347	December 31, 2022	454,008,262
Ibis Hotel Esenyurt <sup>(2)</sup>	December 31, 2023	402,288,000	December 31, 2022	316,319,515
Ibis Hotel ve Novotel Kayseri <sup>(1)</sup>	December 31, 2023	356,030,000	December 31, 2022	302,193,533
Ibis Hotel Samara <sup>(1)</sup>	December 31, 2023	342,182,940	December 31, 2022	316,181,884
Kütahya Yurt <sup>(1)</sup>	December 31, 2023	317,840,000	December 31, 2022	436,318,688
Ibis Hotel Ankara Airport <sup>(2)</sup>	December 31, 2023	299,028,000	December 31, 2022	259,329,506
Ibis Hotel Bursa <sup>(1)</sup>	December 31, 2023	255,542,000	December 31, 2022	210,387,006
Samara Office <sup>(1)</sup>	December 31, 2023	146,441,324	December 31, 2022	182,337,366
Factory Building <sup>(2)(***)</sup>	December 31, 2023	100,031,878	-	-
Ibis Hotel Eskişehir <sup>(1)</sup>	December 31, 2023	36,809,000	December 31, 2022	38,596,409
Merit Park Otel – TRNC Girne <sup>(1)(****)</sup>	-	-	December 31, 2022	3,252,212,072
<b>Total</b>		<b>16,949,624,916</b>		<b>17,500,095,791</b>

<sup>(1)</sup> It consists of real estate on land leased by the Company.

<sup>(2)</sup> It consists of real estate on land owned by the Company.

<sup>(\*)</sup> The remaining 49% of Fıratcan Turizm's shares were purchased on July 18, 2023. After the acquisition, Fıratcan Turizm became a 100% subsidiary of the Company. In the reporting periods prior to the said date, all assets and liabilities of Fıratcan Turizm are considered as investments valued by equity method in the consolidated financial statements.

<sup>(\*\*)</sup> It is the land belonging to Gökliman company purchased on December 29, 2022.

<sup>(\*\*\*)</sup> It is the value of the factory building purchased by Akfen Karaköy in July 2023.

<sup>(\*\*\*\*)</sup> Pursuant to the decision of the Board of Directors of the Company dated April 13, 2023, a transfer agreement was signed between the Company and Merit Kıbrıs Turizm Ltd Şirketi on April 13, 2023 regarding the transfer of the hotel, which has completed its investment in the TRNC and is operated under the title of Merit Park Hotel & Casino. The realization of the contract will be transferred if all necessary legal permissions are obtained. As of December 31, 2023, the value of investment property is classified as Assets held for sale (Note 21).

As of December 31, 2023 and 2022, the fair value of operating investment properties and lands comprises of value of appraisal reports dated December 31, 2023 and 2022.

As of December 31, 2023, total insurance amount on operating investment properties is TRY 14,089,554,501 (December 31, 2022: TRY 11,888,490,330).

As of December 31, 2023, the pledge amount on operating investment property is TRY 7,866,159,532 (December 31, 2022: TRY 10,005,284,113).

As of December 31, 2023 and 2022, in the calculation of the fair values of investment properties, the discount rates for the assets valued in EUR used in the valuation report prepared according to the operating model and leasing model are in the range of 9.75%-12%, the discount rate for the assets valued in TRY is 27% and the discount rate for the assets valued in Ruble is in the range of 13%-15%. Sensitivity analysis regarding the fair values of investment properties is explained in Note 32.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

## 11. INVESTMENT PROPERTIES (cont'd)

### *Right of use lands*

The Group classifies its rights for the lands that are rented to develop investment real estate as investment real estates. In such a case, the rights to the related land are recognized as if it were a financial lease. The fair values of the investment properties developed on the leased land have been deducted from the estimated cash flows to be paid for the rents and therefore the discounted values of rentable rentals related to the related land are accounted for in the investment property and other liabilities accounts.

As of December 31, 2023 and 2022, the movement table of the right of use lands is as follows

	2023	2022
<b>January 1</b>	114,400,648	170,538,429
Fair value increase/(decrease), net	1,839,158	(5,850,003)
Arrangements	(39,328,888)	(50,287,778)
Effect of non-current assets held for sale (Not 21)	(1,139,407)	-
Effect of acquisitions (Note 3)	19,016,305	-
<b>December 31</b>	<b>94,787,816</b>	<b>114,400,648</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 12. PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2023 and 2022, the movement of property and equipment is as follows:

	EQUIPMENT	FURNITURE AND FIXTURES	MOTOR VEHICLES	TOTAL
<b>Cost value</b>				
Balance at January 1, 2022	40,274	3,271,495	19,808,823	23,120,592
Additions	-	65,190	-	65,190
Disposals	-	(39,993)	(947,967)	(987,960)
<b>Balance at December 31, 2022</b>	<b>40,274</b>	<b>3,296,692</b>	<b>18,860,856</b>	<b>22,197,822</b>
<b>Cost value</b>				
Balance at January 1, 2023	40,274	3,296,692	18,860,856	22,197,822
Additions	-	741,398	-	741,398
Effect of non-current assets held for sale	-	(22,655)	-	(22,655)
Disposals	-	(116,269)	-	(116,269)
<b>Balance at December 31, 2023</b>	<b>40,274</b>	<b>3,899,166</b>	<b>18,860,856</b>	<b>22,800,296</b>
<b>Accumulated depreciation</b>				
Balance at January 1, 2022	(40,274)	(1,979,525)	(7,388,783)	(9,408,582)
Depreciation charge for the period	-	(385,555)	(6,708,965)	(7,094,520)
Disposals amortismanı	-	23,988	472,967	496,955
<b>Balance at December 31, 2022</b>	<b>(40,274)</b>	<b>(2,341,092)</b>	<b>(13,624,781)</b>	<b>(16,006,147)</b>
Balance at January 1, 2023	(40,274)	(2,341,092)	(13,624,781)	(16,006,147)
Depreciation charge for the period	-	(427,570)	(5,163,284)	(5,590,854)
Effect of non-current assets held for sale	-	22,655	-	22,655
Disposals amortismanı	-	92,709	-	92,709
<b>Balance at December 31, 2023</b>	<b>(40,274)</b>	<b>(2,653,298)</b>	<b>(18,788,065)</b>	<b>(21,481,637)</b>
<b>Net carrying value</b>				
January 1, 2022	-	1,291,970	12,420,040	13,712,010
<b>December 31, 2022</b>	<b>-</b>	<b>955,600</b>	<b>5,236,075</b>	<b>6,191,675</b>
January 1, 2023	-	955,600	5,236,075	6,191,675
<b>December 31, 2023</b>	<b>-</b>	<b>1,245,868</b>	<b>72,791</b>	<b>1,318,659</b>

As of December 31, 2023 and 2022 there is no pledge on property and equipment. As of December 31, 2023, depreciation expenses amounting to TRY 5,163,284 has been recognized in cost of sales and TRY 427,570 in general administrative expenses (December 31, 2022: TRY 6,681,500 TRY in cost of sales, TRY 413,020 in general administrative expenses).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

### 13. INTANGIBLE ASSETS

As of December 31, 2023 and 2022, the movement of intangible assets is as follows:

Cost value	SOFTWARE
Balance at January 1, 2022	500,985
<b>Balance at December 31, 2022</b>	<b>500,985</b>
Balance at January 1, 2023	500,985
Additions	157,675
<b>Balance at December 31, 2023</b>	<b>658,660</b>
<b>Accumulated amortization</b>	
Balance at January 1, 2022	(288,174)
Depreciation charge for the period	(55,364)
<b>Balance at December 31, 2022</b>	<b>(343,538)</b>
Balance at January 1, 2023	(343,538)
Depreciation charge for the period	(58,770)
<b>Balance at December 31, 2023</b>	<b>(402,308)</b>
<b>Net carrying value</b>	
January 1 2022	212,811
<b>December 31, 2022</b>	<b>157,447</b>
January 1, 2023	157,447
<b>December 31, 2023</b>	<b>256,352</b>

As of December 31, 2023 and 2022 there is no pledge on property and equipment. As of December 31, 2023, depreciation expenses amounting to TRY 5,163,284 has been recognized in cost of sales and TRY 427,570 in general administrative expenses (December 31, 2022: TRY 6,681,500 TRY in cost of sales, TRY 413,020 in general administrative expenses).

### 14. INVENTORIES

The movement of inventories as of December 31, 2023 and 2022 is as follows:

	2023	2022
January 1	675,609,137	865,813
Additions, net	206,266,419	674,743,324
Effect of non-current assets held for sale(Not 21)	(55,329)	-
<b>December 31</b>	<b>881,820,227</b>	<b>675,609,137</b>

Akfen GYO purchased a 22,197 square meter plot of land in Bodrum Yalıkavak on September 15, 2022, with all licenses and permits ready. It is planned to develop and build a villa project on the relevant land and to sell the completed villas. As of December 31, 2023, the entire stock pertains to land acquisition and other costs incurred within the scope of the Group's villa project in Bodrum Yalıkavak (December 31, 2022: TRY 674,999,214 TRY) In the year ending on December 31, 2023, the total stock entry amount is composed solely of expenses related to the Yalıkavak project (December 31, 2022: TRY 673,606,331)

There are no mortgages on inventories as of December 31, 2023 and 2022.

### 15. GOVERNMENT GRANTS AND INCENTIVES

According to the Investment Incentive Law numbered 47/2000, the Group has a 100% of investment allowance on capital expenditures made until December 31, 2008 in TRNC. In this context, the Group recognised this tax advantage as a deferred tax asset in the financial statements. (Note 21).

## 16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The number of cases in which the Group is a party to the lawsuit as of December 31, 2023 is 13 (December 31, 2020: 16) and there are no significant lawsuits that require provisioning at group level.

## 17. COMMITMENT AND CONTINGENCIES

### 17.1. CPM are given by the Group

As of December 31, 2022 and 2021, Group's position related to commitments, pledges and mortgages ("CPM") are as follows:

CPM ARE GIVEN BY THE GROUP	DECEMBER 31, 2023	DECEMBER 31, 2022
<b>A.</b> Total amount of CPM is given on behalf of own legal personality	9,500,567,816	9,735,422,620
<b>B.</b> Total amount of CPM is given in favor of subsidiaries which are fully consolidated	2,986,319,319	3,669,559,866
<b>C.</b> Total amount of CPM is given for assurance of third party's debts to conduct of usual business activities	-	-
<b>D.</b> Total Amount of other CPM	-	-
i. Total amount of CPM is given in favor of parent company	-	-
ii. Total amount of CPM is given in favor of other company companies, which B and C doesn't include	-	-
iii. The amount of CPM is given in favor of third party which C doesn't include	-	-
	<b>12,486,887,135</b>	<b>13,404,982,486</b>

As of December 31, 2023, the balances of the TRIs issued by the Group on behalf of its legal entity in EUR and USD were EUR 283,052,185 and USD 770,424 (December 31, 2022: EUR 283,052,185 and USD 775,223). As of December 31, 2023, the foreign currency balance of the CPM issued by the Group in favor of the partnerships included in the scope of full consolidation is EUR 81,676,585 (December 31, 2022: EUR 95,958,192).

Within the scope of the loans used for each project used from Credit Europe for projects in Russia (Ibis Hotel Samara, Ibis Hotel Yaroslavl, Ibis Hotel Kaliningrad), Akfen GT and Cüneyt Baltaoğlu own 97.72% and 2.28% shares, respectively pledged to lenders.

As of December 31, 2023 and 2022, the CPMs issued by Akfen GYO in favor of the subsidiaries included in the scope of full consolidation consist only of the CPMs issued in favor of its 100% subsidiaries. As of December 31, 2023, EUR 28,756,152 and EUR 7,592,451 (December 31, 2022: EUR 31,574,482 and EUR 12,338,962) of the CPMs issued by the Group in favor of the partnerships included in the scope of full consolidation were TRY 321,000,000 (December 31, 2022: TRY 511,914,510) of the surety granted by Akfen GYO as collateral for the loans used by Akfen GT and Severnyi companies, respectively, which are 100% subsidiaries of Akfen GYO It consists of hostages. The remaining amount is 11,737,194 EUR (December 31, 2022: 12,790,870 EUR) and 12,590,787 EUR

(December 31, 2022: EUR 18,253,878) consists of the guarantee given by Akfen GT as collateral for the loans used by Akfen Karaköy and the Russian company, respectively, and EUR 21,000,000 (December 31, 2022: EUR 21,000,000) consists of the 2nd degree mortgage amount on Merit Park Hotel, which Akfen Karaköy has given as collateral for the loan used. The CPMs granted by the Group were granted in reference to the loans used by the Group for the scope of project financing.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

## 17. COMMITMENT AND CONTINGENCIES (cont'd)

### 17.2. The Group as lessee

As of December 31, 2022, the Group's operating lease agreements as lessee are as follows;

- The Group signed a rent agreement with Finance Ministry of Turkish Republic of Northern Cyprus to lease a land for constructing a hotel in Girne and establishing right of tenancy on July 15, 2003. The lease payments started in 2003 and the payments are made annually. The lease term is 49 years starting from agreement date.
- On December 4, 2003, the Group signed a land lease agreement with the Treasury Treasury for 49 years, starting from November 18, 2002, in order to establish a property right and build a hotel in Zeytinburnu, Istanbul. The lease amount consists of the annual fixed rent to be paid as determined by the Treasury of the Treasury and the rental fee of the facility built on it and 1% of the total annual revenue obtained by the Group from this facility. The final allocation period of the Treasury land has been extended to 49 years as of December 22, 2018, with the approval of the Company's application to the Ministry of Culture and Tourism. Due to the COVID 19 epidemic, the 1% revenue share to be paid over the revenue of 2020 in May 2021 and the easement payments to be paid in November 2021, has been postponed to November 30, 2022.
- The Group signed a rent agreement with Municipality of Eskişehir on August 8, 2005 to lease an incomplete hotel construction site located at Eskişehir for 22 years starting from February 8, 2007. Related lease agreement is expounded in land registry office. The hotel started to be operated in 2007 after the construction was completed. The lease payment is the annually fixed lease amount determined by the agreement and 5% of the total annually revenue generated by the hotel constructed on the land.
- The Group signed a partnership agreement with Trabzon Dünya Ticaret Merkezi A.Ş. and a land lease agreement for 49 years, starting from 27 August 2008, with the purpose of establishing the right of use and building a hotel in Trabzon.
- The Group, with the Kayseri Chamber of Industry on November 4, 2006, with the purpose of establishing the upper usage right and building a hotel in Kayseri, with the lease term starting from March 3, 2010.
- The Group signed a land lease agreement with Gaziantep Metropolitan Municipality on May 31, 2007, for a 30-year lease term, starting from December 3, 2009, in order to establish a property right and build a hotel in Gaziantep.
- The Group signed a rent agreement with Bursa International Textile Trading Centre Business Cooperative on May 9, 2008 to lease a land and to construct a hotel in Bursa. The lease term is 30 years starting from October 6, 2010.
- The Company signed a rent agreement with Prime Ministry General Directorate of Foundations on September 16, 2010 to lease a land and to construct a hotel in İzmir for 49 years starting from the agreement date. The relevant lease agreement was annotated in the Land Registry Office.
- The Group has signed a lease agreement for the land located in Beyoğlu District of Istanbul, within the framework of the 49-year build-operate-transfer model, starting from the date of the lease agreement signed on September 1, 2009 between the 1st Regional Directorate of Foundations and Hakan Madencilik ve Elektrik Üretim Sanayi Ticaret Anonim Şirketi, and took over on June 22, 2011.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 17. COMMITMENT AND CONTINGENCIES (cont'd)

### 17.2. The Group as lessee (cont'd)

- Group signed a lease agreement with Moscow City Administration on April 20, 2010 valid till 24 September 2056 related to land on which Ibis Hotel Moscow was constructed and all object is projected as hotel. An additional lease agreement has been signed on June 2, 2011 related to aforesaid lease agreement.
- The Company signed a land rent agreement with State Treasury on December 1, 2013, to establish the right of use and to construct a 5-star holiday village and units in Muğla Province, Bodrum District, Götürkbükü neighbourhood for 49 years starting from October 1, 2012 to October 1, 2061, for Bodrum Loft Hotel, which the Company added to its portfolio in 2021. The rental amount consists of the fixed rent to be paid annually, determined by the State Treasury, and the rent amounting to 1% of the facility built on it and the total annual revenue of the Company from this facility. This rental agreement was renewed with the Official Deed on March 6, 2019 and extended the rental period until December 21, 2067. Due to the COVID-19 epidemic, 1% revenue share to be paid on the 2020 revenue due in May 2021 has been postponed until November 30, 2022, and the 3rd installment of the allocation fee to be paid on December 25, 2021 has been postponed until November 30, 2022.
- On December 25, 2020, an agreement with Isparta City Hospital for constructing student dormitory with a gross indoor area of 67.000 m<sup>2</sup>, a social life center and a car park on the 178,651.12 m<sup>2</sup> part of the immovable property belonging to Isparta City Hospital in Isparta Province, İstiklal 2 District 9 block, 112 parcel, which the Group added to its portfolio as of February 9, 2021. According to the agreement, the rental period is until July 1, 2042.
- The lease agreement was signed on July 22, 2016 for the purpose of establishing easement rights in order to make the Private Student Dormitory with a closed area of at least 30,000 m<sup>2</sup> and the Social Life Center of at least 2,500 m<sup>2</sup>, parking lot and landscaping on the 24,878 m<sup>2</sup> immovable property located in Kütahya province, Merkez Civli neighborhood 25.1.1-2 section, 15 volumes, 102 island, 2 parcel of which top right belongs to the Dumlupınar university and which the Group has added to its portfolio as of February 9, 2021. The right of easement is 29 years starting from December 16, 2016, and the rental amount consists of the fixed rent to be paid annually as determined by Dumlupınar University and the rent amounting to 1% of the total annual revenue obtained by the facility built on it and the Group from this facility.
- Within the scope of the project of Söğütluçeşme train station High Speed Train Station in Istanbul province, Kadıköy district, Hasanpaşa district, which The Group added to its portfolio as of March 29, 2021, a lease agreement has been signed with TCDD on July 5, 2018 according to the Real Estate Lease Regulation for 2 years of permission and license, 2 years of construction period and 25 years of operation.

### 7.3. The Group as lessor

Other guarantees given by the shareholders and the alienation of rent revenue which will be generated from the hotels are presented at Note 7.

The operating lease agreements of the Group as lessor as of December 31, 2023 are as follows:

- The Group signed a rent agreement with ACCOR S.A. on November 18, 2005 to lease a hotel which was completed in 2007 and started operations in Eskişehir.
- The Group signed a rent agreement with ACCOR S.A. on December 12, 2005 to lease two hotels which were completed in 2007 and started operations in Istanbul.
- The Group signed a rent agreement with ACCOR S.A. on July 26, 2006 to lease a hotel which was completed and started operations in 2008 in Trabzon.
- The Group signed a rent agreement with ACCOR S.A. on March 24, 2008 to lease two hotels which was completed and started operations in 2010 in Kayseri.
- The Group signed a rent agreement with ACCOR S.A. on March 24, 2008 to lease two hotels which was completed and started operations in 2010 in Gaziantep.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 17. COMMITMENT AND CONTINGENCIES (cont'd)

### 17.3. The Group as lessor (cont'd)

- The Group signed a rent agreement with ACCOR S.A. on July 31, 2009 to lease a hotel which is completed and started operations in 2010 in Bursa.
- The Group signed a rent agreement with ACCOR S.A. on September 7, 2010 to lease a hotel which is completed and start its operations in 2012 in Adana.
- The Group signed a rent agreement with ACCOR S.A. on August 16, 2010 to lease a hotel which was completed at the end of 2012 and starts its operations in beginning of 2013 in Esenyurt.
- The Group signed a rent agreement with ACCOR S.A. on February 2, 2011 to lease a hotel which was completed and starts its operations in 2013 in Izmir.
- The Group signed a rent agreement with ACCOR S.A. on December 19, 2012 to lease a hotel which was completed and starts its operations in 2016 in Karaköy.
- The Group signed a rent agreement with ACCOR S.A. on March 28, 2013 to lease a hotel which was completed and starts its operations in 2014 in Ankara Esenboğa.
- The Group signed a rent agreement with ACCOR S.A. on March 1, 2014 to lease a hotel which is planned to complete and starts its operations on April 1, 2017 in Tuzla.

All of the twelve agreements have similar clauses described below;

The agreements are signed with Tamaris Turizm operating in Turkey and owned 100% by ACCOR S.A. and ACCOR S.A. has 100% guarantees over these agreements.

The lease term is sum of the period between the opening date of the hotel and the end of that calendar year plus, twenty five full calendar years with an optional extension of ten years. ACCOR S.A. has the right to terminate the agreement at the end of the fifteenth full fiscal year upon by their mutual agreement. ACCOR S.A. has the right to terminate the agreement, if the Group fails to meet the defined completion date (after 6 months additional period over the completion date). In this case, the parties shall be freed of all mutual obligations, and ACCOR S.A. will receive immediate payment of any due amounts upon the date of termination and liquidated damages up to EUR 750,000. According to Agreement of Nature signed in December 2012, yearly rent amount to be paid by lessee to lessor:Valid starting from January 1, 2013;

- In Ibis Hotel Zeytinburnu, Ibis Hotel Eskişehir, Ibis Hotel Kayseri, Ibis Hotel Gaziantep, Ibis Hotel Bursa, Ibis Hotel Adana, Ibis Hotel Esenyurt and Ibis Hotel Alsancak İzmir, 25% of gross revenue or the higher of 70% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Novotel Zeytinburnu, Novotel Trabzon, Novotel Kayseri and Novotel Gaziantep, 22% of gross revenue or the higher of 70% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Novotel İstanbul Bosphorus, Karaköy, 22% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Ibis Hotel Ankara Airport, 18% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Ibis Hotel Tuzla, 25% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.

AGOP is calculated as Gross Operating Profit ("GOP") corresponding to operational costs borne by ACCOR S.A. and costs related to corresponding to furniture, fixture and equipment (FF&E) reserve fund from GOP.

AGOP rent ratio, which is currentTRYy 70% in Turkey, has increased to 72.5% as of 2016. AGOP rent ratio, which is currentTRYy 70% in Turkey, has increased to 72.5% as of 2016. Annual rent is paid quarterly (January, April, July and October) based on the higher of AGOP ratio or gross revenue ratio actualized in related quarter. Details of the operational agreements signed by the Group as lessor in addition to operating lease agreements signed with ACCOR S.A. in Russia as below:

## 17. COMMITMENT AND CONTINGENCIES (cont'd)

### 17.3. The Group as lessor (cont'd)

- Samstroykom signed a lease agreement for IBIS Hotel building located in Samara, Russia, with Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia. The lease term is 25 years with right of 10 years' of prolongation of ACCOR S.A. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. ACCOR S.A. has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement.
- Severny signed a lease agreement for 317 rooms IBIS Hotel building under operation in Moscow, Russia, with Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia on January 29, 2014. The lease term is 25 years with right of 10 years' of prolongation of ACCOR S.A. The rent shall be equal to 25% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP"). ACCOR S.A. has the right to cancel the lease agreement at the end of fifteenth year of the lease agreement.
- LLC Yaroslavl Otel Invest signed a lease agreement for IBIS Hotel building located in Yaroslavl, Russia, with Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia. The lease term is 25 years with right of 10 years' of prolongation of ACCOR S.A. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. ACCOR S.A. has the right to cancel the lease agreement at the end of 15th year of the lease agreement.
- LLC KaliningradInvest signed a lease agreement for IBIS Hotel building located in Kaliningrad, Russia Russian Management Hotel Company, a company which ACCOR S.A. operates in Russia. The lease term is 25 years with right of 10 years' of prolongation of ACCOR S.A. The rent shall be equal to 75% of the Adjusted Gross Operating Revenue. ACCOR S.A. has the right to cancel the lease agreement at the end of 15th year of the lease agreement.

With the new contract signed on March 18, 2021, the lease agreements of 19 hotels operated by Accor as of January 1, 2021 have been revised so that the rental income is 95% of the operational operating profit (AGOP) of the hotels.

Details of the operational agreements signed by the Group as lessor in addition to operating lease agreements signed with ACCOR S.A. in Turkey Russia as below:

- The lease agreement for the 20-year lease of the 5-star Merit Park Hotel, located in the TRNC/Girne, in the portfolio of Akfen GT, together with the casino and all its outbuildings, was signed between the parties on May 15, 2012 and the beginning of the contract was determined as January 2013. In first 5 year, the rent amount will not increase, from 6th year, the rent will increase if yearly Euribor is less than 2%, in ratio of Euribor, if yearly Euribor is higher than 2%, in ratio of 2%, additional to previous year's rent amount. In the 8th, 9th and 10th years, the new rental amount will be determined by applying an annual Euribor rate increase to the previous year's rental amount. At the end of the 10th year, the parties will discuss the new lease amount and if no agreement is reached, the new lease amount will be determined by applying an annual Euribor rate increase to the previous year's lease amount.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

## 17. COMMITMENT AND CONTINGENCIES (cont'd)

### 17.3. The Group as lessor (cont'd)

- The Group signed a rent agreement for a bar/café and a restaurant in Eskişehir İbis Hotel on at May 11, 2007 and February 1, 2019.
- Volgastroykom leased 1,562 square meters of a total leasable area of 4,637 square meters of the Samara Office in its portfolio through its subsidiary Volgastroykom with an agreement signed to OAO Bank VTB on 1 March 2013. With the additional contract signed on May 1, 2019, the rental period was extended until April 30, 2024. 1,205 square meters of the areas in the same building will be transferred to Hilti Group until September 30, 2025 with the contract signed on August 31, 2018 and the supplemental contract dated July 19, 2022, and the 1,246 square meters section will be transferred to Benchmark company with the contract signed on March 1, 2020 and the supplemental contract dated July 19, 2022 until February 28, 2025, the remaining 624 square meter section was leased to AVITO company until September 30, 2025 with the contract signed on October 1, 2022.
- YaroslavlOtelInvest has signed a lease agreement on August 2, 2014 for use of the shop located in the basement of İbis Hotel Yaroslavl as a gym, and the lease expires on September 30, 2020. Additionally, İbis Hotel Yaroslavl signed a lease agreement on March 1, 2015 for the use of the shop on the ground floor as a flower shop and the lease term is extended for 11 months each year.
- 3 shops (5 independent sections) in Novotel Istanbul Bosphorus (Karaköy) were rented on October 10, 2018, January 31, 2019 and July 1, 2020, respectively
- A commercial area in Kütahya Dormitory was rented for 4 years with the contract signed in October 2019, and a commercial area for 2 years with the contract signed in December 2021.
- As of July 2023, the factory building, which has been purchased by Akfen Karaköy and is included in the Group's portfolio as of December 31, 2023, has been leased for a period of 10 years.

## 18. EMPLOYEE TERMINATION BENEFITS

	DECEMBER 31, 2023	DECEMBER 31, 2022
Provision for vacation pay liability-short term	2,017,451	1,395,065
Provision for employee termination benefits-long term	1,976,493	1,489,954
	<b>3,993,944</b>	<b>2,885,019</b>

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 indemnities are calculated based on the wage on the date of the termination of the employment and the salary of 30 days for each year worked (As of December 31, 2023 and 2022, the ceiling of severance payments is TRY 23.490 /year and TRY 15,371/year, respectively).

In accordance with TAS 19 "Employee Benefits", it is required to use actuarial valuation methods in estimating the liability related with current retirement plans of the Company. The Company has calculated the provision for employee termination indemnity using the "Projected Unit Cost Method" in accordance with TAS 19 and based on its experience in the personnel service period completion and obtaining the termination indemnity right and reflected in the financial statements. Provision for employee termination indemnity is calculated by considering the net present value of the total amount of the liability arising due to retirement of all employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

## 18. EMPLOYEE TERMINATION BENEFITS (cont'd)

As of December 31, 2023 and 2022, the liability is calculated using the following assumptions:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Net discount rate	3.00%	2.06%
Anticipated retirement turnover rate	100.00%	100.00%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied reflects the expected realization of the inflation rate. As the termination indemnity provision is issued every six months, is calculated over the ceiling amounting to TRY 35,059 which is effective from July 1, 2024. (December 31, 2022: TRY 19,983 effective from January 1, 2023). Provision for employee termination indemnity is calculated by taking into account the net present value of the total amount of the liability arising due to retirement of all employees.

Movement of provision for employee termination benefits is as follows:

	2023	2022
January 1	1,489,954	972,012
Interest and service costs	912,125	1,123,361
Payments	(234,128)	(99,962)
Effect of acquisitions (Note 3)	723,805	-
Monetary gain	(915,263)	(505,457)
<b>December 31</b>	<b>1,976,493</b>	<b>1,489,954</b>

Movement of vacation pay liability is as follows:

	2023	2022
January 1	1,395,065	1,208,830
Increase in current period	1,477,558	753,566
Payments	(748,796)	-
Effect of acquisitions (Note 3)	740,139	-
Monetary gain	(846,515)	(567,331)
<b>December 31</b>	<b>2,017,451</b>	<b>1,395,065</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 19. PREPAID EXPENSES AND DEFERRED REVENUE

### a) Short term prepaid expenses

	DECEMBER 31, 2023	DECEMBER 31, 2022
Prepaid expenses from related parties (Note 5)	-	28,584,836
Prepaid expenses from third parties	203,186,879	12,844,673
- Prepaid expenses <sup>(1)</sup>	198,130,880	8,561,377
- Advances given to suppliers	4,622,917	3,979,830
- Job advances	433,082	303,466
	<b>203,186,879</b>	<b>41,429,509</b>

### b) Long term prepaid expenses

	DECEMBER 31, 2023	DECEMBER 31, 2022
Prepaid expenses <sup>(2)</sup>	45,088,290	61,650,134
	<b>45,088,290</b>	<b>61,650,134</b>

<sup>(1)</sup> As of December 31, 2023 and 2022, a significant part of the order advances consist of advances related to the construction works of the Söğütluçeşme project.

<sup>(2)</sup> As of December 31, 2023, TRY 42,107,516 of the expenses for the coming months and future years (December 31, 2022: TRY 43,587,872) are the parts of the advance rental fees paid for the transfer of the land lease agreement of Novotel Istanbul Bosphorus, Karaköy of Akfen Karaköy, and a significant part of the remaining amount consists of the expenses of the Group's insurance policies for future periods and other land rental expenses paid in advance.

### c) Short term deferred revenue

	DECEMBER 31, 2023	DECEMBER 31, 2022
Domitory incomes	2,542,989	2,715,227
Other <sup>(1)</sup>	1,903,686	2,541,302
	<b>4,446,675</b>	<b>5,256,529</b>

<sup>(1)</sup> As of December 31, 2023 and 2022, all other deferred income consists of advances collected in advance related to the office project in Russia.

### c) Long term deferred revenue

	31 ARALIK 2023	31 ARALIK 2022
Real estate selling revenue	39,822,526	-
	<b>39,822,526</b>	-

As of December 31, 2023 long-term deferred income is related with the sales amounts collected in advance for the months after the reporting period for the Yalıkavak project (December 31, 2022: None).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 20. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Pursuant to the Lease Agreement for Areas Containing Construction signed with TCDD, the company has the right to lease for 2 years permit, license, 2 years construction period and 28 years of operation within the scope of the Söğütluçeşme train station High Speed Train Station project in Kadıköy, Istanbul. It purchased 51% of the shares of Turz.Tic.A.Ş ("Firatcan Turizm") on June 30, 2021, and the contract was renewed within the scope of the project change on September 6, 2022 and the lease period was extended until 2051. According to the share transfer agreement, the management of Firatcan Turizm will be jointly carried out by Akfen GYO and Firatcan Turizm Şirketi Decisions related to Firatcan Turizm's significant activities require unanimous approval from both parties Therefore, as of June 30, 2023, Firatcan Turizm has been accounted for through the equity method The remaining 49% stake in Firatcan Turizm was acquired on July 18, 2023 Following this acquisition, Firatcan Turizm became a wholly-owned subsidiary of the company and has been consolidated using the full consolidation method as of December 31, 2023 (Note 3)

Net asset information of Firatcan Tourism as of December 31, 2023 and 2022, is as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Total Assets	-	1,787,420,426
Total Liabilities	-	1,011,304,516
Net Assets	-	776,115,910
<b>Net assets (Group share)</b>	<b>-</b>	<b>395,819,114</b>

The movement of Group share in Firatcan Tourism's net assets for the year ended on December 31, 2023 and 2022 is as follows:

	2023 (*)	2022
January 1	395,819,114	173,547,234
Net profit per Group share	51,243,421	222,271,880
Consolidation context change <sup>(1)</sup>	(447,062,535)	-
<b>December 31</b>	<b>-</b>	<b>395,819,114</b>

<sup>(1)</sup> Until June 30, 2023, which is the reporting period closest to the acquisition date of Firatcan Turizm, Firatcan Turizm's profit or loss and other comprehensive income items were recognized in the shares account from the profits of investments valued by the equity method in the Group's consolidated financial statements.

Summary financial information of Firatcan Tourism as of December 31, 2023 and 2022 is as follows:

### Summary balance sheet information:

FIRATCAN TURIZM	DECEMBER 31, 2022
Nakit ve nakit benzerleri	55,934,400
Cash and cash equivalents	55,934,400
Other current assets	127,414,751
Other receivables	364,548,306
Investment property	1,207,427,969
Other non-current assets	32,095,000
<b>TOTAL ASSETS</b>	<b>1,787,420,426</b>
Current portion of non-current borrowings	55,344,384
Other current liabilities	9,789,120
Non-current borrowings	755,233,362
Deferred tax liability	190,132,059
Other non-current liabilities	805,591
<b>TOTAL LIABILITIES</b>	<b>1,011,304,516</b>
<b>TOTAL EQUITY</b>	<b>776,115,910</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

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

### Summary income statement information:

FIRATCAN TURIZM	JANUARY 1 – JUNE 30, 2023 <sup>(*)</sup>	JANUARY 1 – DECEMBER 31, 2022
<b>PROFIT OR LOSS</b>		
Revenue	(24,372)	-
Cost of sales (-)	-	(1,107,145)
<b>GROSS LOSS</b>	<b>(24,372)</b>	<b>(1,107,145)</b>
General administrative expenses (-)	(1,207,760)	(2,039,002)
Other operating income from operating activities, net	259,536,915	539,722,728
<b>PROFIT/(LOSS) FROM OPERATING ACTIVITIES</b>	<b>258,304,783</b>	<b>536,576,581</b>
Income from investment activities	-	8,702,063
Financial expenses, net (-)	(191,219,057)	(32,543,315)
Monetary gain/(loss)	64,640,295	(55,798,103)
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>131,726,021</b>	<b>456,937,226</b>
Tax expense	(31,248,726)	(21,110,011)
- <i>Deferred tax (expenses)/incomes</i>	(31,248,726)	(21,110,011)
<b>PERIOD LOSS</b>	<b>100,477,295</b>	<b>435,827,215</b>

*(\*) Until June 30, 2023, which is the reporting period closest to the acquisition date of Firatcan Turizm, Firatcan Turizm's profit or loss and other comprehensive income items were recognized in the shares account from the profits of investments valued by the equity method in the Group's consolidated financial statements.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**21. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE**

Pursuant to the decision of the Board of Directors of the Company dated April 13, 2023, a transfer agreement was signed between the Company and Merit Kıbrıs Turizm Ltd Şirketi on April 13, 2023 regarding the transfer of the hotel, whose investment was completed in the TRNC and operated under the title of Merit Park Hotel & Casino. Since the most appropriate transfer of the hotel in question for the Company is to make the transaction in the form of a share transfer by turning the Company's subsidiary Akfen GT into a special purpose company related to the hotel in question, Akfen GT will be made to have no activities or assets other than the hotel, and the Board of Directors of the Company will make the valuation to be made in accordance with the terms and principles of the realization of the contract, obtaining all necessary legal permits and the CMB legislation. If the transaction is approved, it will be transferred to the buyer.

Therefore, as of December 31, 2023, all assets related to the Akfen GT TRNC branch, where Merit Park Hotel is located, are shown as assets held for sale, and liabilities are shown as liabilities related to assets held for sale. As of December 31, 2023, the assets held for sale are as follows:

	AKFEN GT (TRNC) DECEMBER 31, 2023	ELIMINATION DECEMBER 31, 2023	TOTAL ASSET DECEMBER 31, 2022
<b>Current Assets</b>	<b>11,307,988</b>	-	<b>11,307,988</b>
Cash and cash equivalents	348	-	348
Inventories (Not 14)	55,329	-	55,329
Prepaid expenses	1,678,325	-	1,678,325
Other current assets	9,573,986	-	9,573,986
<b>Non-current Assets</b>	<b>2,664,493,463</b>	-	<b>2,664,493,463</b>
Other receivables	146,899	-	146,899
- Other receivables from third parties	146,899	-	146,899
Investment properties (Not 11)	2,661,269,407	-	2,661,269,407
Prepaid expenses	48,266	-	48,266
Other Non-current Assets	3,028,891	-	3,028,891
<b>Total Assets</b>	<b>2,675,801,451</b>	-	<b>2,675,801,451</b>
<b>Liabilities</b>			
<b>Current liabilities</b>	<b>137,929,781</b>	<b>(137,679,439)</b>	<b>250,342</b>
Current portion of non-current borrowings (Note 7)	250,342	-	250,342
Other payables	137,679,439	(137,679,439)	-
- Other payables to related parties	137,679,439	(137,679,439)	-
<b>Non-current liabilities</b>	<b>574,217,178</b>	-	<b>574,217,178</b>
Non-current borrowings (Not 7)	1,170,806	-	1,170,806
Deferred tax liabilities	573,046,372	-	573,046,372
<b>Total liabilities</b>	<b>712,146,959</b>	<b>(137,679,439)</b>	<b>574,467,520</b>
Equity	1,963,654,492	137,679,439	2,101,333,931
<b>Total liabilities</b>	<b>2,675,801,451</b>	-	<b>2,675,801,451</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 22. OTHER CURRENT / NON-CURRENT ASSETS

### a) Other current assets

	DECEMBER 31, 2023	DECEMBER 31, 2022
Prepaid taxes and funds	639,894	24,364,963
Deferred VAT	302,513	420,903
Other	55,982	-
	<b>998,389</b>	<b>24,785,866</b>

### b) Other non-current assets

	DECEMBER 31, 2023	DECEMBER 31, 2022
Deferred VAT	84,366,693	5,453,786
	<b>84,366,693</b>	<b>5,453,786</b>

## 23. EQUITY

### 23.1. Paid in capital

The capital structure as of December 31, 2023 and 2022 is as follows:

SHAREHOLDERS	(%)	DECEMBER 31, 2023	(%)	DECEMBER 31, 2022
Publicly trade <sup>(1)</sup>	44,41	1,727,674,422	44,54	578,990,402
Hamdi Akın	10,21	397,150,364	30,55	397,127,739
Akfen Holding	13,97	543,715,754	13,94	181,238,585
Akfen International BV	31,40	1,221,670,260	10,96	142,479,136
Akfen Turizm	<0,001	492,391	<0,001	164,130
Akfen İnşaat	<0,001	23	<0,001	8
<b>Total</b>		<b>3,890,703,214</b>		<b>1,300,000,000</b>
Inflation adjustment		4,312,393,688		4,312,393,688
<b>Adjusted capital</b>		<b>8,203,096,902</b>		<b>5,612,393,688</b>

<sup>(1)</sup> Except for publicly traded shares, there are also publicly traded shares on other shareholders in the table.

The share group of A, C, D owning 1,000 unit share for each, has the privilege to select 2 nominees for each for the board of directors member selection. On August 6, 2018, Akfen GYO's 1000 Group A and 1000 Group D shares of Akfen Holding were transferred to Hamdi Akın, the indirect owner of the management control of these shares.

On January 12, 2021, TRY 238,627,431.84 of the Convertible Bond was paid off, and as a result of the allocated capital increase in accordance with the decision of our Board of Directors dated December 30, 2020 and the approval of the CMB dated January 7, 2021, 59,066,196 new Group B shares were issued and the Company The capital of Turkey has been increased to TRY 243,066,196.

On February 9, 2021, during the acquisitions of the companies, by providing TRY 450,000,002 of funds, 101,580,136 B group shares (tradable on stock exchange) with a nominal value of TRY 101,580,136 allocated to Hamdi Akın has been issued and the issued capital of the company in amount of TRY 243,066,196 increased to TRY 344,646,332. The process of increasing the Company's issued capital from TRY 344,646,332 to TRY 900,000,000 by using the preferred rights of the existing shareholders by TRY 555,353,668, all in cash, was completed as of 20 August 2021. With this; The process of increasing the Company's paid-in capital from TRY 900,000,000 to TRY 1,300,000,000 by increasing TRY 400,000,000 to be covered by emission premiums was published in the trade registry gazette numbered 10467 on 7 December 2021.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

## 23. EQUITY (cont'd)

### 23.1. Paid in capital (cont'd)

The transaction to increase the issued capital of the Company, which is TRY 1,300,000,000 within the registered capital ceiling of TRY 6,500,000,000, to TRY 3,900,000,000 with a 200% increase of TRY 2,600,000,000, completely in cash, was approved in the CMB meeting dated December 7, 2023 and numbered 76/1684. As of December 31, 2023, the Company's capital consists of 3,900,000,000 shares (December 31, 2022: 1,300,000,000, TRY 1), each with a nominal value of TRY 1, and its paid-in capital as of December 31, 2023 is TRY 3,890,703,214 (December 31, 2022: TRY 1,300,000,000).

The capital ceiling, which was decided upon during the Board of Directors Meeting of the company on December 14, 2021, to increase from 1,000,000,000 TRY to 6,500,000,000 TRY, has been approved by the Capital Markets Board on December 30, 2021. The extraordinary General Assembly Meeting regarding this capital ceiling increase, held on January 27, 2022, was registered by the Istanbul Trade Registry Office on February 1, 2022.

Balance sheet dated 31 December 2023 prepared in accordance with the Tax Procedure Law has been corrected using the Producer Price Indices (PPI) published by the Turkish Statistical Institute within the scope of inflation accounting, according to the Tax Procedure Law and the relevant Communiqué published in the Official Gazette dated 30 December 2023 and numbered 32415 (2nd Duplicate). The attached financial statements have been subject to inflation correction by using the Consumer Price Indices (CPI) published by the Turkish Statistical Institute in accordance with TAS 29, and ultimately the amounts for the current and previous reporting period are expressed in terms of purchasing power as of December 31, 2023.

Due to the use of different indices in the Tax Procedure Law and TAS 29 inflation accounting and the adjustment of the amounts from previous reporting periods to express them in the purchasing power of 31 December 2023 in TAS 29, there are differences regarding the items "Share Capital Adjustments", "Share Premiums" and "Restricted Reserves" in the balance sheet prepared in accordance with the Tax Procedure Law and the financial statements prepared in accordance with TAS / TFRS. The differences are reflected in the "Retained Earnings or Losses" in the TAS/TFRS financial statements, and the detail of these differences are shown in detail below:

	<b>INFLATION-ADJUSTED AMOUNTS INCLUDED IN FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH LAW NO.6102 AND OTHER LEGISLATION</b>	<b>AMOUNTS ADJUSTED ACCORDING TO TAS 29 REQUIREMENTS IN ACCORDANCE WITH TFRS</b>	<b>DIFFERENCE CLASSIFIED IN RETAINED EARNINGS/(LOSS)</b>
<b>December 31, 2023</b>			
Share capital adjustments	6,742,362,255	4,312,393,688	(2,429,968,567)
Share premiums	1,028,131,593	1,120,912,191	92,780,598
Restricted reserves appropriated from profits	6,178	11,225	5,047

<b>RETAINED EARNINGS</b>	<b>AMOUNT BEFORE INFLATION ACCOUNTING</b>	<b>AMOUNT AFTER INFLATION ACCOUNTING</b>
December 31, 2022	2,464,970,287	5,090,538,590
January 1, 2022	381,217,086	(1,798,208,436)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

## 23. EQUITY (cont'd)

### 23.3. Foreign currency translation reserves

The translation reserve comprise of foreign exchange difference arising from the translation of the financial statements of Yaroslavlinvest, Kalingradinvest, Samstroykom, Volgastroykom and Severnyi from their functional currency to the presentation currency TRY which is recognized in equity.

### 23.3. Share Premiums

The surplus of sales price over the nominal value of the shares amounted to TRY 58,880,000 during the initial public offering of the shares at May 11, 2011 were accounted as share premium.

In addition, with the addition of the Company's Convertible Bonds to the capital in 2021 and the effect of the capital increases made for the Company purchases, the difference of TRY 528,088,895 was also accounted for as share issue premiums, and TRY 3,803,787 incurred during the capital increases realized in 2021. of taxes, duties, fees etc. Expenses are also deducted from this item. In addition, the difference of TRY 16,437,579 resulting from the sale of repurchased shares amounting to TRY 9,991,969 for 29 March 2021 for TRY 26,429.548 has been accounted for in this item. With this; The Company's capital increase amounting to TRY 400,000,000, which took place on December 7, 2021, was covered from emission premiums.

On April 24, 2023, the Board of Directors of the Company decided to make a share buyback in order to protect the negative value of the shareholders, taking into account the share price and price movement, and the said buyback transaction was approved at the 2022 general assembly on May 11, 2023. According to the decision, the duration of the buy-back program is 1 year, the maximum amount of funds that can be allocated is TRY 200,000,000, and the maximum number of shares that can be subject to share buyback is TRY 65,000,000 (5% of the issued capital of the Company). Within the framework of the said share buyback program, Akfen GYO has repurchased 30,000,000 nominal shares for TRY 146,216,475 starting from April 27, 2023 (December 31, 2022: None), and all of these shares were sold on August 8, 2023 for TRY 181,527,840, and TRY 35,311,365, which is the difference between the sale price and the purchase price of the shares, was recognized as a share issue premium under equity in the Group's consolidated financial statements. In addition, the expenditures of TRY 5,396,799 in taxes, duties, fees, etc., incurred during the capital increase in 2023 were also deducted from this item. As a result, as of December 31, 2023, the premiums for the shares were TRY 248,224,718 (inflation adjusted: TRY 1,120,912,191). (December 31, 2022: TRY 199,602,687, inflation-adjusted: TRY 1,091,004,958).

### 23.5. Restricted reserves allocated from profit

As of December 31, 2023, the legal reserve of the Group is TRY 11,225 (December 31, 2022: TRY 11,225)

The legal reserves consist of first and second legal reserves, according to the Turkish Commercial Code "TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distributions unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

The difference arising from the inflation adjustment in the valuations made within the framework of TMS/TFRS is shown in the capital adjustment differences, the differences arising from the statutory reserves and special reserves pursued in the shares are shown in the profits of previous years. Other equity items are shown over the amounts valued within the framework of TMS/TFRS.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 23. EQUITY (cont'd)

### 23.6. Other equity shares

As of February 16, 2023, 85.16% (7.25% of total shares) of 8.53% of Akfen Karaköy's shares owned by third parties were taken over by Akfen GT, Akfen GT was taken over by Akfen Holding as a set-off against its existing receivables from other shareholders of Akfen Karaköy, together with interest accrued until the share transfer date, and 14.84% of the remaining shares (1.27% of total shares) were taken over by Akfen Holding. Following the purchase of the shares, Akfen GYO's direct and indirect ownership ratio in Akfen Karaköy became 98.73%. On May 2, 2023, the Company acquired a 1.27% share in Akfen Karaköy, owned by Akfen Holding, for a total of TRY 22,944,086. As a result of this share transfer, as of December 31, 2023, Akfen GYO's direct and indirect ownership in Akfen Karaköy has reached 100% (December 31, 2022: 91.47%) Consequently, the difference between the total purchase price of 265,520,214 TRY and the value of the acquired shares at 101,110,755 TRY (164,409,459 TRY) has been accounted for in other equity interests (Note 3) as of December 31, 2023.

## 24. REVENUE AND COST OF SALES

For the years ended December 31, 2023 and 2022, sales and cost of sales are as follows:

	JANUARY 1- DECEMBER 31, 2023	JANUARY 1- DECEMBER 31, 2022
Rent income	1,023,692,507	877,073,382
Dormitory revenues	69,555,722	67,193,563
Other	1,656,784	2,083,413
<b>Total revenue</b>	<b>1,094,905,013</b>	<b>946,350,358</b>
Taxes and duties expenses	(15,831,800)	(17,064,271)
Insurance expenses	(10,295,435)	(7,136,189)
Depreciation expenses	(5,163,284)	(6,681,500)
Outsourced service expenses	(3,024,564)	(3,504,631)
Other	(3,371,381)	(3,336,429)
<b>Total cost of sales</b>	<b>(37,686,464)</b>	<b>(37,723,020)</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

## 25. GENERAL ADMINISTRATIVE EXPENSES

For the years ended December 31, 2023 and 2022, administrative expenses are as follows:

	JANUARY 1- DECEMBER 31, 2023	JANUARY 1- DECEMBER 31, 2022
Personnel expenses	25,727,032	24,432,665
Consultancy expenses	24,111,043	7,895,538
Advertising expenses	11,300,289	913,005
Travel and hosting expenses	4,933,425	1,324,888
Donations and grants	4,807,100	28
Tax and duties expenses	2,157,384	411,308
Operating lease expenses	2,081,426	870,887
Outsourced service expenses	1,283,392	823,792
Depreciation expense	427,570	413,020
Amortization expense	58,770	55,364
Other	1,746,847	1,318,261
<b>Total</b>	<b>78,634,278</b>	<b>38,458,756</b>

### Personnel expenses

	JANUARY 1- DECEMBER 31, 2023	JANUARY 1- DECEMBER 31, 2022
Wages and salaries	20,022,356	19,642,324
Social security premiums	2,835,371	2,461,159
Severance pay liability	912,125	1,123,361
Other	1,957,180	1,205,821
<b>Total</b>	<b>25,727,032</b>	<b>24,432,665</b>

## 26. OTHER OPERATING INCOME/EXPENSES

### a) Other operating income

For the years ended December 31, 2023 and 2022, other operating income are as follows:

	JANUARY 1- DECEMBER 31, 2023	JANUARY 1- DECEMBER 31, 2022
Investment property fair value increase, net (Note 11)	494,548,865	-
Sales profit of property, plant and equipment	-	1,010,551
Other	1,754,080	7,461,913
<b>Total</b>	<b>496,302,945</b>	<b>8,472,464</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

## 26. OTHER OPERATING INCOME/EXPENSES (cont'd)

### b) Other operating expenses

For the years ended December 31, 2023 and 2022, other operating expenses are as follows:

	JANUARY 1- DECEMBER 31, 2023	JANUARY 1- DECEMBER 31, 2022
Foreign exchange loss	1,669,345	1,547,661
Impairment	97,701	394,223
Investment property fair value decrease, net (Note 11)	-	2,585,686
Other <sup>(1)</sup>	10,431,762	1,755,325
<b>Total</b>	<b>12,198,808</b>	<b>6,282,895</b>

<sup>(1)</sup> As of December 31, 2023, amounting to TRY 9,559,911 of other expenses consists of the Group's waiver of trade receivables related to the hotel located in TRNC (31 December 2022: None).

## 27. INVESTMENT ACTIVITY INCOME

For the years ended December 31, 2023 and 2022, investment activity income is as follows:

	JANUARY 1- DECEMBER 31, 2023	JANUARY 1- DECEMBER 31, 2022
Negotiated purchase earnings (Note 3)	53,650,105	-
Profit from sale of securities (Note 6)	5,000,099	-
<b>Total</b>	<b>58,650,204</b>	<b>-</b>

## 28. FINANCIAL INCOME

For the years ended December 31, 2023 and 2022 financial income are as follows:

	JANUARY 1- DECEMBER 31, 2023	JANUARY 1- DECEMBER 31, 2022
Fair value gains of derivative financial instruments (Note 8)	105,613,137	727,993,001
Interest income	19,041,378	22,282,360
<b>Total</b>	<b>124,654,515</b>	<b>750,275,361</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

## 29. FINANCIAL EXPENSES

For the years ended December 31, 2023 and 2022, financial expenses are as follows:

	JANUARY 1- DECEMBER 31, 2023	JANUARY 1- DECEMBER 31, 2022
Foreign exchange loss	2,039,436,774	945,208,256
Interest expense	787,224,846	530,099,778
Fair value losses of derivative financial instruments (Note 8)	448,293,001	-
Other	1,851,119	1,559,119
<b>Total</b>	<b>3,276,805,740</b>	<b>1,476,867,153</b>

## 30. TAX ASSETS AND LIABILITIES

According to Article 5/1(d) (4) of the New Corporate Tax Law 5520, the income of real estate investment trusts are exempt from Corporate Income Tax in Turkey. This exemption is also applicable to Quarterly Advance Corporate Tax. Therefore, deferred tax assets and liabilities are not recognized for the income of the Group from the operations as a real estate investment trust since those are exempt from income tax. The deferred tax arising from the timing differences between the legal financial statements of the Group's subsidiaries and the financial statements prepared in accordance with TFRS, is reflected in the consolidated financial statements. The corporate tax rate for the Group's subsidiaries in Turkey is 20%. However, according to Article 21 of the Law on the Establishment of Motor Vehicle Tax for Compensation of Economic Losses Caused by Earthquakes Occurring on 6/2/2023 and Published in the Official Gazette No 32249 on July 15, 2023, which amended Article 32 of the Corporate Tax Law No 5520 regulating the corporate tax rate, the general rate applied to corporate tax has been increased from 20% to 25%, and for banks and financial institutions, the rate which was previously 25% has been raised to 30%. The same article (Article 21) of the mentioned law has ensured that the corporate tax rate, which is currently applied at a discounted rate of 1 point for the profits obtained exclusively from exports by export-oriented institutions, will now be applied at a discounted rate of 5 points for the purpose of promoting exports. This change will be applicable starting from the declarations that must be submitted from October 1, 2023, and will apply to the profits earned by corporations in the 2023 tax year and subsequent periods. For corporations subject to special accounting periods, the tax rate of 25% will be used for the calculation of profits obtained in the special accounting period starting in the 2023 calendar year and subsequent taxation periods. Therefore, the tax rate of 25% has been used for tax calculations for the relevant companies as of the reporting period. The corporate tax rates of the Group's subsidiaries in the TRNC and Russia are 23.5% and 20%, respectively.

For the years ended December 31, 2023 and 2022, the main components of tax expenses are as follows

	JANUARY 1- DECEMBER 31, 2023	JANUARY 1- DECEMBER 31, 2022
Current period tax expense	(4,751,567)	(4,023,802)
Deferred tax income/(expense)	142,198,076	(179,026,700)
<b>Total</b>	<b>137,446,509</b>	<b>(183,050,502)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

### 30. TAX ASSETS AND LIABILITIES (cont'd)

The reported taxation charge for the years ended December 31, 2023 and 2022 are different than the amounts computed by applying the statutory tax rate to income/(loss) before tax as shown in the following:

	(%)	JANUARY 1 - DECEMBER 31, 2023	(%)	JANUARY 1 - DECEMBER 31, 2022
<b>Profit before tax</b>		<b>593,715,573</b>		<b>1,547,254,595</b>
Tax expense using the domestic tax expense rate (25)	(25)	(148,428,893)	(23)	(355,868,557)
Tax-exempt income/(loss) <sup>(1)</sup>		238,298,976		96,453,614
Non-deductible expenses		(21,979,080)		(26,937,634)
Tax loss not subjected to deferred tax asset		(53,324,736)		(17,976,684)
The effect of the shares in the profits/(losses) of investments accounted using the equity method		12,810,855		51,122,536
Changes in legal tax rate		(157,726,127)		50,027,550
Effect of different tax rates in foreign countries		25,967,298		(12,898,889)
Deferred tax effect arising from inflation accounting adjustments in statutory financial statements		302,159,420		-
Tax base increase		(1,819,694)		-
Monetary loss		(58,511,510)		33,027,562
<b>Tax income</b>		<b>137,446,509</b>		<b>(183,050,502)</b>

<sup>(1)</sup> It is the effect that comes from the fact that Akfen GYO is not subject to Corporate Tax.

Deferred tax asset movements for the years ended at December 31, 2023 and 2022 are as follows:

	2023	2022
Deferred tax liability as of 1 January, net	(1,580,451,811)	(1,268,345,455)
Recognized in statement of profit or loss	142,198,076	(179,026,700)
Foreign currency translation differences	35,995,595	63,970,916
The effect of non-current assets classified for sale (Not 21)	573,046,372	-
Effect of acquisitions (Note 3)	(220,083,960)	(197,050,572)
<b>Deferred tax liability as of December 31, net</b>	<b>(1,049,295,728)</b>	<b>(1,580,451,811)</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 30. TAX ASSETS AND LIABILITIES (cont'd)

#### Recognized deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as of December 31, 2023 and December 31, 2022 were attributable to the items detailed in the table below:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES		NET	
	DEC. 31, 2023	DEC. 31, 2022	DEC. 31, 2023	DEC. 31, 2022	DEC. 31, 2023	DEC. 31, 2022
Investment incentive <sup>(1)</sup>	-	12,628,430	-	-	-	12,628,430
Investment properties	-	-	(1,107,002,389)	(1,518,822,675)	(1,107,002,389)	(1,518,822,675)
Tax losses carried forward	50,685,728	111,303,029	-	-	50,685,728	111,303,029
Derivatives	-	-	-	(177,027,730)	-	(177,027,730)
Other	14,491,518	307,379	(7,470,585)	(8,840,244)	7,020,933	(8,532,865)
<b>Deferred tax asset / (liability)</b>	<b>65,177,246</b>	<b>124,238,838</b>	<b>(1,114,472,974)</b>	<b>(1,704,690,649)</b>	<b>(1,049,295,728)</b>	<b>(1,580,451,811)</b>
Net off tax	(39,021,038)	(86,139,202)	39,021,038	86,139,202	-	-
<b>Net deferred tax asset / (liability)</b>	<b>26,156,208</b>	<b>38,099,636</b>	<b>(1,075,451,936)</b>	<b>(1,618,551,447)</b>	<b>(1,049,295,728)</b>	<b>(1,580,451,811)</b>

<sup>(1)</sup> The Group has recognized deferred tax assets on the capital expenditures subject to 100% of investment allowance completed until December 31, 2008 in Northern Cyprus.

Expiration schedule of carry forward tax losses is as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022
2024	86,248	-
2025	67,931	67,956,690
2026	45,203,438	209,957,148
2027	-	58,432,779
2028	61,107,378	-
Vadesiz <sup>(1)</sup>	120,347,396	190,498,186
<b>Total</b>	<b>226,812,391</b>	<b>526,844,803</b>

<sup>(1)</sup> In Russia, the carry forward tax losses of companies do not have a maturity in accordance with the relevant country legislation.

As of December 31, 2023, the Group has a net loss of 226,812,391 TRY available for future profits (December 31, 2022: 526,844,803 TRY), and a deferred tax asset of 50,685,728 TRY has been recognized (December 31, 2022: 111,303,029 TRY). As of December 31, 2023, there is a carry forward tax loss of TRY 371,939,067 for which no deferred tax asset has been created (December 31, 2022: TRY 298,753,424).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

**31. EARNINGS PER SHARE**

Earnings per share are calculated by dividing net income For the years ended by the weighted average number of shares of the Group during the period. For the years ended December 31, 2023 and 2022, the earnings per share computation are as follows:

	JANUARY 1- DECEMBER 31, 2023	JANUARY 1- DECEMBER 31, 2022
<b>Number of shares in circulation</b>		
January 1	1,300,000,000	1,300,000,000
Capital increase	2,590,703,214	-
<b>Closing balance</b>	<b>3,890,703,214</b>	<b>1,300,000,000</b>
Weighted average number of shares <sup>(1)</sup>	1,464,278,274	1,300,000,000
Profit for the period	726,414,047	1,332,820,424
Earnings per share (Full TRY)	0.50	1.03
Diluted earnings per share (Full TRY)	0.50	1.03

<sup>(1)</sup> Akfen GYO, within the framework of its share buyback program, has conducted the repurchase of 30,000,000 nominal shares starting from April 27, 2023 (December 31, 2022: None) All of these shares were sold on August 8, 2023 The effect of the repurchased shares has been taken into account by deducting them from the weighted average number of shares

**32. THE FAIR VALUE EXPLANATIONS**

The fair value is described as a price that will be obtained from sales of an asset or paid on transfer of a debt, in an ordinary transaction on the date of calculation among the market attendants.

**Financial Instruments**

The Group has determined the estimated fair values of the financial instruments by employing current market information and appropriate valuation methods. However, interpretation and reasoning are required to estimate the fair values by evaluating the market information. As a result, the estimations presented herein may not be indicative of the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions have been used to estimate the fair value of the financial instruments for which estimation of the fair values in practice is possible:

**Financial Assets**

It is foreseen that book values of the cash and cash equivalents are close to their fair values since they are short term cash assets.

It is also foreseen that their book values reflect the fair value since the trade receivables are short-term.

It is foreseen that the fair values of the balances in foreign currency that are converted with the period-end rates are close to their book values.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

## 32. THE FAIR VALUE EXPLANATIONS (cont'd)

### Financial Liabilities

It is considered that fair values of the trade payables and other monetary liabilities approach to the values that they bear due to the fact that they are short-term.

The bank credits are expressed with their amortized cost values and transactional costs are added into the first cost of the credits. As the floating rate bank credits of the Group have been repriced in the recent history, it is considered that its fair values reflect the value that they bear.

### Classes and fair values of financial instruments

December 31, 2023	CREDITS AND RECEIVABLES (INCLUDING CASH AND CASH EQUIVALENTS)	FINANCIAL LIABILITIES INCREASING IN VALUE WITH THE EFFECTIVE INTEREST METHOD	BOOK VALUE	FAIR VALUE	NOTE
<b>Financial Assets</b>					
Cash and cash equivalents	2,175,365,088	-	2,175,365,088	2,175,365,088	6
Trade receivables from related parties	11,414,889	-	11,414,889	11,414,889	9
Trade receivables from non-related parties	228,935,666	-	228,935,666	228,935,666	9
Other receivables from non-related parties	1,324,111	-	1,324,111	1,324,111	10
<b>Financial Liabilities</b>					
Financial liabilities	-	4,993,608,730	4,993,608,730	4,993,608,730	7
Trade payables to related parties	-	41,022,484	41,022,484	41,022,484	5
Trade payables to non-related parties	-	17,769,151	17,769,151	17,769,151	9
Other payables to related parties	-	792,930,205	792,930,205	792,930,205	10
Other payables to non-related parties	-	53,988,085	53,988,085	53,988,085	10
<b>December 31, 2022</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	192,028,931	-	192,028,931	192,028,931	6
Trade receivables from related parties	8,902,996	-	8,902,996	8,902,996	9
Trade receivables from non-related parties	199,074,727	-	199,074,727	199,074,727	9
Other receivables from non-related parties	259,003,153	-	259,003,153	259,003,153	10
Derivatives	958,546,902	-	958,546,902	958,546,902	8
<b>Financial Liabilities</b>					
Financial liabilities	-	4,538,314,818	4,538,314,818	4,538,314,818	7
Trade payables to related parties	-	18,478,691	18,478,691	18,478,691	5
Trade payables to non-related parties	-	7,786,518	7,786,518	7,786,518	9
Other payables to non-related parties	-	1,254,137,478	1,254,137,478	1,254,137,478	10
Derivatives	-	33,363,055	33,363,055	33,363,055	10

## 32. THE FAIR VALUE EXPLANATIONS (cont'd)

### Non-Financial Assets

The real estate appraisal reports that are prepared by the real estate valuation Group authorized by the CMB are based on while determining the fair values of the investment real estates which are measured with their fair values in the consolidated financial statements (Note 11). As of December 31, 2022 and 2021, the fair values of investment properties include the foreign currency conversion differences that occurred during the accounting of the hotels in Russia and the investments of the relevant years.

The fair value classifications of the non-financial assets which are calculated with their fair values are as follows:

DECEMBER 31, 2023	FAIR VALUE LEVEL		
	LEVEL 1 TRY	LEVEL 2 TRY	LEVEL 3 TRY
Operating investment properties	-	-	13.883.394.916
Investment properties under construction (Project)	-	-	1.836.230.000
Investment properties under construction (Land)	-	1.230.000.000	-
DECEMBER 31, 2022	FAIR VALUE LEVEL		
	LEVEL 1 TRY	LEVEL 2 TRY	LEVEL 3 TRY
Operating investment properties	-	-	16,243,974,163
Investment properties under construction (Land)	-	1,256,121,628	-

The fair value of the assets and liabilities are determined as follows:

- First level: It increases in value from the stock exchange prices that are traded on the active market in terms of the identical assets and liabilities.
- Second level: It increases in value from the inputs which are used in order to find the price that can be directly or indirectly observed other than the stock exchange rate of the related asset or liability which is specified in the first level.
- Third Level: It increases in value from the inputs which are used in order to find the fair value of the asset or liability and which do not depend on any observable data in the market.

The fair values of the investment real estates on the sector basis, and the methods that are used to identify the fair values and significant unobservable assumptions are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 32. THE FAIR VALUE EXPLANATIONS (cont'd)

	DECEMBER 31, 2023	DECEMBER 31, 2022	VALUATION METHOD	UNOBSERVABLE SIGNIFICANT INPUTS	WEIGHTED AVERAGE AMOUNT DEC.31, 2023	WEIGHTED AVERAGE AMOUNT DEC.31, 2022
				* Room price (per day) - Euro	74	61
<b>Hotel</b>				* Villa price (per day)– Euro	730	730
Level 3	<b>12,888,881,714</b>	15,013,796,376	Discounted cash flows	* Occupancy rate <sup>(1)</sup>	74%	75%
<b>Dormitory</b>				*Total number of beds	7,232	7,232
Level 3	<b>748,040,000</b>	1,047,840,421	Discounted cash flows			
<b>Office</b>				* Rentable area /m <sup>2</sup>	4,637	4,637
Level 3	<b>146,441,324</b>	182,337,366	Discounted cash flows	* Occupancy rate	97%	97%
<b>Söğütlüçeşme P.</b>				* Rentable area /m <sup>2</sup>	14,559	-
Level 3	<b>1,836,230,000</b>	-	Discounted cash flows	* Occupancy rate <sup>(2)</sup>	76%	-
<b>Factory Building</b>						
Level 3	<b>100,031,878</b>	-	Discounted cash flows			
<b>Land</b>						
Level 2	<b>1,230,000,000</b>	1,256,121,628	Market approach	-	-	-

<sup>(1)</sup> Except for Bodrum Loft, the data is as follows In the valuation report dated December 31, 2023, the average occupancy rate for Bodrum Loft during the approximately 6-month operating season within the year is estimated to be 95% (December 31, 2022: 94%).

<sup>(2)</sup> This is the 5-year average occupancy rate, including the opening year.

### Discounted cash flows (DCF)

The fair value of an asset under the discounted cash flows is estimated by referring to the net assumptions on the benefits and liabilities of the property including the output and final value. This estimation includes estimation of a series of cash flow and a discount rate depending on an appropriate market is applied in order to create the current value of the income flow.

Period of the cash flow and certain schedule of the inputs and outputs are determined by events such as review of the rents, renewal of the lease contracts and relative rental periods, rent again, re-development and renewal.

The costs incurred during the development of the assets and constructional costs, development costs and anticipated sales revenue will be estimated in order to reach a series of net cash flow which is discounted over the additional development and marketing expenditures that are foreseen for duration of the rent. Certain development risks such as planning, licenses, zoning permits should be separately evaluated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## 32. THE FAIR VALUE EXPLANATIONS (cont'd)

### Level 3 Sensitivity analysis of significant changes in unobserved inputs that are used in the fair value calculations

The sensitivity analysis for the unobservable inputs which are used in measurement of the fair values of the active and ongoing investment real estates of the Group is as follows:

DECEMBER 31, 2023	SENSITIVITY ANALYSIS	IF IT INCREASES	IF IT DECREASES
		PROFIT/(LOSS) EFFECT ON THE FAIR VALUE (TRY)	PROFIT/(LOSS) EFFECT ON THE FAIR VALUE (TRY)
<b>Hotel</b>			
Discount rate	0,5%	(61,106,604)	495,685,621
Room price	1 EUR	140,111,175	(140,579,816)
Occupancy rate	1%	145,258,211	(144,932,472)
<b>Office</b>			
Discount rate	0,5%	(2,398,374)	2,464,041
Occupancy rate	1%	1,620,584	(1,620,584)
<b>Dormitory</b>			
Discount rate	%0,5	(20,819,614)	21,740,387
<b>Bodrum Loft</b>			
Discount rate	0,5%	(67,427,973)	74,594,231
Villa price	10%	125,735,254	(114,334,389)
Occupancy rate	1%	13,029,560	(13,029,560)
<b>Söğütlüçeşme Project</b>			
Discount rate	0,5%	(80,679,171)	85,805,540
Rental value per unit	10%	203,460,000	(203,450,000)
Occupancy rate	1%	21,270,000	(21,260,000)
DECEMBER 31, 2022	SENSITIVITY ANALYSIS	IF IT INCREASES	IF IT DECREASES
		PROFIT/(LOSS) EFFECT ON THE FAIR VALUE (TRY)	PROFIT/(LOSS) EFFECT ON THE FAIR VALUE (TRY)
<b>Hotel</b>			
Discount rate	0,5%	(550,798,412)	592,760,313
Room price	1 EUR	175,359,775	(175,621,531)
Occupancy rate	1%	163,900,925	(163,669,973)
<b>Office</b>			
Discount rate	0,5%	(2,152,959)	2,181,757
Occupancy rate	1%	2,173,457	(2,185,851)
<b>Dormitory</b>			
Discount rate	0,5%	(30,933,331)	32,520,720
<b>Bodrum Loft</b>			
Discount rate	0,5%	(67,336,999)	74,563,409
Villa price	10%	125,476,749	(125,148,276)
Occupancy rate	1%	13,138,927	(12,810,453)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

### 33.NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

#### **(i) General**

The Group exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks and explains the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Group's risk management vision is defined as, identifying variables and uncertainties that will impact the Group's objectives, conducting proactively and managing through the most appropriate steps, supervising the implementation of steps in line with the shareholders' risk preference.

Corporate Risk Management activities are executed within the Group as a whole in the following fields:

- Determining risk management standards and policies,
- Developing a uniform risk management oriented work culture and capabilities,
- Conducting risk analysis of existing and potential investments,
- Creating a senior administration vehicle reporting on the risks of new investments of a company, sector or group
- Determining risk limitations and action plans,
- Supporting the implementation of these action plans ,
- Supporting strategic processes with a risk management approach.

The Board of Directors ("BOD") has overall responsibility for the establishment and oversight of Akfen GYO's risk management framework.

Board of Directors states the risk options and ensures performing of the risk management implementations. Akfen GYO's BOD has the ultimate responsibility for Corporate Risk Management.

#### **(ii) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate has an influence on credit risk. Since the Group operates in real estate businesses geographically the concentration of credit risk for the Group's entities operating in the mentioned businesses are mainly in Turkey and Russia.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. (Note 4)

### 33.NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### *(ii) Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### Currency risk

The Group is exposed to currency risk on various foreign currency denominated income and expenses and resulting receivables, payables and borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

As of December 31, 2023 and 2022, the companies in the Group have foreign currency balances other than their functional currencies, such as Euro, as mentioned in the related notes of the consolidated financial statements.

The Group realizes the medium and long term bank borrowings in the currency of project revenues. Additionally, the Group realizes short term bank borrowings in TRY and EUR in balance by pooling/ portfolio model.

#### *Interest rate risk*

The Group is exposed to basis risk for its floating rate borrowings, which is the difference in reprising characteristics of the various floating rate indices. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.

#### *(iv) Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group's entities ensure that they have sufficient cash on demand to meet expected operational expenses in terms of the relevant characteristics of the businesses they operate, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

For the Group entities, risk of funding current and potential requirements is mitigated by ensuring the availability of adequate number of creditworthy lending parties. The Group entities, in order to minimize liquidity risk, hold adequate cash and available line of credit.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

### 33.NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### *(v) Operational risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

### 33. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### Sermaye risk yönetimi

The Group manages its capital by minimizing the investment risk through portfolio diversification. The Group's objective; is to ensure its continuity as an income-generating business, look after interests of shareholders and corporate members besides to ensure sustainability of its efficient capital structure by reducing cost of capital and continuing net debt-to-equity rate at market averages.

The Group's goals for capital management are to provide return to its members and benefit to other stakeholders besides to have the Group to protect its ability for conducting its activity for preserving the most suitable capital structure to reduce the cost of capital.

For preserving its capital structure or reorganizing it, the Group determines dividend amounts to be paid to members, may issue new shares and may sell assets to restrict borrowings.

As of December 31, 2023 and 2022, the net debt-to-invested capital rate is given below:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Total liabilities	7,597,501,256	7,478,773,553
Cash and cash equivalents <sup>(1)</sup>	(2,175,365,088)	(222,469,260)
Net liabilities	5,422,136,168	7,256,304,293
Equity	15,782,944,378	13,032,916,226
<b>Total capital</b>	<b>21,205,080,546</b>	<b>20,289,220,519</b>
<b>Net liabilities/total equity rate</b>	<b>26%</b>	<b>36%</b>

<sup>(1)</sup> Cash and cash equivalents as of December 31, 2022; In addition to cash and cash equivalents, it also includes short-term financial investments owned by the Group (December 31, 2023: None).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

### 33. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### 33.1. Credit risk disclosures

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party.

The maximum exposure to credit risk as of December 31, 2023 and 2022 is as follows:

DECEMBER 31, 2023	RECEIVABLES					
	TRADE RECEIVABLES		OTHER RECEIVABLES		DEPOSITS ON BANK <sup>(1)</sup>	OTHER
	RELATED PARTY	THIRD PARTY	RELATED PARTY	THIRD PARTY		
<b>Exposure to maximum credit risk as of reporting date (A+B+C+D)</b>	<b>11,414,889</b>	<b>548,571,783</b>	<b>-</b>	<b>1,324,111</b>	<b>2,044,658,088</b>	<b>130,519,816</b>
- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
<b>A. Net carrying value of financial assets which are neither impaired nor overdue</b>	<b>11,414,889</b>	<b>228,935,666</b>	<b>-</b>	<b>1,324,111</b>	<b>2,044,658,088</b>	<b>130,519,816</b>
<b>B. Net carrying value of financial assets which are overdue but not impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Net carrying value of impaired assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
- Undue (gross book value)	-	396,852	-	-	213,866	-
- Impairment (-)	-	(396,852)	-	-	(213,866)	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
Off balance sheet items with credit risks <sup>(2)</sup>	-	319,636,117	-	-	-	-

<sup>(1)</sup> It also includes financial investments included in the consolidated financial statements.

<sup>(2)</sup> It is the TRY equivalent of the guarantee check amounting to EUR 9,812,645 as of December 31, 2023, received by the Group from the Merit Park Hotel operator.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 33. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### 33.1. Credit risk disclosures (cont'd)

DECEMBER 31, 2022	RECEIVABLES					DEPOSITS ON BANK <sup>(*)</sup>	OTHER
	TRADE RECEIVABLES		OTHER RECEIVABLES				
	RELATED PARTY	THIRD PARTY	RELATED PARTY	THIRD PARTY	THIRD PARTY		
<b>Exposure to maximum credit risk as of reporting date (A+B+C+D)</b>	<b>8,902,996</b>	<b>511,124,234</b>		<b>-259,003,153</b>	<b>222,348,935</b>		<b>-</b>
- The portion of maximum risk covered by guarantee	-	-	-	-	-	-	-
<b>A. Net carrying value of financial assets which are neither impaired nor overdue</b>	<b>8,902,996</b>	<b>199,074,727</b>		<b>-259,003,153</b>	<b>222,348,935</b>		<b>-</b>
<b>B. Net carrying value of financial assets which are overdue but not impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Net carrying value of impaired assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Overdue (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-	-
- Undue (gross book value)	-	344,898	-	461,852	6,345	-	-
- Impairment (-)	-	(344,898)	-	(461,852)	(6,345)	-	-
- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-	-
Off balance sheet items with credit risks <sup>(**)</sup>	-	312,049,507	-	-	-	-	-

<sup>(\*)</sup> It also includes financial investments included in the consolidated financial statements.

<sup>(\*\*)</sup> It is the TRY equivalent of the guarantee check amounting to EUR 9,500,000 as of December 31, 2022, received by the Group from the Merit Park Hotel operator.

As of December 31, 2023 and 2022, the Group does not have any financial assets which are overdue but not impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 33. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### 33.2. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. The table analyses the financial liabilities of the Group by grouping the terms. The contractual cash flow is not discounted:

December 31, 2023	CONTRACTUAL CASH FLOWS (I)+(II)+(III)+(IV)	3 MONTHS OR LESS (I)	3-12 MONTHS (II)	1-5 YEARS (III)	MORE THAN YEARS (IV)
<b>CONTRACTUAL MATURITIES</b>	<b>BOOK VALUE</b>				
<b>Non-derivative financial liabilities</b>					
Financial liabilities	4,993,608,730	263,059,570	505,797,996	3,453,764,470	3,897,682,842
Trade payables	58,791,635	58,791,635	-	-	-
Other payables (other liabilities included)	846,918,289	846,918,289	-	-	-
<b>December 31, 2022</b>	<b>CONTRACTUAL CASH FLOWS (I)+(II)+(III)+(IV)</b>	<b>3 MONTHS OR LESS (I)</b>	<b>3-12 MONTHS (II)</b>	<b>1-5 YEARS (III)</b>	<b>MORE THAN YEARS (IV)</b>
<b>CONTRACTUAL MATURITIES</b>	<b>BOOK VALUE</b>				
<b>Non-derivative financial liabilities</b>					
Financial liabilities	4,538,314,818	199,343,839	359,515,762	2,382,855,109	4,815,364,500
Trade payables	26,265,209	18,282,265	-	4,434,968	3,547,976
Other payables (other liabilities included)	1,287,500,533	35,718,195	-	1,251,782,338	-

Taxes and funds payable, social insurance premiums payable, are not included in other liabilities as they are non-financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

### 33. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### 33.3. Market risk

##### a) Foreign currency position table and sensitivity analysis

		ORIGINAL CURRENCY				
DECEMBER 31, 2023		TRY	USD	EUR	GBP	RUB
FOREIGN CURRENCY POSITION	EQUIVALENT					
1	Trade receivables	63,103,365	-	610,505	-	131,731,405
2a	Monetary financial assets (cash and bank accounts included)	955,965,516	31,546,317	214,197	45	61,937,868
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	2,070,236	-	-	-	6,310,390
<b>4</b>	<b>Current assets (1+2+3)</b>	<b>1,021,139,117</b>	<b>31,546,317</b>	<b>824,702</b>	<b>45</b>	<b>199,979,663</b>
5	Trade receivables	-	-	-	-	-
6a	Monetary financial assets	-	-	-	-	-
6b	Non-monetary financial assets	-	-	-	-	-
7	Other	-	-	-	-	-
<b>8</b>	<b>Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Total assets (4+8)</b>	<b>1,021,139,117</b>	<b>31,546,317</b>	<b>824,702</b>	<b>45</b>	<b>199,979,663</b>
10	Trade payables	912,254	5,612	22,618	-	26,388
11	Financial liabilities	546,028,739	1,805,966	13,369,726	-	172,158,079
12a	Other monetary financial liabilities	792,918,168	26,886,511	-	-	-
12b	Other non-monetary financial liabilities	9,583,352	-	-	-	29,211,496
<b>13</b>	<b>Short-term liabilities (10+11+12)</b>	<b>1,349,442,513</b>	<b>28,698,089</b>	<b>13,392,344</b>	<b>-</b>	<b>201,395,963</b>
14	Trade payables	-	-	-	-	-
15	Financial liabilities	4,244,321,400	24,275,507	88,090,050	-	1,992,873,658
16a	Other monetary financial liabilities	-	-	-	-	-
16b	Other non-monetary fin. liabilities	-	-	-	-	-
<b>17</b>	<b>Long-term liabilities (14+15+16)</b>	<b>4,244,321,400</b>	<b>24,275,507</b>	<b>88,090,050</b>	<b>-</b>	<b>1,992,873,658</b>
<b>18</b>	<b>Total liabilities (13+17)</b>	<b>5,593,763,913</b>	<b>52,973,596</b>	<b>101,482,394</b>	<b>-</b>	<b>2,194,269,621</b>
<b>19</b>	<b>Net asset / (liability) position of off-balance sheet items (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19a</b>	<b>Amount of derivative off-balance sheet items in foreign currency in asset characteristics</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b</b>	<b>Amount of off derivative-balance sheet items in foreign currency in liability characteristics</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20</b>	<b>Net foreign currency position (9-18+19)</b>	<b>(4,572,624,796)</b>	<b>(21,427,279)</b>	<b>(100,657,692)</b>	<b>45</b>	<b>(1,994,289,958)</b>
<b>21</b>	<b>Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(4,565,111,680)</b>	<b>(21,427,279)</b>	<b>(100,657,692)</b>	<b>45</b>	<b>(1,971,388,852)</b>
<b>22</b>	<b>Fair value of the financial instruments used in foreign currency hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23</b>	<b>Amount of foreign currency assets hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>Amount of foreign currency liabilities hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 33.NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### 33.3. Market risk (cont'd)

##### a) Foreign currency position table and sensitivity analysis (cont'd)

		ORIGINAL CURRENCY				
DECEMBER 31, 2023		TRY	USD	EUR	GBP	RUB
FOREIGN CURRENCY POSITION		EQUIVALENT				
1	Trade receivables	38,240,127	-	227,324	-	70,197,831
2a	Monetary financial assets (cash and bank accounts included)	178,207,772	32,374	4,467,885	45	69,462,150
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	9,850,535	-	-	-	22,470,444
<b>4</b>	<b>Current assets (1+2+3)</b>	<b>226,298,434</b>	<b>32,374</b>	<b>4,695,209</b>	<b>45</b>	<b>162,130,425</b>
5	Trade receivables	-	-	-	-	-
6a	Monetary financial assets	332,203,125	-	10,113,554	-	-
6b	Non-monetary financial assets	-	-	-	-	-
7	Other	285,169,432	-	8,681,666	-	-
<b>8</b>	<b>Non-current assets (5+6+7)</b>	<b>617,372,557</b>	<b>-</b>	<b>18,795,220</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Total assets (4+8)</b>	<b>843,670,991</b>	<b>32,374</b>	<b>23,490,429</b>	<b>45</b>	<b>162,130,425</b>
10	Trade payables	229,957	775	5,750	-	38,381
11	Financial liabilities	274,595,758	140,314	6,484,453	-	129,761,446
12a	Other monetary financial liabilities	-	-	-	-	-
12b	Other non-monetary financial liabilities	6,485,421	-	-	-	14,794,148
<b>13</b>	<b>Short-term liabilities (10+11+12)</b>	<b>281,311,136</b>	<b>141,089</b>	<b>6,490,203</b>	<b>-</b>	<b>144,593,975</b>
14	Trade payables	-	-	-	-	-
15	Financial liabilities	3,083,226,153	1,165,645	62,003,971	-	2,296,916,670
16a	Other monetary financial liabilities	-	-	-	-	-
16b	Other non-monetary fin. liabilities	1,251,782,336	40,556,348	-	-	-
<b>17</b>	<b>Long-term liabilities (14+15+16)</b>	<b>4,335,008,489</b>	<b>41,721,993</b>	<b>62,003,971</b>	<b>-</b>	<b>2,296,916,670</b>
<b>18</b>	<b>Total liabilities (13+17)</b>	<b>4,616,319,625</b>	<b>41,863,082</b>	<b>68,494,174</b>	<b>-</b>	<b>2,441,510,645</b>
<b>19</b>	<b>Net asset / (liability) position of off-balance sheet items (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19a</b>	<b>Amount of derivative off-balance sheet items in foreign currency in asset characteristics</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b</b>	<b>Amount of off derivative-balance sheet items in foreign currency in liability characteristics</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20</b>	<b>Net foreign currency position (9-18+19)</b>	<b>(3,772,648,634)</b>	<b>(41,830,708)</b>	<b>(45,003,745)</b>	<b>45</b>	<b>(2,279,380,220)</b>
<b>21</b>	<b>Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(2,809,400,844)</b>	<b>(1,274,360)</b>	<b>(53,685,411)</b>	<b>45</b>	<b>(2,287,056,516)</b>
<b>22</b>	<b>Fair value of the financial instruments used in foreign currency hedging</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23</b>	<b>Amount of foreign currency assets hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>Amount of foreign currency liabilities hedged</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> The TRY equivalents of the relevant amounts in the table are expressed on the basis of purchasing power as of Dec.31, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

### 33.NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### 33.3. Market risk (cont'd)

##### Foreign currency sensitivity analysis

DECEMBER 31, 2023:	PROFIT/(LOSS)		EQUITY	
	APPRECIATION OF FOREIGN CURRENCY PROFIT/(LOSS)	DEVALUATION OF FOREIGN CURRENCY EQUITY	APPRECIATION OF FOREIGN CURRENCY PROFIT/(LOSS)	DEVALUATION OF FOREIGN CURRENCY EQUITY
20% change of the USD against TRY				
1- Net USD denominated asset/liability	(126,718,685)	126,718,685	(126,718,685)	126,718,685
2- Hedged portion of TRY against USD risk (-)	-	-	-	-
<b>3- Net effect of USD (1+ 2)</b>	<b>(126,718,685)</b>	<b>126,718,685</b>	<b>(126,718,685)</b>	<b>126,718,685</b>
20% change of EUR against TRY				
4- Net Euro denominated asset/liability	(656,954,122)	656,954,122	(656,954,122)	656,954,122
5- Hedged portion of TRY against Euro risk (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>(656,954,122)</b>	<b>656,954,122</b>	<b>(656,954,122)</b>	<b>656,954,122</b>
20% change of other foreign currencies against TRY				
7- Net other foreign currencies denominated asset/liability	337	(337)	(130,852,144)	130,852,144
8- Hedged portion of TRY against other currencies risk (-)	-	-	-	-
<b>9- Net effect of other foreign currencies (7+8)</b>	<b>337</b>	<b>(337)</b>	<b>(130,852,144)</b>	<b>130,852,144</b>
<b>TOTAL (3+6+9)</b>	<b>(783,672,470)</b>	<b>783,672,470</b>	<b>(914,524,951)</b>	<b>914,524,951</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
 to reflect the effects of inflation, unless otherwise stated.)

### 33.NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### 33.3. Market risk (cont'd)

##### Foreign currency sensitivity analysis (cont')

DECEMBER 31, 2023:	PROFIT/(LOSS)		EQUITY	
	APPRECIATION OF FOREIGN CURRENCY PROFIT/(LOSS)	DEVALUATION OF FOREIGN CURRENCY EQUITY	APPRECIATION OF FOREIGN CURRENCY PROFIT/(LOSS)	DEVALUATION OF FOREIGN CURRENCY EQUITY
20% change of the USD against TRY				
1- Net USD denominated asset/liability	(258,223,522)	258,223,522	(258,223,522)	258,223,522
2- Hedged portion of TRY against USD risk (-)	-	-	-	-
<b>3- Net effect of USD (1+2)</b>	<b>(258,223,522)</b>	<b>258,223,522</b>	<b>(258,223,522)</b>	<b>258,223,522</b>
20% change of EUR against TRY				
4- Net Euro denominated asset/liability	(296,460,785)	296,460,785	(296,460,785)	296,460,785
5- Hedged portion of TRY against Euro risk (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>(296,460,785)</b>	<b>296,460,785</b>	<b>(296,460,785)</b>	<b>296,460,785</b>
20% change of other foreign currencies against TRY				
7- Net other foreign currencies denominated asset/liability	333	(333)	(199,845,429)	199,845,429
8- Hedged portion of TRY against other currencies risk (-)	-	-	-	-
<b>9- Net effect of other foreign currencies (7+8)</b>	<b>333</b>	<b>(333)</b>	<b>(199,845,429)</b>	<b>199,845,429</b>
<b>TOTAL (3+6+9)</b>	<b>(554,683,974)</b>	<b>554,683,974</b>	<b>(754,529,736)</b>	<b>754,529,736</b>

### 33. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

#### a) Interest rate risk table and sensitivity analysis

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	DECEMBER 31, 2023	DECEMBER 31, 2022
<b>Fixed rate instruments</b>		
Financial assets	1,912,050,093	73,898,839
Financial liabilities	1,579,667,706	1,579,667,706
<b>Variable rate instruments</b>		
Financial assets	130,519,816	-
Financial liabilities	3,309,859,001	2,837,065,044

#### Fair value sensitivity analysis for fixed rate instruments

The Group has financial assets or liabilities at fair value through profit or loss and derivative financial instruments (interest swap transactions) for fair value hedging purposes. On November 11, 2021, interest rate swap transactions were made for 75% of the loans in Akfen GYO, Akfen Karaköy and Akfen GT companies at a rate of 0.673% for euribor until the loan maturity (Note 8). After the early loan closure in 2022, this rate was 77% for Akfen GYO and Akfen GT, and 75% for Akfen Karaköy.

The interest rate swap transaction was closed on February 16, 2023.

#### Cash flow sensitivity analysis for variable rate instruments

The floating interest loans which are classified by the Group as the financial liabilities in the consolidated financial statement are exposed to the interest risk depending on the interest changes.

The following table shows the sensitivity of the Group with regard to the effect of the interest rates on the profit (loss) for a possible change (0.01%) when all other factors remain as fixed. As of

December 31, 2023 and 2022, the aforesaid calculation has been made for the portion that is not included in the Group's interest rate swap transaction.

EURIBOR	INCREASE / (DECREASE)	EFFECT PROFIT / (LOSS) BEFORE TAX AND EQUITY
December 31, 2023	(0.01%)	1,304,181
	0.01%	(1,304,181)
EURIBOR	INCREASE / (DECREASE)	EFFECT PROFIT / (LOSS) BEFORE TAX AND EQUITY
December 31, 2022	(0.01%)	374,211
	0.01%	(374,211)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

### 34. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/AUDITOR

The explanation of the Group regarding the fees for the services rendered by the independent audit firms, which is prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the letter of the KGK dated August 19, 2021 are as follows:

	JANUARY 1 - DECEMBER 31, 2023	JANUARY 1 - DECEMBER 31, 2022
Independent audit fee for the reporting period	1,050,000	658,846
Fee for other assurance services	270,000	60,382
	<b>1,320,000</b>	<b>719,228</b>

### 35. SUBSEQUENT EVENTS

The process of increasing the issued capital of the Company from TRY 1,300,000,000 to TRY 3,900,000,000 within the registered capital ceiling of TRY 6,500,000,000 has been completed, and the new form of Article 8 of our Articles of Association titled "Capital and Shares" has been registered by the Istanbul Trade Registry Directorate on February 9, 2024.

On January 17, 2024, the transfer of all shares belonging to Akfen GT, a subsidiary of the Company, was completed for a variable price of USD 73,000,000+ and the transfer fees were collected and the sale of financial fixed assets was concluded.

The validity of the existing registered capital ceiling of TRY 6,500,000,000 for the years 2020-2024, considering that it will expire at the end of this year, has been decided to be re-determined In this context, the Board of Directors has decided:

1. To increase the Company's current registered capital ceiling to TRY 50,000,000,000 for the years 2024-2028,
2. Accordingly, to amend Article 8 of the Company's Articles of Association titled Capital and Shares,
3. To apply to the Capital Markets Board and the Ministry of Trade for the necessary approvals and to fulfill other legal procedures.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

## APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS

ŞThe Group's control of compliance of the portfolio limits according to the CMB Communiqué Serial: III, No. 48.1 "Communiqué on Principles Regarding Real Estate Investment Trusts" is as follows:

UNCONSOLIDATED (SEPARATE) FINANCIAL STATEMENT MAIN ACCOUNT ITEMS	RELATED REGULATION	DEC. 31, 2023	DEC. 31, 2022
<b>A</b> Cash and capital market instruments	III-48.1. Md. 24 / (b)	2,133,395,045	150,856,600
<b>B</b> Investment properties, investment property-based projects, investment property-based rights	III-48.1. Md. 24 / (a)	9,277,426,137	8,425,131,851
<b>C</b> Participations	III-48.1. Md. 24 / (b)	3,648,355,086	3,020,541,847
Due from related parties (non-trade)	III-48.1. Md. 23 / (f)	-	-
Other assets		284,117,292	500,685,289
<b>D</b> Total assets	III-48.1. Md. 3 / (p)	15,343,293,560	12,097,215,587
<b>E</b> Financial liabilities	III-48.1. Md. 31	1,829,315,368	1,826,915,711
<b>F</b> Other financial liabilities	III-48.1. Md. 31	52,292,977	83,495,264
<b>G</b> Finance lease liabilities	III-48.1. Md. 31	-	-
<b>H</b> Due to related parties (non-trade)	III-48.1. Md. 23 / (f)	792,930,205	1,251,782,338
<b>I</b> Shareholders' equity	III-48.1. Md. 31	12,446,599,436	8,885,225,053
Other liabilities		222,155,574	49,797,221
<b>D</b> Total liabilities and equity	III-48.1. Md. 3 / (p)	15,343,293,560	12,097,215,587
UNCONSOLIDATED (SEPARATE) FINANCIAL STATEMENT MAIN ACCOUNT ITEMS	RELATED REGULATION	DEC. 31, 2023	DEC. 31, 2022
<b>A1</b> Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. Md. 24 / (b)	-	-
<b>A2</b> Time / demand TRY / foreign currency	III-48.1. Md. 24 / (b)	2,002,803,047	150,773,960
<b>A3</b> Foreign capital market instruments	III-48.1. Md. 24 / (d)	-	-
<b>B1</b> Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. Md. 24 / (d)	-	-
<b>B2</b> Idle lands	III-48.1. Md. 24 / (c)	-	-
<b>C1</b> Foreign subsidiaries	III-48.1. Md. 24 / (d)	-	-
<b>C2</b> Participation to the operator company	III-48.1. Md. 28/1 (a)	-	-
<b>J</b> Non-cash loans	III-48.1. Md. 31	1,209,199,066	1,469,455,009
<b>K</b> Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. Md. 22 / (e)	-	-
<b>L</b> Money and capital market instrument Investments held on One Unique Company	III-48.1. Md. 22 / (I)	1,981,574,117	150,902,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts are expressed in Turkish Lira ("TRY") at purchasing power as of December 31, 2023  
to reflect the effects of inflation, unless otherwise stated.)

## APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS (cont'd)

PORTFOLIO CONSTRAINTS RELATED REGULATION	RELATED REGULATION	CURRENT PERIOD	PREVIOUS YEAR	MINIMUM / MAXIMUM RATIO
1 Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments	III-48.1. Md. 22 / (e)	0.00%	0.00%	<10%
2 Cash and Capital Market Instruments and Participations	III-48.1. Md. 24 / (a),(b)	60.47%	69.65%	>51%
3 Idle Lands	III-48.1. Md. 24 / (b)	37.68%	26.22%	<50%
4 Borrowing Limit	III-48.1. Md. 24 / (d)	23.78%	24.97%	<50%
5 Time / Demand TRY / Foreign Currency	III-48.1. Md. 24 / (c)	0.00%	0.00%	<20%
6 Money and capital market instrument Investments held on One Unique Company	III-48.1. Md. 28 / 1(a)	0.00%	0.00%	<10%
7 Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments	III-48.1. Md. 31	32.00%	38.04%	<500%
8 Investment Property, Investment Property Based Projects, Investment Property Based Rights <sup>(*)</sup>	III-48.1. Md. 24 / (b)	13.05%	1.25%	<10%
9 Cash and Capital Market Instruments and Participations <sup>(*)</sup>	III-48.1. Md. 22 / (I)	12.91%	1.25%	<10%

Presented information in the footnote of "Compliance Control on Portfolio Limitations" as of December 31, 2023 and 2022, in accordance with Capital Markets Board's Communiqué Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1 "Real Estate Investment Company" published in the Official Gazette dated May 28, 2013 numbered 28660. In addition since the information given "Restrictions on the Investment Portfolio of Real Estate Investment" comprise unconsolidated data; such information may not match with the information disclosed in the consolidated financial statements and in the Official Gazette No. 28891 on January 23, 2014 published in the "Communiqué on Principles Regarding Real Estate Investment Trusts" with Series: III, No: 48.1a. The provisions of the Communiqué on Making Amendments regarding the control of compliance with portfolio limitations. It has been prepared within the framework.

(\*) As of December 31, 2023, the excess of this limitation is due to the Company's cash inflows related to the paid capital increase realized in December 2023.

## **REGARDING THE ANNUAL REPORT OF THE BOARD OF DIRECTORS INDEPENDENT AUDITOR'S REPORT**

General Assembly of Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

### **Opinion**

Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("the Company") and its subsidiaries (together will be referred to as the "Group") for the full set of consolidated financial statements, we have audited the annual report for this accounting period. We have also audited the consolidated financial statements.

In our opinion, the consolidated financial statements included in the annual report of the board of directors financial information and the audited financial statements of the Board of Directors about the Group's position. his analyses using the information contained in the tables, in all their important aspects, the audited full set of consolidated financial statements and the financial statements obtained during the audit is consistent with the information we have obtained and reflects the truth.

### **Basis for Opinion**

Our audit was conducted in accordance with the independent auditing standards published by the Capital Markets Board ("CMB"). independent auditing standards and Public Oversight, Accounting and Auditing Standards Standards on Auditing which is a component of the Turkish Standards on Auditing issued by the POA ("POA") We conducted our audit in accordance with Standards on Independent Auditing ("SIA"). These standards are Our responsibilities within the scope of our responsibilities under the Independent Auditor's Annual Report In detail in the section on Responsibilities Regarding the Independent Audit of the Report explained. Code of Ethics for Independent Auditors issued by POA (Including Independence Standards) ("Code of Ethics") and other auditing related legislation We declare that we are independent from the Group in accordance with the ethical provisions. Ethics We also fulfill other ethical responsibilities under the Code and legislation. has been brought. The independent audit evidence we obtained during the independent audit. We believe that this is a sufficient and appropriate basis on which to form our opinion.

## **Auditor's Opinion on the Full Set of Consolidated Financial Statements**

About the Group's full set consolidated financial statements for the accounting period 1/1/2023-31/12/2023 On April 16, 2024, we expressed an unqualified opinion in our auditor's report.

### **Responsibility of the Board of Directors for the Annual Report**

The Group management, in accordance with Articles 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and Capital Markets Board ("CMB") Communiqué No. II-14.1 "Communiqué on Principles Regarding Financial Reporting in Capital Markets" of the Capital Markets Board ("Communiqué"), it is responsible for the following in relation to the annual report

- a) Prepares the annual report within the first three months following the balance sheet date and submits it to the general assembly.
- b) Prepares and submits the annual report to the general assembly within the first three months following the balance sheet date. In a manner that accurately, completely, straightforwardly, truthfully and honestly reflects its situation prepares. In this report, the financial position is evaluated according to the consolidated financial statements. In the reportIt also clearly indicates the development of the Group and the risks it is likely to face. These matters assessment of the board of directors is also included in the report.
- c) The annual report also includes the following matters:
  - Events that occurred in the Group after the end of the fiscal year and that are of special importance,
  - The Group's research and development activities,
  - Financial benefits such as salaries, premiums and bonuses paid to board members and senior executives, allowances, travel, accommodation and representation expenses, benefits in kind and in cash, insurances and similar collaterals.

While preparing the annual report, the board of directors shall comply with the secondary legislation issued by the Ministry of Trade and related institutions. also takes into account the legislative regulations.

### **Independent Auditor's Responsibility for the Independent Audit of the Annual Report**

Our aim is to present the consolidated financial statements included in the annual report in accordance with the provisions of the TCC and the Communiqué. Financial information and the Board of Directors' assessment of the Group's position in the audited financial statements the Group's audited consolidated financial statements and the Group's audited consolidated financial statements and whether they are consistent with the information we obtained during the independent audit and whether they reflect the truth and to issue a report including our opinion.

We conducted our audit in accordance with standards on auditing issued by the CMB and It was conducted in accordance with the BDSs. These standards ensure compliance with ethical provisions and the consolidated financial information in the annual report and the Board of Directors' The Group has made a judgment about the Group's position using the information in the audited financial statements are consistent with the consolidated financial statements and the information obtained during the audit and to obtain reasonable assurance on whether they are free from material misstatement and whether they give a true and fair view requires execution.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

H.Nesrin Tuncer, CPA  
Responsible Auditor  
April 16, 2024  
Istanbul, Turkey

## **ABOUT THE EARLY DETECTION OF RISK SYSTEM AND COMMITTEE AUDITOR'S REPORT**

To the Board of Directors of Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi,

Early detection of risk established by Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("the Company") system and its committee.

### ***Board of Directors' Responsibility***

Pursuant to the first paragraph of Article 378 of the Turkish Commercial Code No. 6102 ("TCC") Early detection of causes that jeopardize the existence, development and continuity of the company, a specialized team for the purpose of managing the risk and implementing the necessary measures and remedies in this regard committee, and to operate and improve the system.

### ***Auditor's Responsibility***

Our responsibility, based on our audit, is to determine whether the early detection of risk system and committee to reach a conclusion regarding the audit. We conducted our audit in accordance with the TCC, Public Oversight, Accounting and Auditing "On the Early Detection of Risk System and Committee" published by the Turkish Standards Institution Principles Regarding the Auditor's Report" and ethical rules. These principles to determine whether the company has established an early detection of risk system and committee, if established, whether the system and the committee function within the framework of Article 378 of the TCC assessment of the risks. The Early Detection of Risk Committee assesses the risks against the appropriateness of the remedies provided and the actions taken by management in response to risks is not covered.

### ***Information on the Early Detection of Risk System and Committee***

The purpose of the Early Detection and Management of Risk Committee (the "Committee") is to ensure that in the light of risk projects, early detection of risks that may jeopardize the existence, development and continuity of the Company diagnosis, implementation of necessary precautions related to the risks identified and management of the risk is to do so. The Committee consists of 3 members, one of whom is the chairman. The Committee will be established in 2024 February 13, 2023, April 28, 2023, June 30, 2023, August 20, 2023, October 31, 2023, for a total of 6 times 2023 and December 30, 2023 and submitted its reports to the Board of Directors.

### ***Conclusion***

As a result of our audit, we have concluded that Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi detection system and committee, in all material respects, are adequate in accordance with Article 378 of the TCC is the same as in the previous year.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

H.Nesrin Tuncer, CPA

Responsible Auditor

April 16, 2024

Istanbul, Turkey

# Kısaltmalar

Akfen GT	Akfen Gayrimenkul Ticareti ve İnşaat A.Ş.
Akfen GYO	Akfen Gayrimenkul Yatırım Ortaklığı A.Ş.
Akfen Karaköy	Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş.
ATS	American Turkish Society
BIST	Borsa İstanbul
CPA	Certified Public Accountant
DEİK	Foreign Economic Relations Board of Türkiye
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EBRD	European Bank for Reconstruction and Development
ESG	Environmental, social and administrative
GDP	Gross Domestic Product
GYODER	Turkey's Real Estate Platform
ICMA	International Capital Market Association
İDO	İstanbul Sea Buses
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
İKV	Economic Development Foundation
ILO	International Labour Organization
İTHİB	İstanbul Textile and Raw Materials Exporters Association
İTL	Income Tax Law
İTO	İstanbul Ticaret Odası
KAP	Public Disclosure Platform
LSE	London School of Economics
MESS	Turkish Employers' Association of Metal Industries
MIP	Mersin International Port
NAV	Net Asset Value
NOX	Nitrogen Oxides
OECD	The Organisation for Economic Co-operation and Development
OHSAS	Occupational Health and Safety Assessment Series



PDT	Convertible bond
PODEM	Center for Public Policy and Democracy Studies
PPP	Public, Private Partnership
PSA	Port of Singapore Authority
SKD	Turkey Business World and Sustainability Development Association
SOX	Sulphure Oxide
TAİDER	Family Business Association
TBMM	The Grand National Assembly of Turkey
TCA	Turkish Contractors Association
TCC	Turkish Commercial Code No. 6102
TIKAV	Turkish Human Resources in Health & Education Foundation
TIKAD	Turkish Businesswomen Association
TİM	Turkish Exporters Assembly
TL, TRY	Turkish Lira
TOBB	The Union of Chambers and Commodity
TRNC	Turkish Republic of Northern Cyprus
TTYD	Turkish Tourism Investors Association
TUGIAD	Young Business People Association of Turkey
TURKSTAT	Turkish Statistical Institute
TURMEPA	Turkish Marine Environment Protection Association
TURSAB	Associaiton of Turkish Travel Agencies
TUSIAD	Turkish Industry & Business Association
UN	United Nation
UNGC	United Nations Global Compact
UNPRI	United Nations Principles for Responsible Investment
UN SDG	United Nation Sustainability Development Goals
USD	US Dollar
YDK	Investment Advisory Council of Turkey
YKKD	Women on Board Association Turkey (WOB Turkey)

## **AKFEN REIT**

[www.akfengyo.com.tr](http://www.akfengyo.com.tr)

Address: Büyükdere Cad. No:201 Levent Loft C Blok Kat:8  
Levent 34394 İstanbul / Türkiye

Phone: +90 212 371 87 00

Fax: +90 212 279 62 62

E-mail: [info@akfengyo.com.tr](mailto:info@akfengyo.com.tr)



AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.